



# Gaming and Wagering Commission of Western Australia 2011/12 Annual Report



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### 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 Gaming and Wagering Commission of Western Australia for the financial year ended 30 June 2012.

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

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

Barry A Sargeant  
CHAIRPERSON

21 September 2012



## OVERVIEW OF AGENCY

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### CHAIRPERSON'S OVERVIEW

I am pleased to present the Gaming and Wagering Commission of Western Australia's Annual Report for the financial year 2011/12. This report is designed to outline the Commission's activities and to satisfy its statutory reporting requirements.

During the year the Commission developed a policy framework in regard to community poker conducted under a gaming function permit. Subsequently, the *Community Poker Policy* was released in November 2011. The main purpose of the policy is to maximise the return generated for the charities involved.

The *Casino (Burswood Island) Agreement Amendment Act 2011* came into effect on 11 July 2011. Changes included:

- The prohibition on playing two-up within a 200 kilometre radius of the Burswood Casino has been reduced to 100km.
- The Minister may, with the consent of the Burswood Casino, approve the playing of two-up in conjunction with a major event or special occasion at a race club that is located within the 100km radius of the casino.
- The prohibition on cruise ships casino gaming within 200 nautical miles of the Western Australian baseline has been relaxed to allow gaming until a distance of 12 nautical miles is reached. Cruise ships may also now possess casino gaming equipment when they are within 12 nautical miles of the baseline without the requirement of a permit from the Commission.
- Introduction of a new tax arrangement for electronic gaming machines and fully automated table games.

During the year, 2271 community gaming permits and licences were issued, resulting in over \$56 million being raised by permit holders, with more than \$17 million (net) 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.

Inspectors conducted more than 5000 compliance actions, including audits and inspections of casino operators, wagering, community gaming and casino activities throughout Western Australia.

There were changes in the membership of the Commission during the year. A special thank you is extended to Ms Helen Cogan and Mr Jeffrey Carr whose terms of appointment expired. The Commission also welcomed two new members, Ms Katie Hodson-Thomas and Mr Trevor Fisher.

I take this opportunity to thank the other members of the Commission for their invaluable contribution to the effective operation of the Commission. They have given willingly of their time and expertise in discharging their responsibilities.

Additionally, I acknowledge the staff of the Department of Racing, Gaming and Liquor. Without their efforts, the Commission would not be able to discharge its duties.

A handwritten signature in blue ink that reads "Barry A Sargeant". The signature is written in a cursive style with a large, stylized initial "B" and "A".

Barry A Sargeant  
CHAIRPERSON

## OPERATIONAL STRUCTURE

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### ENABLING LEGISLATION

The Gaming and Wagering Commission of Western Australia is established as a statutory authority under section 4 of the *Gaming and Wagering Commission Act 1987*.

### RESPONSIBLE MINISTER

As at 30 June 2012, the Minister responsible for the Racing and Gaming Portfolio was the Hon. Terry Waldron MLA, Minister for Racing and Gaming; Sport and Recreation.

### RESPONSIBILITIES OF THE GAMING AND WAGERING COMMISSION

The *Gaming and Wagering Commission Act 1987* legalises social gambling and allows other forms of gaming (minor gaming) for fund raising purposes by non-profit organisations provided they are authorised by a gaming permit and conducted on approved premises.

Minor gaming comprises of two-up, bingo, standard lotteries, continuing lotteries and non casino type games approved by the Commission.

The Commission is responsible for controlling and regulating gaming in Western Australia, and its practices and policies are designed to maintain public confidence in the integrity of gaming provided. The main duties of the Commission are to:

- administer the laws relating to gaming and betting;
- review the conduct, extent and character of gambling operations and the provision, use and location of gaming and wagering facilities;
- formulate and implement policies for the scrutiny, control and regulation of gaming and betting, taking into consideration the requirements and interests of the community as a whole;
- issue permits, certificates and employee licences; and
- provide advice to the Minister on any matter relating to gaming and betting.

The broad objectives of the Commission in relation to the State's gaming industry are to:

- approve, or withhold approval from persons, premises, games and gambling in relation to the *Betting Control Act 1954*, the *Casino Control Act 1984*, the *Gaming and Wagering Commission Act 1987* and the *Racing and Wagering Western Australia Act 2003*;
- licence directors and key employees of Racing and Wagering Western Australia, subject to the *Racing and Wagering Western Australia Act 2003*; and to grant, revoke or amend such approvals and licences;
- licence persons, partnerships and bodies corporate as bookmakers, bookmakers' employees and bookmakers' managers, subject to the provisions of the *Betting Control Act 1954*; and to grant, revoke or amend such approvals and licences; and
- seek, receive, disseminate or publish information relevant to gambling and the incidence of gaming and wagering and its effect in the community.

### **ADMINISTERED LEGISLATION**

The Gaming and Wagering Commission is responsible for administering the following legislation:

- 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;
- Gaming and Wagering Commission (Continuing Lotteries Levy) Act 2000;
- Racing and Wagering Western Australia Act 2003;
- Racing and Wagering Western Australia Tax Act 2003;
- Racing Bets Levy Act 2009; and
- Racing Restriction Act 2003.



## **OTHER LEGISLATION IMPACTING ON THE COMMISSION'S ACTIVITIES**

In the performance of its functions, the Gaming and Wagering Commission of Western Australia 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.

## **ADMINISTRATIVE STRUCTURE**

Section 12 of the *Gaming and Wagering Commission Act 1987* provides that membership of the Commission shall comprise:

- the person holding or acting in the office of Director General of the Department of Racing, Gaming and Liquor, who shall be ex officio Chairman of the Commission; and
- not less than five, nor more than seven, members appointed by the Minister as persons of integrity, good repute and relevant experience.

A member, other than the ex officio member, shall hold office for such period not exceeding three years, as specified in the instrument of appointment, but is eligible for reappointment.

A person who is, or has been, a member of the Commission is not personally liable for any act done or omitted in good faith by the Commission or by that person acting as a member.

## **COMMISSION MEMBERSHIP**

As at 30 June 2012, the members of the Gaming and Wagering Commission of Western Australia were:

### **Mr Barry A Sargeant – Chairperson**

Mr Sargeant is the Director General of the Department of Racing, Gaming and Liquor and has held the position of Chairman of the Gaming and Wagering Commission since 1992.

### **Mr Andrew Duckworth – Member**

Mr Duckworth has worked in senior positions in a number of Western Australian Government departments. Following a period as a Prisoner Educator he moved to the Health Department where he was involved in the creation and management of several Western Australian health promotion programs, including the Drinksafe Campaign. He also contributed to the development of the National Campaign against Drug Abuse, in which capacity he served on various policy committees and decision making bodies. He later worked with the WA Police in the Professional Standards Portfolio developing programs and strategies to enhance ethics education and professional accountability.

### **Mr Kevin Harrison – Member**

Mr Harrison is a past Commissioner, Chairman and Chief Executive of the West Australian Tourist Commission. He has served on government boards at State, national and international levels, including roles as Chairman of the Rottnest Island Authority, Eventscorp and Rally Australia. He has been a board member of more than 60 companies in 17 sectors of the tourism industry, including Managing Director of a national accommodation chain and Vice President of an international accommodation chain of more than 500 properties.

### **Ms Colleen Hayward – Member**

Ms Hayward is currently Head of Kurongkurl Katitjin at Edith Cowan University's Centre for Indigenous Education and Research. For more than 30 years, Ms Hayward has provided significant input to policies and programs on a wide range of issues, reflecting the needs of minority groups. She has significant experience in policy and management, as well as an extensive background in health, education, training, employment, housing, child protection, and law and justice. Ms Hayward has been recognised for her work for, and on behalf of, Aboriginal and Torres Strait Islander communities. This has included receiving the Premier's Multicultural Ambassador's Award in 2006, being a finalist in the Deadly Awards in 2008, and the National NAIDOC Aboriginal Person of the Year Award in 2008.

Ms Hayward was inducted into the WA Department of Education's Hall of Fame in 2009 for Achievement in Aboriginal Education, and in 2010 she was appointed as a member of the inaugural Executive Committee of the National Congress of Australia's First Peoples. In June 2012, Ms Hayward was appointed a Member of the Order of Australia for service to tertiary education through administrative and research roles and the advancement of the rights of Indigenous people, particularly in the areas of social welfare, law and justice and children's health.

**Ms Katie Hodson-Thomas, Member**

Ms Hodson-Thomas is a retired parliamentarian who was the MLA for Carine between 1996 and 2008 and held shadow portfolio responsibilities for Tourism; Small Business; Environment; Transport and Road Safety. Ms Hodson-Thomas was also appointed Parliamentary Secretary to the Minister for Health during the Court Government and Deputy Chairperson of the Community Development and Justice Standing Committee in the 37<sup>th</sup> Parliament. Ms Hodson-Thomas has also been a consultant to Hawker Britton, a Special Counsel for the Australian Hotels Association (WA) and the Corporate Affairs Manager at the Tourism Council of WA. Most recently, she was the Executive Officer of the Caravan Industry Association of WA.

**Mr Trevor Fisher, Member**

Mr Fisher farmed in Kojonup for 42 years before semi-retiring to Busselton. Mr Fisher was heavily involved in the Kojonup community, taking positions in local government and the football and tennis clubs, both of which he is a Life Member. Mr Fisher has been a member of Rotary International for 20 years and is actively involved in the Busselton club coordinating Australia Day festivities and other community services. Mr Fisher is currently developing the Busselton Men's Shed project.

The Commission met on 10 occasions during the year.

## **PERFORMANCE MANAGEMENT FRAMEWORK**

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### **OUTCOME BASED MANAGEMENT FRAMEWORK**

The Commission operates under the broad high level government strategic goal of providing a greater focus on achieving results in key service deliveries for the benefit of all Western Australians. The desired outcome for the Commission is to promote and maintain the integrity of lawful gambling activities for Western Australians within community expectations on harm minimisation.

The Commission is responsible for the control and regulation of gaming in Western Australia, and its practices and policies are designed to maintain public confidence in the integrity of gaming. The Commission's approach to the State's gambling industry is focused on consumer protection. The success of the gaming industry depends, to a large extent, on public confidence in the integrity of the gaming provided.

The licensing regime focuses on ensuring the integrity of the gambling industry through probity and ongoing licensing requirements. This ensures that a high level of consumer confidence in the Western Australian gambling industry is maintained. A strict legislative framework operates within the State to:

- prevent criminal interests from operating gaming activities;
- maintain the integrity of permitted gaming and contain its social costs; and
- limit the availability of gambling opportunities in the community through legislation that provides a controlled environment in which the different forms of gambling can be conducted.

The licensing regime is designed to reduce the incidence of fraudulent behaviour. Gambling is inherently open to exploitation by criminals and organised crime. Licensing provides increased certainty about the quality and integrity of the gambling product. The rules and procedures ensure that the operators of gambling activities achieve a particular standard of professional service. The public benefits by reduced uncertainty or risk being associated with the gambling product.

The Gaming and Wagering Commission's Outcome Based Management Framework did not change during 2011/12.

### **SHARED RESPONSIBILITIES WITH OTHER AGENCIES**

The Gaming and Wagering Commission of Western Australia did not share any responsibilities with other agencies in 2011/12.

## REPORT ON OPERATIONS

### REPORT ON OPERATIONS

#### Actual Results versus Budget Targets

<b>FINANCIAL TARGETS</b>	<b>TARGET<sup>1</sup></b>	<b>ACTUAL</b>	<b>VARIATION</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)	4,925,000	5,089,295	164,295
Net cost of services (sourced from Statement of Comprehensive Income)	554,000	745,553	191,553
Total equity (sourced from Statement of Financial Position)	8,680,226	8,991,753	311,527
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	(596,000)	(838,335)	(242,335)
	<b>No.</b>	<b>No.</b>	<b>No.</b>
Approved full time equivalent (FTE) staff level <sup>2</sup>	0	0	0

The increase in the cost of service delivery is attributed to an increase in the recoupment paid to the Department of Racing, Gaming and Liquor for services provided to the Commission. This included expenditure for preparatory work for the development of a new computerised regulatory system and a corporate website, as well as paying salaries and administrative costs in providing executive support services.

<b>SUMMARY OF KEY PERFORMANCE INDICATORS<sup>3</sup></b>			
<b>KEY EFFECTIVENESS INDICATOR</b>	<b>TARGET</b>	<b>ACTUAL</b>	<b>VARIATION</b>
Percentage of unlawful gambling detected in relation to total audits	0.88%	0.88%	Nil
Number of violation reports/infringement notices issued in relation to casino gaming	2	7	5
<b>KEY EFFICIENCY INDICATOR</b>	<b>TARGET</b>	<b>ACTUAL</b>	<b>VARIATION</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cost per Gambling Certificate/Permit issued	414	501	87
Cost per Casino Employee Licence issued	1,024	810	223
Cost of monitoring the integrity of casino gaming operations over one year	592,565	164,950	427,615
Cost per instance of unlawful gambling detected	37,035	46,810	9,775
Cost per casino submission received	623	591	32

The decrease in the cost of monitoring the integrity of casino gaming operations is due to the detection of seven violations, six for a breach of casino gaming rules and one for failing to notify the Commission of a conviction, compared to the target of two for the year.

1 As specified in the Budget Statements for the year in question.

2 Executive support for the Commission is provided by the Department of Racing, Gaming and Liquor.

3 Explanations for the variations between budget target and actual key performance indicator results are presented at pages 62 to 64.

## LICENSING PROGRAM

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.

The Commission provides a licensing service for the casino, community gaming and betting industries. Officers of the Department of Racing, Gaming and Liquor acts on behalf of the Commission to evaluate and determine applications that have been made pursuant to the provisions of the relevant legislation, which results in the granting or refusal of applications and the subsequent issue of the licence or permit sought.

During 2011/12, 2271 community gaming permits were issued. This resulted in the gross amount of over \$56.5 million being raised by permit holders. Following the deduction of expenses associated with running the event, a net amount of approximately \$17.6 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.

The following table provides a four-year summary of total number of licences issued by the Commission. This shows that there has been a slight decrease in the number of permits issued during this period of time.

NUMBER OF GAMING PERMITS ISSUED	2008/09	2009/10	2010/11	2011/12
Bingo	205	200	193	207
Continuing Lottery	290	250	246	249
Gaming Functions	400	458	441	462
Standard Lottery	881	891	907	879
Calcutta	37	40	41	44
Two-up	64	51	52	48
VLTS	447	420	386	382
<b>Total</b>	<b>2324</b>	<b>2310</b>	<b>2266</b>	<b>2271</b>

### LICENSING OF GAMING OPERATORS, SUPPLIERS, PREMISES AND EQUIPMENT

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.



The following table provides a four-year summary of the total number of gaming operators, suppliers, premises and gaming equipment permits issued by the Commission over the past four years. This shows that there has been a slight decrease in the number of permits issued during this period of time.

<b>NUMBER OF PERMITS ISSUED BY THE DEPARTMENT</b>				
	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Class of Gaming Equipment	7	8	7	7
Item of Gaming Equipment	4	3	3	3
Approval of Premises	218	165	135	164
Gaming Operator's Certificate	46	46	42	34
Supplier's Certificate	7	7	7	9
<b>Total</b>	<b>282</b>	<b>229</b>	<b>194</b>	<b>217</b>

The following table provides a three-year summary of the total gross and net revenue raised by gaming permit holders over the past three years. Although there has been a slight drop in the number of permits issued in 2011/12, there has been a slight increase in the amount of revenue raised by permit holders.

<b>COMPARISON OF GROSS AND NET REVENUE RAISED BY GAMING PERMIT HOLDERS</b>						
	<b>2009/10</b>		<b>2010/11</b>		<b>2011/12</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Bingo	\$4,937,583	\$629,123	\$5,261,766	\$661,794	\$5,692,579	\$799,015
Continuing Lottery	\$7,542,204	\$1,573,044	\$7,358,628	\$1,476,784	\$7,310,059	\$1,473,857
Gaming Functions	\$3,040,118	\$519,811	\$3,016,748	\$455,540	\$2,977,872	\$466,259
Standard Lottery	\$25,047,997	\$10,911,070	\$31,045,040	\$13,277,153	\$30,878,560	\$13,613,067
Calcutta	\$460,277	\$79,314	\$419,783	\$87,522	\$510,907	\$135,320
Two-up	\$74,986	\$41,907	\$42,485	\$24,515	\$44,875	\$24,392
VLTs	\$9,868,001	\$1,138,728	\$9,554,702	\$1,116,598	\$9,125,835	\$1,113,594
<b>TOTAL</b>	<b>\$50,971,166</b>	<b>\$14,892,997</b>	<b>\$56,699,152</b>	<b>\$17,099,906</b>	<b>\$56,540,686</b>	<b>\$17,625,504</b>

The following table provides a four-year summary of the revenue raised by the Commission from gaming licence fees.

<b>REVENUE RAISED BY FEES</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Bingo	\$57,007	\$59,111	\$61,790	\$63,664
Continuing Lottery	\$106,063	\$105,983	\$71,934	\$90,060
Gaming	\$291,590	\$344,625	\$347,080	\$361,100
Class of Gaming Equipment	\$690	\$830	\$735	\$735
Item of Gaming Equipment	\$215	\$165	\$180	\$180
Standard Lottery	\$48,925	\$53,537	\$62,183	\$57,715
Calcutta	\$3,100	\$3,825	\$3,910	\$4,405
Two-up	\$25,480	\$17,370	\$15,025	\$13,635
Operator's Certificate	\$9,345	\$9,605	\$9,030	\$7,430
Supplier's Certificate	\$1,930	\$1,970	\$1,680	\$1,695
VLT	\$85,147	\$73,872	\$104,572	\$85,431
Approved Premises	\$11,680	\$8,505	\$7,600	\$8,330
Bookmaker	\$1,360	\$1,060	\$2,435	\$2,105
Bookmaker Manager	\$150	\$80	\$380	\$300
Bookmaker Employee	\$1,325	\$600	\$1,310	\$1,110
RWWA Director	\$615	\$695	\$620	\$1,045
RWWA Key Employee	\$14,815	\$3,820	\$840	\$5,545
Casino Key Employee	\$25,320	\$24,015	\$21,635	\$20,950
Casino Non Key Employee	\$109,460	\$73,220	\$119,285	\$123,305
<b>Total</b>	<b>\$794,217</b>	<b>\$782,888</b>	<b>\$832,224</b>	<b>\$848,740</b>

## **RACING BETS LEVY RETURNS**

On behalf of the Western Australian racing industry, the Commission is responsible for collecting and disbursing the racing bets levy paid by betting operators who use Western Australian race fields as part of their betting operations. In this regard, the Commission remits all levies (less a monthly administration fee) to RWWA for distribution amongst all WA registered racing clubs in accordance with its Strategic Development Plan.

For 2011/12, the Commission remitted a total of \$30.96 million to RWWA for distribution to the Western Australian racing industry. Since the introduction of the racing bets levy scheme (applicable retrospectively to 1 September 2008), the Commission has remitted a total of \$93.5 million to RWWA for distribution to the WA racing 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 Entertainment Complex must be licensed under the appropriate regulations.

The following table provides a four-year summary of the total number of licences in operation.

CASINO EMPLOYEE LICENSING	2008/09	2009/10	2010/11	2011/12
Casino Key Employee	365	374	378	376
Casino Employee	1791	1660	1686	1720
<b>Total</b>	<b>2156</b>	<b>2034</b>	<b>2064</b>	<b>2096</b>

## CASINO REVENUE

In 2011/12, casino gaming revenue of more than \$634 million was generated, producing \$106 million in casino taxation revenue for the State.

GROSS CASINO REVENUE BY GAME TYPE AND TOTAL TAX PAYABLE		
	2010/11	2011/12
Electronic Gaming Machines	\$239,332,279	\$245,475,292
Fully Automated Table Games	\$111,127	\$2,419,340
Roulette Games	\$53,832,601	\$52,910,832
Baccarat Games	\$128,253,470	\$245,797,482
Blackjack	\$52,512,745	\$54,427,227
Other games	\$29,083,237	\$33,091,859
<b>Total Gross Casino Revenue</b>	<b>\$503,125,459</b>	<b>\$634,122,032</b>
<b>Tax Payable</b>	<b>\$89,626,906</b>	<b>\$106,377,517</b>

The following table provides a four-year summary of the total number of visitors to Burswood Casino.

CASINO ATTENDANCE FIGURES			
2008/09	2009/10	2010/11	2011/12
5,869,892	5,863,751	5,716,078	5,659,122

The following table provides a two-year summary of the number of table and electronic gaming machines in operation at Burswood Entertainment Complex as at 30 June.

AS AT 30 JUNE EACH YEAR	2011	2012
Table Games	184	187
Electronic Gaming Machines	1892	1885

## LICENSING OF RACING AND WAGERING WESTERN AUSTRALIA (RWWA) DIRECTORS AND KEY EMPLOYEES

RWWA's directors and key employees must be licensed in accordance with the *Racing and Wagering Western Australia Act 2003*.

The following table provides a four-year summary of the total number of licences in operation.

<b>RWWA EMPLOYEE LICENCES</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Directors	10	11	12	11
Key Employee	61	75	72	73
<b>Total</b>	<b>71</b>	<b>86</b>	<b>84</b>	<b>84</b>

## LICENSING OF BOOKMAKER OPERATIONS

Bookmakers and bookmakers' employees must be licensed in accordance with the *Bookmakers Betting Levy Act 1954*.

The following table provides a four-year summary of the total number of licences in operation.

<b>BOOKMAKER LICENCES</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
As at 30 June	50	50	49	45
<b>BOOKMAKER'S EMPLOYEE LICENCES</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Issued	51	20	43	33
Expired	5	19	26	26
<b>BOOKMAKER'S MANAGER LICENCES</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Issued	2	1	3	2
Expired	1	0	0	0

## COMPLIANCE PROGRAM

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The Gaming and Wagering Commission provides a range of inspectorial and audit functions for casino and community gaming, liquor licensing and the betting industries to ensure that the service of gambling and liquor is conducted in a responsible manner. Inspectorial functions carried out by the Commission include:

- casino surveillance;
- conducting daily verification of casino gaming revenue and monthly casino tax reconciliations
- physical inspections and the auditing of financial returns in relation to permitted gaming activities;
- independent 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;
- assessing and collecting licence fees and other revenue; and
- investigation of complaints.

The inspectorial program also enforces the provisions of the *Betting Control Act 1954*, the *Casino Control Act 1984*, the *Gaming and Wagering Commission Act 1987* and the *Racing and Wagering Western Australia Act 2003*, so that adequate controls are in place to ensure 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 and community gaming.

The following table provides a four-year summary of the number and nature of audits, inspections, assessments and investigations conducted by the Commission. A breakdown of these figures is provided at page 20.

<b>AUDITS, INSPECTIONS, ASSESSMENTS AND INVESTIGATIONS</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Racing	422	1488	535	333
Lotterywest	1143	1122	761	754
Community Gaming	490	752	747	398
Burswood Casino	5990	6722	5483	3714
<b>Total</b>	<b>8045</b>	<b>10,084</b>	<b>7526</b>	<b>5199</b>

The decrease in the number of audits, inspections, assessments and investigations conducted in 2011/12 is a result of the following factors:

- There were three vacant inspector positions during the year.
- In 2010 the casino licensee sought and obtained approval from the Gaming and Wagering Commission for a new electronic gaming machine (EGM) monitoring system providing greater functionality and capabilities to monitor entries into EGMs. This resulted in removing the requirement for inspectors to undertake seal checks of every EGM which had in previous years amounted to approximately 1900 checks. Inspectors undertake random checks to monitor the effectiveness of the controls in the EGM monitoring system.

The following table provides a four-year summary of the number and nature of non-compliance issues detected by the Department's Compliance Division.

<b>NON COMPLIANCE WITH LEGISLATIVE REQUIREMENTS</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Community Gaming and Casino Infringements Issued	25	58	49	22
Gaming Cautions Issued	39	29	32	15
Violation reports against the casino operation (relating to breaches of game rules, procedures or directions)	5	16	5	7
Casino Prosecutions	0	0	0	0
Racing Prosecutions/Cautions Issued	6	3	12	0
<b>Total</b>	<b>75</b>	<b>106</b>	<b>98</b>	<b>44</b>



<b>INSPECTORATE PROGRAM</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
<b>Racing</b>				
Bookmaker telephone betting inspections	0	7	5	0
Bookmaker licensing and equipment checks	9	7	3	0
Bookmaker betting operations inspections	10	8	3	0
TAB agency inspections and cash counts	160	208	247	144
Oncourse tote inspections and audits	0	5	54	1
Sports betting contingency audit	2	0	0	0
Racefields bet levy return audits	0	1012	7	3
Racing industry GST reimbursement claims received	179	205	180	156
Racing industry GST reimbursement audits conducted	9	2	0	3
<b>Lotterywest</b>				
Cash 3 draw verification	730	730	364	366
Lotto/Soccer Pools draw verification	365	365	364	366
Promotional draws verification	39	13	24	13
Lotterywest GST reimbursement claims received	9	14	9	9
Lotterywest GST reimbursement audits conducted	0	0	0	0
<b>Community Gaming</b>				
Gaming inspections performed	273	476	56	149
Gaming investigations conducted	20	33	380	16
Gaming audits conducted	185	216	223	150
<b>Casino</b>				
Equipment checks completed	5	2	6	0
EGM Prom and seal checks completed	3302	3566	2871	1380
Daily revenue figures calculated	366	365	365	366
Illegal activity detected	30	20	0	0
Casino audits and inspections completed	1504	1977	1497	1252
Hard and soft cash counts completed	728	722	676	677
Casino GST reimbursement claims received	12	11	12	10
<b>Submissions to the Gaming and Wagering Commission</b>				
Racing industry	4	6	4	6
Racing and Wagering WA	49	28	32	20
Gaming	12	8	73	67
Casino	43	59	56	29
Compliance issues	0	19	15	16

## SIGNIFICANT ISSUES IMPACTING THE COMMISSION

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### NATIONAL GAMBLING REFORM BILL 2012

The Select Council on Gambling Reform was established to develop a national response to the latest Productivity Commission report on gambling. It is co-chaired by the Hon. Jenny Macklin, Federal Minister for Families, Housing, Community Services and Indigenous Affairs, and the Hon. Bill Shorten, Federal Assistant Treasurer.

On 17 February 2012, the Commonwealth Government released exposure drafts of the *National Gambling Reform Bill 2012* (the Bill) and the *National Gambling Reform (Related Matters) Bill 2012*.

As at 30 June, the Bills had not been tabled in the Australian Parliament.

The Bills require:

- pre-commitment technology to be available on every gaming machine imported to, or made in, Australia by the end of 2013;
- state-linked pre-commitment and dynamic warnings and cost of play displays, with longer implementation timelines for small venues, that is, venues with 10 to 20 machines, by the end of 2016; and
- a \$250 per card per day withdrawal limit on ATMs in gaming premises, except in casinos and in communities where this may cause unreasonable inconvenience, by 1 February 2013.

There is no impact to the Burswood Entertainment Complex in relation to the ATM reforms.

The Bill defines a gaming machine premises to be a premises with one or more gaming machines made available for use. The Bill further defines a small gaming machine premises to be a premises where no more than 20 gaming machines are made available for use on the premises.

Clause 6 of the Bill provides the following definition in relation to a gaming machine:

- “(1) A ***gaming machine*** is a device (whether an actual or virtual device, and whether wholly or partly mechanically or electronically operated) that is designed so that:
- (a) it may be used for the purposes of playing a game of chance, or a mixed game of chance and skill; and
  - (b) it may be operated wholly or partly by:
    - (i) inserting a token, coin or banknote into the device; or
    - (ii) electronically transferring credits or tokens to the device; or

- (iii) *using credits or tokens in the device (whether those credits or tokens are held, stored or accredited by the device or elsewhere); and*
- (c) *because of making a bet on the device, winnings or other rewards may become payable.*
- (2) **A gaming machine also includes:**
- (a) *gaming equipment (see subsection (3)); and*
- (b) *any device that:*
- (i) *is designed so that it may be used for the purposes of playing a game of chance, or a mixed game of chance and skill; and*
- (ii) *is designed so that, because of making a bet on the device, winnings or other rewards may become payable; and*
- (iii) *is prescribed by the regulations for the purposes of this paragraph; and*
- (c) *part of a gaming machine (within the meaning of subsection (1) and paragraphs (2)(a) and (b)).”*

### **Impact on Western Australia**

The proposed legislation will require gaming machine premises to have a pre-commitment system but it will not be compulsory for patrons to enter a pre-commitment program.

The definition of a gaming machine under clause 6 of the Bill suggests that devices such as video lottery terminals (VLTs) and amusement machines would be caught by the definition. If VLTs and amusement machines are not exempted by regulations, then:

- The provisions will take effect on 31 December 2020 for premises with less than 10 VLTs or amusement type machines.
- Only VLTs, arcade games, etc. that are manufactured or imported after 31 December 2013, or made available on a premises after 31 December 2020 (that have not been previously made available) would be subject the reforms.
- From 1 January 2017, amusement venues with more than 20 arcade type machines would be subject to the reforms. Venues with more than 10 machines but less than 20 would be required to comply by 1 January 2021.
- All venues would require pre-commitment systems to be monitored and pay levies. Levies would apply to all persons receiving a benefit, so in the case of VLTs that would include the beneficiary, the supplier and the premises where the machine(s) are located. The reforms would have a detrimental impact on charitable bodies.
- In addition to amusement venues, also captured in the reforms would be agriculture shows where skilltesters, merchandisers and arcade games are often provided.
- Implementing the reforms is likely to be cost prohibitive for venues.

## **ONLINE GAMBLING AND SPORTS BETTING**

In recognising the growing concern surrounding online gambling and sports betting, the Commonwealth Government announced the following initiatives on 21 January 2012.

### **Banning of the Promotion of Live Odds During Sports Coverage**

The Commonwealth Government is concerned that the promotion of live odds during sports coverage can significantly influence vulnerable people, particularly young people, and normalise gambling through sports broadcasts.

In June, the Commonwealth Government announced it had reached an agreement with commercial and subscription broadcasters to reduce and control the promotion of live odds during sports broadcasts.

Broadcasters agreed to amend their existing codes of practice by the end of 2012 to restrict live odds promotion, including the banning of sporting commentators from mentioning live odds and banning all live odds promotion during play.

### **Extending Pre-Commitment to Online Betting Services**

The Commonwealth Government intends to work with the states and territories to make pre-commitment available to account holders of on-line betting service providers.

In Western Australia, pre-commitment is available to account holders of RWWA. In this regard, the customer contacts RWWA who implements the customer's pre-commitment strategy. However, RWWA advises that it is currently developing mechanisms to enable the customer to control their own pre-commitment strategies through the internet.

### **Restricting Online Sports Betting Companies Offering Credit and Introducing Stricter Limits on Betting Inducements**

The Commonwealth Government proposes to increase consumer protection measures relating to the rules on the provision of lines of credit, restrictions on inducements to open accounts and protection of consumer funds.

This would prohibit online betting operators from offering credit to account holders, with the exception of professional punters.

The Commonwealth Government also proposes strict limits on the type of betting inducements that can be offered; for example, paying commissions to third parties to encourage people to open accounts online.

Under the *Gaming and Wagering Commission Regulations 1988*, gambling operators are prohibited from advertising if the advertisement provides inducements for people to establish betting accounts.

## POKER POLICY

Tournament poker, played under a gaming function permit, is challenging from a regulatory perspective.

Poker tournaments that provide players with the opportunity to win a seat at a subsequent event where they can play for prizes in money or money's worth (e.g. cash, holidays, meal vouchers, alcohol or a share of a 'pot' of cash), and is based wholly or partly on their participation in that initial tournament, are considered gaming and thus require a permit.

As a general rule, these tournaments are run on behalf of an eligible organisation such as a charity or sporting club by a commercial poker operator licensed as a gaming equipment supplier in WA. The proceeds of gaming, after legitimate expenses are deducted, are returned to the charity.

The main issues that arise in regulating these events are:

- the extent of the involvement of commercial operators in the conduct of gaming;
- the manner in which gaming is advertised;
- the perception that gaming is promoted or conducted for commercial undertaking;
- the manner in which commercial operator's fees are levied on the permit organisations;
- the return to permit organisations from the proceeds of gaming;
- the manner in which gaming is supervised and conducted;
- jackpotting of prizes; and
- licensed suppliers holding funds that have been raised from permits, on behalf of organisations.

In response to these issues, the Commission developed a policy framework in regard to community poker conducted under a gaming function permit. Subsequently, the *Community Poker Policy* was released in November 2011 and contains the following principles:

- jackpot funds may only be held in account by a permit holder;
- eight hour permits may be considered by the Commission in exceptional circumstances;
- where seasonal poker is proposed, a written submission outlining the season's schedule, including the proposed buy-in amounts, venues and applicants must be provided together with the first month's permit applications and the grand final permit application;
- seasonal poker events may be advertised in a similar manner to permits provided that an authorisation has been given by the Commission;

- where a licensed supplier is engaged to assist in the conduct of the permit and tournament poker is to be played, a minimum net return of five per cent of gross proceeds (which comprise the sum of all tournament entry fees and buy back fees) must be provided to the organisation granted the permit; and
- where a licensed supplier is engaged to assist in the conduct of the permit and commission based poker is to be played, a minimum net return of 15 per cent of gross proceeds (which comprise the sum of all commissions collected) must be provided to the organisation granted the permit.

The Commission resolved to delegate its authority to approve applications to the Department of Racing, Gaming and Liquor. This means that applications for a gaming function permit to conduct tournament poker no longer require submitting to the Commission for approval.

### **INCLUSION OF HONG KONG DOLLAR CURRENCY TO THE FOREIGN CURRENCY CHIP PROGRAMME**

In response to a request from the Casino Licensee, the Commission amended its Foreign Currency Chip Programs (FCCP) policies and procedures to introduce a new program in Hong Kong dollars. The only other FCCP is in relation to United States Dollars that was introduced in 1998.

### **RETURN TO PLAYER RATES FOR ELECTRONIC GAMING MACHINES AT BURSWOOD CASINO**

The Gaming and Wagering Commission requires all electronic gaming machines approved for use within the Burswood Casino are tested and certified against requirements of the Australian/New Zealand Gaming Machine National Standard, and the Western Australian appendix to that standard.

A key element within the requirements is the return to player. All electronic games played at Burswood Casino are tested and certified to achieve a theoretical return to player of 90 percent.

The Gaming and Wagering Commission monitors the performance of electronic gaming machines at Burswood Casino to ensure the required return to player is achieved and that machines are performing as certified.

### **EXTENSIONS TO THE CASINO GAMING LICENSED AREA**

The Minister for Racing and Gaming, on the recommendation of the Gaming and Wagering Commission, approved an expansion of the casino gaming licensed area to 17,482 square metres. The altered gaming floor area was published in the Government Gazette in March 2012.



## **RACING MINISTERS' CONFERENCE**

The 2011 Australasian Racing Ministers' Conference was held in Perth on 23 September 2011. Racing Ministers met to discuss a wide range of issues impacting on the Australian racing industry.

The Ministers were briefed by representatives of the Australian Racing Board, Harness Racing Australia and Greyhounds Australasia. The Australian Jockey's Association provided a briefing on issues relating to jockey welfare. Topics discussed included industry integrity, animal welfare, skill shortages, industry funding and the changing wagering market.

The Ministers:

- agreed to the in-principle adoption of a unified approach to the regulation of gambling advertising based on provisions proposed by NSW, with a cooperative approach between jurisdictions to assist in enforcing the provisions on a complementary basis;
- noted the Federal Government's concern with the promotion of live odds during sports coverage and its intention to regulate this area in the event that self-regulation was unsuccessful;
- discussed the need for a national approach to product fee legislation driven by the Commonwealth to ensure the racing industry continues to be a major contributor to Australia's economy, and proposed a further approach to the Commonwealth Government on this issue; and
- agreed that there is merit in investigating the possibility of a national totalisator pool and that Victoria, South Australia and Western Australia will jointly examine the issue.

The 2012 Australasian Racing Ministers' Conference was held on 11 May 2012 in Hobart. Ministers received briefings from the Australian Racing Board, Harness Racing Australia and Greyhounds Australasia. Among the issues discussed were wagering operators' advertising, skilled labour shortages in the racing industry and the recent High Court decision in relation to race fields.

Ministers agreed to write to the Commonwealth Government seeking urgent support for legislation to protect Australian racing from unauthorised offshore wagering operators – they recommended the following:

- make it illegal for a telecommunication service provider to facilitate the transactions of a bet with a wagering service provider unless that wagering service provider is authorised by the relevant racing controlling body; and
- prevent financial institutions from processing betting transactions with a wagering service provider unless they are so authorised.

In May 2012, as part of the endorsement of the National Policy, the Australasian Racing Ministers agreed to establish a national racing integrity advisory group, comprising state and territory representatives as well as the chief executive officers of the Australian Racing Board, Harness Racing Australia and Greyhounds Australasia. The group's purposes include sharing information, reviewing key integrity issues and developing relationships with key stakeholders such as racing and sporting bodies and law enforcement agencies.

The group will take a high level approach to racing integrity by sharing information and intelligence, reviewing key integrity issues, and developing key relationships with racing and sporting bodies as well as law enforcement agencies nationally and internationally.

It was agreed that the health and wellbeing of the racing industry across the three codes was largely dependent on its integrity.

## **MATCH FIXING**

As a result of the emerging concern that betting may impact on the outcomes of sporting events, in June 2011, the Sport and Recreation Ministers' Council endorsed a National Policy on Match-Fixing in Sport that commits all stakeholders to protecting the integrity of sport from the threat of match-fixing. Stakeholders include all sporting controlling bodies, betting agencies, all state governments and the Commonwealth.

Essentially, the policy establishes a legislative and administrative framework for sporting organisations, betting agencies and government to effectively deal with the issue of match-fixing.

The Department of Sport and Recreation is leading WA's involvement in the Racing Integrity Advisory Group.

## **RACING BETS LEVY HIGH COURT DECISION**

On 30 March 2012, the High Court of Australia dismissed appeals by Betfair and Sportsbet against decisions of the Full Court of the Federal Court of Australia.

Betfair's challenge related to the fees imposed by Racing NSW and Harness Racing NSW, stating they placed a burden on interstate trade and were designed to protect New South Wales wagering operators. Betfair claimed that the fees were protectionist and were contrary to section 92 of the Australian Constitution.

Sportsbet challenged the validity of Racing NSW to grant approvals to use NSW race fields information provided it paid a fee.

The High Court declared that the approvals given by Racing NSW, conditioned upon the payment of the fees, were valid. It also held that wagering turnover thresholds were not discriminatory measures of a protectionist kind and that both intrastate and out of State

competitors were entitled to the benefit of wagering turnover thresholds. The burden of the fees was imposed uniformly on both intrastate and out of State wagering operators.

There was no challenge to Western Australian legislation. Under the *Racing Bets Levy Act 2009*, wagering operators have the option of paying the levy based on 1.5 percent of monthly turnover, or on gross revenue, where the option is 20 percent of gross monthly revenue or 0.2 percent of turnover (whichever is the greatest).

## **ACTIVITIES OF THE GAMING COMMUNITY TRUST**

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The Gaming Community Trust was established pursuant to section 109D of the *Gaming and Wagering Commission Act 1987* to provide advice and make recommendations to the Minister, on its own initiative or at the request of the Minister, on the applications for moneys standing to the credit of the Trust Fund for the benefit of the community.

The money credited to the Trust Fund is derived from unclaimed winnings that are payable from the conduct of gaming or betting that have not been claimed within 12 months after the right to be paid them has expired.

As at 30 June 2012, the members of the Gaming Community Trust were:

- Mr Barry Sargeant (Chairperson)
- Ms Jan Cooper (Member)
- Mr Barry Felstead (Member)
- Mr Stephen Wayne Reynolds (Member)
- Ms Maxine Connolly (Member)

As at 30 June 2012, the balance of the Gaming Community Trust Fund was \$1,264,213.53.

Details of the projects funded by the Trust are provided below.

### **Brightwater Care Group (Inc)**

In November 2009, the Minister resolved to support the Brightwater Holiday Program for younger people at a cost of \$277,789 (plus GST) over three years. The program commenced in February 2010 to provide short holidays (up to four days) for younger Brightwater clients living with severe disabilities and those in acquired brain injury rehabilitation.

In September 2011, the Trust approved an amendment to the program scope to include active day trips and visits to assessed day spas by Brightwater clients. The change in scope allows a greater number of clients to experience the benefits associated with

going on a holiday if they are unable to go away overnight. In addition, an extension to the contract term of six months was approved.

Since the commencement of the program, numerous clients have experienced holidays to destinations such as the Swan Valley, Hillarys, Rottnest Island, Margaret River and Busselton. Several day trip visits to Rottnest Island and day spas have also been undertaken.

### **Lower King Community Kindergarten**

The Minister for Racing and Gaming approved a grant of \$68,300 to the Lower King Community Kindergarten. The grant application sought funding to go towards upgrading the kindergarten building with the aim of making a safe, asbestos free, clean and environmentally friendly kindergarten classroom for the benefit of the students, teachers and volunteers.

The upgrade to the Kindergarten commenced on 4 January 2012 and the project was completed in mid February 2012.

### **Western Australian Amateur Football League**

On 3 October 2011, the Minister for Racing and Gaming approved an application for funding by the Western Australian Amateur Football League. The funding amount of \$20,000 was granted to implement an integrated football league program for those with an intellectual disability, particularly for individuals aged over 16 years. The grant payment was provided to the Western Australian Amateur Football League in March 2012.

### **Epilepsy Action Australia**

The Minister for Racing and Gaming formally announced in June 2012 that Epilepsy Action Australia was successful in its application for funding. The grant amount of \$300,000 over three years will be used by Epilepsy Action Australia to establish a regional outreach service program, to be provided by four epilepsy registered nurse educators who will be based in Geraldton, Kalgoorlie, Albany and Broome.

## ACTIVITIES OF THE PROBLEM GAMBLING SERVICES SUPPORT COMMITTEE

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The Problem Gambling Support Services Committee (PGSSC) addresses the social and economic issues that result from problem gambling in Western Australia and is comprised of representatives from the gambling industry and various government agencies.

The objectives of PGSSC are to:

- promote the concept of minimising harm from problem gambling in the community;
- provide direction to the gambling industry and the public to minimise problems with gambling behaviour;
- identify and determine appropriate support services for people with gambling related problems; and
- facilitate the provision of support services for those affected by gambling problems in Western Australia.

As at 30 June 2012, the members of the PGSSC are as follows:

- Mr Barry A Sargeant (Chairperson);
- Mr Barry Felstead (Burswood Casino);
- Mr Richard Burt (Racing and Wagering Western Australia);
- Ms Jan Stewart (Lotterywest);
- Mr Jason Cheetham (WA Bookmakers Association); and
- Ms Jenny Perkins (Department for Communities).

The PGSSC also funds research projects, awareness campaigns and other one-off projects that are related to problem gambling. Furthermore, each member makes a financial contribution which is held in a gambling support fund administered by the Department of Racing, Gaming and Liquor.

The PGSSC funds three counselling and support services for those affected by gambling problems in Western Australia. Those services are:

- Problem Gambling Helpline;
- Gambling Help WA (face-to-face counselling); and
- Gambling Help Online (online counselling).

## Problem Gambling Helpline

The Problem Gambling Helpline is a specialist, toll-free, telephone counselling and referral service for Western Australian problem gamblers and their families. The Helpline is available 24 hours per day, seven days per week.

The single 1800 gambling helpline allows people to seek immediate help through a counsellor in each State or Territory simply by ringing one number from anywhere in Australia. The national number is 1800 858 858.

The Committee covers the call costs for any Western Australian callers using the national number.

A significant feature of the service in Western Australia is the provision of on-going telephone counselling (i.e. regular booked sessions) for those people for whom face-to-face counselling is not available or is inappropriate. This is particularly beneficial for people in regional and remote parts of Western Australia.

Medibank Health Solutions Telehealth Pty Ltd currently provides the Helpline service. The Department of Racing, Gaming and Liquor, on behalf of the Commission, is responsible for managing the helpline contract and its services, including:

- improvements of service delivery;
- analysis of reports and statistics;
- reporting to the PGSSC on service delivery; and
- handling the request for tender processes at the completion of each contract.

The following table provides a three-year summary of the total number of calls relating to problem gambling and the number of calls received which were not related to gambling.

<b>NUMBER OF CALLS TO PROBLEM GAMBLING HELPLINE</b>			
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Target	548	642	670
Non Target	377	263	322
<b>Total</b>	<b>925</b>	<b>905</b>	<b>992</b>



## Gambling Help WA

Gambling Help WA (GHWA) is a free face-to-face counselling service for people affected by problem gambling, their partners and families. GHWA is operated by Centrecare, a not for profit social services agency which provides counselling in many different areas.

The contract is governed by a Lotterywest grant agreement. Representatives from the Department of Racing, Gaming and Liquor and Lotterywest monitor the service provided by GHWA and report to the PGSSC.

Notable achievements throughout this reporting period include:

- attendance at the 2011 National Association for Gambling Studies Conference;
- presentation of three 10-week GHWA counselling groups;
- the conduct of the first 10-week GHWA counselling group in Joondalup;
- continuation of counselling services into the prison community;
- review and update of the 'Self Help Guide' booklet;
- presentation of an information night for family and friends at GHWA in Perth; and
- implementing initiatives to assist culturally and linguistically diverse clients including making the 'Self Help Guide' and 'Information for Family and Friends' in Vietnamese and Chinese languages accessible online; and advertising the Gambling Help WA service on radio, Chung Wah Association bi-monthly magazine and newspaper.

The following table provides a three-year summary of the total number of booked and actual attendance to counselling sessions in WA.

<b>GAMBLING HELP WA SESSIONS</b>		
<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
1334	1318	1312

## National Online Counselling Service

Gambling Help Online provides an immediate response via online counselling to anyone concerned about gambling. The service was launched on 31 August 2009 and is operated by Turning Point, a Victorian based counselling service provider. The cost is shared between the Commonwealth, States and Territories.

The online service complements the range of services available in responding to gambling problems. It provides Australians with an opportunity to access counselling and information services when they are unable or reluctant to access face to face services in each jurisdiction. Further, the service may appeal to the increasing number of people who gamble online, while ensuring that people in remote areas also have access to quality support services.

Gambling Help Online is the first service worldwide to provide:

- 24-hour availability of live and email counselling and support services.
- Professional counsellors with expertise in problem gambling and online services.
- Integration with State-based 24-hour telephone services and face-to-face counselling.
- Provision of extensive website content, information and web links for additional help and information.

The Memorandum of Understanding between all Australian governments for the continuation and funding of the Australian Online Gambling Counselling and Support Program is current to 30 June 2015. The contribution structure is based on each jurisdiction's share of the national gambling expenditure. Western Australia's commitment for the 2012/13 period is \$36,764 (excl GST).

The following table provides a summary of the total number of clients who received live online counselling and the number of visits to each jurisdictions information webpage between 1 July 2011 and 30 June 2012.

<b>ONLINE COUNSELLING BY STATE<sup>4</sup></b>								
	VIC	NSW	QLD	SA	TAS	WA	ACT	NT
Online Clients	137	70	40	17	11	8	4	1
Visits to Information Pages	2520	1342	1199	1140	442	390	341	133

### **Responsible Gambling Awareness Campaign**

In May 2010, the Problem Gambling Support Services Committee approved the development of an awareness campaign to run intermittently for five, one-week periods (peak gambling weeks) throughout 2011.

It was determined that the objectives of the campaign should be to create awareness of the assistance and information available for gamblers and their support networks, minimise problem gambling and heighten awareness about gambling responsibly.

Rare Creativethinking were appointed to design the creative component of the awareness campaign and developed the *'Where Does the Fun Stop for You'* campaign.

The campaign ran throughout the following peak periods:

- Chinese New Year - 30 January to 27 February 2011.
- Responsible Gambling Awareness Week - 1 May 2011 to 31 May 2011.
- Australian Football League finals - 4 September 2011 to 25 September 2011.

<sup>4</sup> Source: Gambling Help Online Annual Report 2011/12

- Melbourne Cup - 30 October 2011 to 27 November 2011.
- Christmas/New Year - 4 December 2011 to 29 January 2012.

The materials produced to promote the campaign included posters, wallet cards and brochures written in six languages. Advertising was also undertaken during these peak periods on TV and radio, in newspapers and by way of online banners on a number of websites.

In May 2012, the Problem Gambling Support Services Committee determined to repeat the *'Where Does the Fun Stop for You'* campaign. Advertising will commence in late 2012 and, similarly to the previous campaign, will run over several peak gambling periods.

### **Responsible Gambling Awareness Week**

Responsible Gambling Awareness Week (RGAW) is an annual event that aims to raise awareness amongst gamblers and their support networks about responsible gambling practices and the available help services. In 2012, RGAW was held from the 14 to 20 May 2012. The initiative was supported by:

- Burswood Entertainment Complex;
- Lotterywest;
- Racing and Wagering Western Australia (RWWA);
- Centrecare's Gambling Help WA counselling service;
- Medibank Health Solutions; and
- Gaming and Wagering Commission.

The focus for Responsible Gambling Awareness Week 2012 was to redevelop the Western Australian gamble aware website to:

- provide useful resources and information in relation to problem gambling issues; and
- promote the services of the Problem Gambling Helpline, Gambling Help WA and Gambling Help Online.

Along with the launch of the newly designed website, posters and multilingual brochures were displayed at Burswood, within TABs, at Lotterywest outlets, at Gambling Help WA and at the Department of Racing, Gaming and Liquor.

## BEYOND GAMBLING GRANTS PROGRAM

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The Beyond Gambling Grants Program was formed following the 2010 agreement between the State Government and the Burswood Entertainment Complex for an addition of 250 electronic gaming machines. The State Government secured a one-off payment of \$2 million and an annual appropriation of \$500,000 towards problem gambling help programs.

The objectives of the grant program are to:

- Raise awareness of the effects of problem social gambling on individuals, families and communities.
- Strengthen the capacity of individuals, families and communities to reduce the level of gambling in the community.
- Strengthen the capacity of the non-government sector to work with individuals, families and communities on the impact of problem social gambling.
- Address the impact of problem social gambling on individuals, families and communities.

The Program is jointly managed between the Department for Communities and the Department of Racing, Gaming and Liquor.

Details of the projects funded by the Program are provided below.

### **Jungarni-Jutiya Indigenous Corporation**

A grant of \$200,000 was awarded to the Jungarni-Jutiya Indigenous Corporation to implement the Beyond Gambling Project. The project will provide an educational program in schools in the Kimberley region to address problem gambling issues and provide diversionary activities for adults. A training component will also be provided to the project's staff.

### **Joondalup Men's Shed**

A grant of \$85,700 was granted to the Joondalup Men's Shed to implement the Filling the Void Project. The project will provide community based activities aimed at reducing the incidence of problem gambling in men. A 12 month media campaign will encourage men to embrace the program as an alternative to social gambling.

### **Bidyadanga Aboriginal Community La Grange Inc.**

A grant of \$194,120 was awarded to the Bidyadanga Aboriginal Community La Grange Inc to implement the Bidyadanga Gambling Diversion Project. The project will provide diversionary activities for problem gamblers within the Bidyadanga community. A Community Development Facilitator will establish a diversionary and educational program model aimed at increasing engagement opportunities for members of the community. The program will also be offered to young people.

## CHANGES IN LEGISLATION

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### CHANGES TO REGULATIONS

New fees and charges effective 1 January 2012 were introduced by the following amendment regulations:

- *Betting Control Amendment Regulations 2011.*
- *Casino Control (Burswood Island) (Licensing of Employees) Amendment Regulations (No. 2) 2011.*
- *Casino Control Amendment Regulations 2011.*
- *Gaming and Wagering Commission Amendment Regulations (No. 2) 2011.*
- *Racing and Wagering Western Australia Amendment Regulations 2011.*

The *Gaming and Wagering Commission Amendment Regulations 2011* amended the *Gaming and Wagering Commission Regulations 1988* to provide that:

- for the purposes of section 46(2A) of the *Gaming and Wagering Commission Act 1987*, gaming on a cruise ship outside of a distance of 12 nautical miles from the Western Australian baseline is lawful; and
- for the purposes of section 85(6A) of the *Gaming and Wagering Commission Act 1987*, possession of gaming machines and equipment on board a cruise ship in waters that are less than 12 nautical miles from the WA baseline is a lawful.

The *Casino (Burswood Island) Agreement Amendment Act 2011* came into effect on 11 July 2011. Changes included:

- Previously, two-up could only be played outside of a 200km radius of Burswood Casino. This has been changed to 100km.
- Race clubs within the 100km radius can apply for Ministerial approval to conduct two-up under section 48 of the Act. These approvals will be limited to major sporting events, special occasions and other exceptional circumstances, with the consent of Burswood.
- The Minister may approve, under section 48 of the Act, the conduct of two-up at non-RSL events and premises on Anzac Day (where he is sufficiently satisfied that the event/premises is connected to the celebration of Anzac Day).
- The prohibition on cruise ships casino gaming within 200 nautical miles of the Western Australian baseline has been relaxed to allow gaming until a distance of 12 nautical miles is reached. Cruise ships may also possess casino gaming equipment when they are within 12 nautical miles.
- From 1 July 2011, casino tax payable on electronic gaming machines increases in annual increments from 20 per cent to 20.625 per cent.
- Fully automated table games will be taxed at a rate of 22 per cent plus the levy of one per cent payable to the Burswood Park Board.

## DISCLOSURES AND LEGAL COMPLIANCE

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### FINANCIAL STATEMENTS

The aim of these Financial Statements is to inform Parliament and other interested parties, not only of what the Gaming and Wagering Commission of Western Australia has achieved during the financial year, but also of the reasons behind those achievements.

### CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Gaming and Wagering Commission of Western Australia 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 2012 and the financial position as at 30 June 2012.

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.



Terry Ng  
Chief Financial Officer

31 July 2012



Barry A Sargeant  
Chairperson  
Gaming and  
Wagering Commission  
of Western Australia

31 July 2012



Katie Hodson-Thomas  
Member  
Gaming and  
Wagering Commission  
of Western Australia

31 July 2012

## Gaming and Wagering Commission of Western Australia

### Statement of Comprehensive Income

#### for the year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Board members expenses	16	88,644	97,754
Superannuation	16	7,978	8,798
Expenses related to special purpose accounts	4	37,662,140	28,121,037
Services and contract fees		<u>4,992,673</u>	<u>4,268,175</u>
<b>Total cost of services</b>		<b><u>42,751,435</u></b>	<b><u>32,495,764</u></b>
<b>Income</b>			
<i>Revenue</i>			
Fees and charges	5	4,140,279	4,076,878
Revenues related to special purpose accounts	6	37,616,240	28,771,301
Interest revenue	7	<u>203,463</u>	<u>212,125</u>
<b>Total Revenue</b>		<b><u>41,959,982</u></b>	<b><u>33,060,304</u></b>
<b>NET COST OF SERVICES</b>	14	<b><u>791,453</u></b>	<b><u>(564,540)</u></b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b><u>(791,453)</u></b>	<b><u>564,540</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Gains/(losses) recognised directly in equity		<u>0</u>	<u>0</u>
<b>Total other comprehensive income</b>		<b><u>0</u></b>	<b><u>0</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b><u>(791,453)</u></b>	<b><u>564,540</u></b>

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

## Gaming and Wagering Commission of Western Australia

### Statement of Financial Position as at 30 June 2012

	Note	2012 \$	2011 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	3,772,778	4,359,137
Restricted cash and cash equivalents	9	5,934,389	6,186,365
Receivables	10	109,623	135,755
Inventories	11	<u>6,992</u>	<u>7,555</u>
<b>Total Current Assets</b>		<b><u>9,823,782</u></b>	<b><u>10,688,812</u></b>
<b>TOTAL ASSETS</b>		<b><u>9,823,782</u></b>	<b><u>10,688,812</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	12	<u>832,029</u>	<u>905,606</u>
<b>Total Current Liabilities</b>		<b><u>832,029</u></b>	<b><u>905,606</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>832,029</u></b>	<b><u>905,606</u></b>
<b>NET ASSETS</b>		<b><u>8,991,753</u></b>	<b><u>9,783,206</u></b>
<b>EQUITY</b>			
Accumulated surplus/(deficit)	13	<u>8,991,753</u>	<u>9,783,206</u>
<b>TOTAL EQUITY</b>		<b><u>8,991,753</u></b>	<b><u>9,783,206</u></b>

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



## Gaming and Wagering Commission of Western Australia

### Statement of Changes in Equity

#### for the year ended 30 June 2012

	Note	Contributed equity \$	Reserves \$	Accumulated surplus/ (deficit) \$	Total equity \$
<b>Balance at July 2010</b>	13	0	0	9,218,666	9,218,666
Changes in accounting policy or correction of prior period errors		0	0	0	0
<b>Restated balance at 1 July 2010</b>		0	0	9,218,666	9,218,666
Surplus/(deficit)		0	0	564,540	564,540
Other comprehensive income		0	0	0	0
Total comprehensive income for the period		0	0	564,540	564,540
Transactions with owners in their capacity as owners:					
Other contributions by owners		0	0	0	0
Distributions to owners		0	0	0	0
Total		0	0	0	0
<b>Balance at 30 June 2011</b>		<b>0</b>	<b>0</b>	<b>9,783,206</b>	<b>9,783,206</b>
<b>Balance at 1 July 2011</b>		0	0	9,783,206	9,783,206
Surplus/(deficit)		0	0	(791,453)	(791,453)
Other comprehensive income		0	0	0	0
Total comprehensive income for the period		0	0	(791,453)	(791,453)
Transactions with owners in their capacity as owners:					
Other contributions by owners		0	0	0	0
Distributions to owners		0	0	0	0
Total		0	0	0	0
<b>Balance at 30 June 2012</b>		<b>0</b>	<b>0</b>	<b>8,991,753</b>	<b>8,991,753</b>

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

## Gaming and Wagering Commission of Western Australia

### Statement of Cash Flows

#### for the year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Board members expenses		(86,229)	(113,754)
Payments related to special purpose accounts		(37,879,421)	(27,902,821)
Supplies and services		(4,780,055)	(3,784,390)
GST payments on purchases		(386,424)	(322,360)
GST payments to taxation authority		(3,528,409)	(2,406,326)
<b>Receipts</b>			
Fees and charges		4,139,782	4,073,949
Receipts related to special purpose accounts		37,631,163	28,712,277
Interest received		229,130	227,728
GST receipts on sales		3,450,297	2,510,485
GST receipts from taxation authority		371,831	309,216
<b>Net cash provided by/(used in) operating activities</b>	14	<b><u>(838,335)</u></b>	<b><u>1,304,004</u></b>
Net increase/(decrease) in cash and cash equivalents		(838,335)	1,304,004
Cash and cash equivalents at the beginning of the period		<u>10,545,502</u>	<u>9,241,498</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	14	<b><u><u>9,707,167</u></u></b>	<b><u><u>10,545,502</u></u></b>

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

**Gaming and Wagering Commission of Western Australia**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2012**

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**Note 1. Australian Accounting Standards**

**General**

The Commission's financial statements for the year ended 30 June 2012 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 Commission has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

**Early adoption of standards**

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Commission for the annual reporting period ended 30 June 2012.

**Note 2. Summary of significant accounting policies**

**(a) General statement**

The Commission is a not-for-profit reporting entity that prepares general purpose financial statements 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 impose legislative provisions that govern 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 dollar.

**(c) Reporting entity**

The reporting entity comprises the Commission only.

Administered revenues are not integral to the Commission in carrying out its functions and are disclosed in the notes to the financial statements for information purposes, forming part of the general purpose financial report of the Commission.

**(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. This represents income received pursuant to the Gaming and Wagering Commission Act 1987, Casino Control Act 1984, and Betting Control Act 1954, net of refunds. It includes the annual casino licence fee, income from community gaming, and wagering activities.

In 2007, a change in accounting policy was adopted to include the trust fund activities in the Statement of Comprehensive Income. Trust fund activities (Special Purpose Account) is recognised on cash basis.

Security deposits previously shown as current asset and liability are no longer recognised in the Statement of Financial Position of the Commission.

Other trust funds previously included in the current liabilities of the Commission are not recognised since it is established that there is no present obligation as at the reporting period.

**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 by reference to the stage of completion of the transaction.

**Interest**

Revenue is recognised as the interest accrues.

**Fees and charges**

Revenue is recognised when the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the Commission.

**(f) Services Performed for the Gaming and Wagering Commission of Western Australia by the Department of Racing, Gaming and Liquor**

The Department of Racing, Gaming and Liquor provides support to the Commission to enable the Commission to carry out its objectives. This support comprises most of the amount reported in the Statement of Comprehensive Income under 'Services and contract fees'. These charges are in the nature of salaries and administration costs in providing these support services.

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

**(g) Financial instruments**

In addition to cash, the Commission 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
- \* 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.

**(h) Cash and cash equivalents**

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

**(i) Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate for each particular class of inventory, with the majority being measured on a first in first out basis.

**(j) 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 Commission 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.

**(k) Payables**

Payables are recognised when the Commission 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.

**(l) Employee Benefits**Annual and Long Service Leave

The Commission does not employ staff. Section 18 of the Gaming and Wagering Commission Act 1987 provides for the Commission to utilise the staff and facilities of the Department of Racing, Gaming and Liquor. The cost of the services provided by the Department 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.

Superannuation

The Government Employees Superannuation Board (GESB) and other funds administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees varies according to commencement and implementation dates.

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

The Commission 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 Commission to the GESB.

Board members of the Commission 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). Board members commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund. The Commission makes concurrent contributions to GESB or other funds on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Commission's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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.

**(m) Superannuation expense**

The superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), WSS, the GESBS, or other superannuation fund.

**(n) Comparative figures**

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

### **Note 3. Disclosure of changes in accounting policy and estimates**

#### **Initial application of an Australian Accounting Standard**

The Commission has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2011 that impacted on the Commission.

- AASB 1054** *Australian Additional Disclosures*
- This Standard, in conjunction with AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.
- AASB 2009-12** *Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Int 2, 4, 16, 1039 & 1052]*
- This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.
- AASB 2010-4** *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Int 13]*
- The amendments to *AASB 7* clarify financial instrument disclosures in relation to credit risk. The carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated is no longer required to be disclosed. There is no financial impact.
- The amendments to *AASB 101* clarify the presentation of the Statement of Changes in Equity. The disaggregation of other comprehensive income reconciling the carrying amount at the beginning and the end of the period for each component of equity can be presented in either the Statement of Changes in Equity or the Notes. There is no financial impact.
- AASB 2010-5** *Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Int 112, 115, 127, 132 & 1042]*
- This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.
- AASB 2010-6** *Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]*
- This Standard introduces additional disclosure relating to transfers of financial assets in *AASB 7*. An entity shall disclose all transferred financial assets that are not derecognised and any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. There is no financial impact.
- AASB 2011-1** *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Int 2, 112 & 113]*
- This Standard, in conjunction with AASB 1054, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.
- AASB 2011-5** *Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, 128 & 131]*
- This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity are not-for-profit non-reporting entities that comply with Australian Accounting Standards. There is no financial impact.

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

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

		<b>Operative for reporting periods beginning on/after</b>
AASB 9	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was reissued in December 2010. The Commission has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 10	<p><i>Consolidated Financial Statements</i></p> <p>This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> and Int 112 <i>Consolidation - Special Purpose Entities</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in August 2011. The Commission has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 11	<p><i>Joint Arrangements</i></p> <p>This Standard supersedes AASB 131 <i>Interests in Joint Ventures</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in August 2011. The Commission has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 12	<p><i>Disclosure of Interests in Other Entities</i></p> <p>This Standard supersedes disclosure requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i>, AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i>.</p> <p>The Standard was issued in August 2011. The Commission has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 13	<p><i>Fair Value Measurement</i></p> <p>This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.</p>	1 Jan 2013
AASB 119	<p><i>Employee Benefits</i></p> <p>This Standard supersedes AASB 119 (October 2010). As the Commission does not operate a defined benefit plan, the impact of the change is limited to measuring annual leave as a long-term employee benefit. The resultant discounting of the annual leave benefit has an immaterial impact.</p>	1 Jan 2013

		<b>Operative for reporting periods beginning on/after</b>
AASB 127	<p><i>Separate Financial Statements</i></p> <p>This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in August 2011. The Commission has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 128	<p><i>Investments in Associates and Joint Ventures</i></p> <p>This Standard supersedes AASB 128 <i>Investments in Associates</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in August 2011. The Commission has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 1053	<p><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. There is no financial impact.</p>	1 Jul 2013
AASB 2009-11	<p><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 Int 10 &amp; 12]</i></p> <p>[Modified by AASB 2010-7]</p>	1 Jul 2013
AASB 2010-2	<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 &amp; 1052 and Int 2, 4, 5, 15, 17, 127, 129 &amp; 1052]</i></p> <p>This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.</p>	1 Jul 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 Int 2, 5, 10, 12, 19 &amp; 127]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The Commission has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 2011-2	<p><i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements [AASB 101 &amp; 1054]</i></p> <p>This 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. There is no financial impact.</p>	1 Jul 2013



		<b>Operative for reporting periods beginning on/after</b>
AASB 2011-6	<p><i>Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 &amp; 131]</i></p> <p>This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards - Reduced Disclosure Requirements. There is no financial impact.</p>	1 Jul 2013
AASB 2011-7	<p><i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 &amp; 1038 and Int 5, 9, 16 &amp; 17]</i></p> <p>This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>. The Commission has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 2011-8	<p><i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 &amp; 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 &amp; 132]</i></p> <p>This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as a result of issuing AASB 13 in September 2011. There is no financial impact.</p>	1 Jan 2013
AASB 2011-9	<p><i>Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 &amp; 1049]</i></p> <p>This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The Commission has not yet determined the application or the potential impact of the Standard.</p>	1 Jul 2012
AASB 2011-10	<p><i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 &amp; 2011-8 and Int 14]</i></p> <p>This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is limited financial impact.</p>	1 Jan 2013
AASB 2011-11	<p><i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i></p> <p>This Standard gives effect to Australian Accounting Standards - Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.</p>	1 Jul 2013
AASB 2012-1	<p><i>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, 7, 13, 140 &amp; 141]</i></p> <p>This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.</p>	1 Jul 2013

**Note 4. Expenses related to Special Purpose Accounts**

	2012	2011
	\$	\$
Grant payments	4,031,949	4,318,744
Racing Bets Levy payment to Racing and Wagering Western Australia	33,376,302	23,531,835
Other services and contract fees - relates to special purpose accounts	253,889	270,458
	<u>37,662,140</u>	<u>28,121,037</u>

**Note 5. Fees and charges**

	2012	2011
	\$	\$
Casino licence fee	2,556,727	2,474,075
Casino employee licence fee	127,230	155,055
Betting related fee	89,339	84,074
Community gaming	683,689	692,650
Gaming infringement	3,897	7,564
Recoups for services provided	679,000	660,000
Other revenue	397	3,460
	<u>4,140,279</u>	<u>4,076,878</u>

**Note 6. Revenues related to Special Purpose Accounts**

	2012	2011
	\$	\$
Contributions	4,250,230	4,721,115
Racing Bets Levy	33,036,521	23,731,323
Interest revenue - relates to special purpose accounts	329,489	318,863
	<u>37,616,240</u>	<u>28,771,301</u>

**Note 7. Interest revenue**

	2012	2011
	\$	\$
Interest revenue		
Commonwealth Bank of Australia	<u>203,463</u>	<u>212,125</u>

**Note 8. Cash and cash equivalents**

	2012	2011
	\$	\$
Cash and cash equivalents are represented by funds held at the Commonwealth Bank of Australia	<u>3,772,778</u>	<u>4,359,137</u>

**Note 9. Restricted cash and cash equivalents**

	2012	2011
	\$	\$
<b>(a) Special Purpose Account</b>		
Problem Gambling Support Services		
Balance at start of period	649,799	821,514
Receipts	406,268	412,088
Payments	<u>(524,157)</u>	<u>(583,803)</u>
<b>Balance at end of period</b>	<b><u>531,910</u></b>	<b><u>649,799</u></b>

The Problem Gambling Support Services receive contributions from Burswood International Resort Casino, WA Bookmakers' Association, Racing and Wagering Western Australia, and the Commission. The fund is used to provide services for problem gamblers and to undertake problem gambling related research.

<b>(b) Special Purpose Account</b>		
Gaming Community Trust Fund		
Balance at start of period	1,152,973	872,506
Receipts	326,238	280,467
Payments	<u>(214,997)</u>	<u>0</u>
<b>Balance at end of period</b>	<b><u>1,264,214</u></b>	<b><u>1,152,973</u></b>

The Gaming Community Trust Fund comprises winnings from gaming activities that have remained unclaimed for more than 14 months, plus interest income. The fund is held for purposes as recommended by the Trust, and approved by the Minister, for the benefit of the community pursuant to section 109C (2) of the Gaming and Wagering Commission Act 1987.

<b>(c) Special Purpose Account</b>		
Sports Wagering Account		
Balance at start of period	3,875,329	3,377,483
Receipts	3,841,342	4,283,311
Payments	<u>(3,746,888)</u>	<u>(3,785,465)</u>
<b>Balance at end of period</b>	<b><u>3,969,783</u></b>	<b><u>3,875,329</u></b>

The Sports Wagering Account holds monies paid by Racing and Wagering Western Australia under section 104 or 107 of the Racing and Wagering Western Australia Act, 2003 and monies held by the Commission relating to bookmakers' betting levy received under section 15 of the Betting Control Act 1954. These monies are held in trust until distributed as directed by the Minister for Sport and Recreation, pursuant to section 110A of the Gaming and Wagering Commission Act 1987.

<b>(d) Special Purpose Account</b>		
Racing Bets Levy Account		
Balance at start of period	508,264	308,776
Receipts	33,053,597	23,733,041
Payments	<u>(33,393,379)</u>	<u>(23,533,553)</u>
<b>Balance at end of period</b>	<b><u>168,482</u></b>	<b><u>508,264</u></b>

The Racing Bets Levy Account receives monies under section 14A of the Betting Control Act 1954. This Account is to be applied for the purposes of making payments to the Western Australian racing industry under the Betting Control Act, and outgoings and expenses incurred by the Commission in administering the Account.

<b>Total restricted cash and cash equivalents as per Statement of Financial Position</b>	<b><u>5,934,389</u></b>	<b><u>6,186,365</u></b>
--	-------------------------	-------------------------

	2012	2011
	\$	\$
<u>(e) Security Deposits</u>		
Balance at start of period	1,492,008	1,590,928
Receipts	1,108,464	914,956
Payments	<u>(1,056,580)</u>	<u>(1,013,876)</u>
<b>Balance at end of period</b>	<b><u>1,543,892</u></b>	<b><u>1,492,008</u></b>

Security deposits represent security deposits received from bookmakers under section 11E of the Betting Control Act 1954, and received from organisations conducting lotteries/raffles as a guarantee of the distribution of prizes, plus interest income.

As stated in note 2(e), following a change in accounting policy, security deposits are no longer recognised on the Statement of Financial Position as asset and liability of the Commission.

#### **Note 10. Receivables**

	2012	2011
	\$	\$
<u>Current</u>		
Receivables	100	900
Accrued revenue	<u>109,523</u>	<u>134,855</u>
<b>Total current</b>	<b><u>109,623</u></b>	<b><u>135,755</u></b>

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

#### **Note 11. Inventories**

	2012	2011
	\$	\$
<u>Current</u>		
Betting tickets	2,098	1,631
Betting ledgers	<u>4,894</u>	<u>5,924</u>
<b>Total current</b>	<b><u>6,992</u></b>	<b><u>7,555</u></b>

#### **Note 12. Payables**

	2012	2011
	\$	\$
<u>Current</u>		
Trade payables	43	1,200
Other payables	658,241	637,952
GST payable	<u>173,745</u>	<u>266,454</u>
<b>Total current</b>	<b><u>832,029</u></b>	<b><u>905,606</u></b>

**Note 13. Equity**

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

**Contributed equity**

	2012 \$	2011 \$
Balance at start of period	0	0
<u>Contributions by owners</u>		
Transfer of net assets from other agencies	0	0
<b>Total contributions by owners</b>	<b>0</b>	<b>0</b>
<u>Distributions to owners</u>		
Transfer of net assets to other agencies	0	0
<b>Total distributions to owners</b>	<b>0</b>	<b>0</b>
<b>Balance at end of period</b>	<b>0</b>	<b>0</b>

**Accumulated surplus/(deficit)**

	2012 \$	2011 \$
Balance at start of period	9,783,206	9,218,666
Result for the period	(791,453)	564,540
<b>Balance at end of period</b>	<b>8,991,753</b>	<b>9,783,206</b>
<b>Total Equity at end of period</b>	<b>8,991,753</b>	<b>9,783,206</b>

**Note 14. Notes to the Statement of Cash Flows****Reconciliation of cash**

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:

	2012 \$	2011 \$
Cash and cash equivalents	3,772,778	4,359,137
Restricted cash and cash equivalents (note 9 'Restricted cash and cash equivalents')	5,934,389	6,186,365
	<b>9,707,167</b>	<b>10,545,502</b>

**Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities**

	2012 \$	2011 \$
Net cost of services	(791,453)	564,540
<u>(Increase)/decrease in assets:</u>		
Receivables <sup>(a)</sup>	26,132	106,271
Inventories	563	(25)
<u>Increase/(decrease) in liabilities:</u>		
Payables <sup>(a)</sup>	19,132	542,209
Net GST receipts/(payments) <sup>(b)</sup>	(92,705)	91,014
Change in GST in receivables/payables <sup>(c)</sup>	(4)	(5)
<b>Net cash provided by/(used in) operating activities</b>	<b>(838,335)</b>	<b>1,304,004</b>

(a) 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.

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

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

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

**Note 15. Explanatory statement**

Significant variations between estimates and actual results for 2012 and between the actual results for 2011 and 2012 are shown below. Significant variations are considered to be those greater than 10% or \$50,000.

**(i) Significant variances between estimated and actual result for 2012**

	<b>2012 Estimate</b>	<b>2012 Actual</b>	<b>Variation</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Board members expenses	108,000	88,644	(19,356)
Superannuation	10,000	7,978	(2,022)
Services and contract fees	4,807,000	4,992,673	185,673

Board members expenses

The variance was mainly due to two less Commission members for a period of time.

Superannuation

The variance was directly impacted by the reduced board fees.

Services and contract fees

The variance was due to the increased recoupment paid to the Department of Racing, Gaming and Liquor for the provision of services.

**(ii) Significant variances between actual results for 2011 and 2012**

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

	<b>2012</b>	<b>2011</b>	<b>Variance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<u>Income</u>			
Fees and charges	4,140,279	4,076,878	63,401
Revenues related to special purpose accounts	37,616,240	28,771,301	8,844,939
<u>Expenses</u>			
Expenses related to special purpose accounts	37,662,140	28,121,037	9,541,103

Fees and charges

The variance was mainly due to increased casino Burswood Casino annual licence fee, revenue received for gaming equipment and licence for casino employee renewal.

Revenues related to special purpose accounts

The variance was mainly due to the increase in the collection of the Racing Bets Levy during the year.

Expenses related to special purpose accounts

The variance was mainly due to the increase in the distribution of the Racing Bets Levy during the year.

**Note 16. Remuneration of members of the accountable authority**

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

	2012	2011
\$		
0 - 10,000	5	1
10,001 - 20,000	4	6
	\$	\$
<b>The total remuneration of members of the accountable authority</b> (the Chairman does not receive remuneration.)	<b><u>96,622</u></b>	<b><u>106,552</u></b>

The total remuneration includes the superannuation expense incurred by the Commission in respect of members of the accountable authority.

**Note 17. Remuneration of auditor**

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2012	2011
	\$	\$
Auditing the accounts, financial statements and key performance indicators	<b><u>13,600</u></b>	<b><u>9,450</u></b>

**Note 18. Administered transactions****Administered revenue****(a) Video lottery terminals**

The Commission collects 3.25% of the revenue collected by a Video Lottery Terminal under regulation 18AA of the Gaming and Wagering Commission Regulations 1988. The Commission retains 1% to cover the cost of administering Video Lottery Terminals, the remaining 2.25% is collected on behalf of the Government and paid into the Consolidated Fund. The amount reported here as administered revenue represents Government's 2.25% share of this income.

**(b) Continuing lottery levy**

The Commission collects a levy of 3.25% of the face value of Continuing Lottery tickets sold by licensed suppliers. The Commission retains 1% as controlled revenue and remits the remaining 2.25% to the Consolidated Fund. The amount reported here as administered revenue represents Government's 2.25% share of this income.

	2012	2011
	\$	\$
<b>(a) Video lottery terminals</b>	<b><u>168,256</u></b>	<b><u>209,164</u></b>
<b>(b) Continuing lottery levy</b>	<b><u>189,134</u></b>	<b><u>148,082</u></b>

**Note 19. Financial instruments****(a) Financial risk management objectives and policies**

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

Credit risk

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

The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at note 19(c) 'Financial instruments disclosures' and note 10 'Receivables'.

Credit risk associated with the Commission's financial assets is minimal because the Commission trades only with recognised, creditworthy third parties. The Commission 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 Commission's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

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

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

The Commission 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 Commission's income or the value of its holdings of financial instruments. The Commission does not trade in foreign currency and is not materially exposed to other price risks. Other than as detailed in the interest rate sensitivity analysis table at Note 19(c), the Commission has no borrowings and its exposure to market risk for changes in interest rates relates primarily to cash and cash equivalents and restricted cash which are interest bearing.

**(b) Categories of financial instruments**

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2012	2011
	\$	\$
<u>Financial Assets</u>		
Cash and cash equivalents	3,772,778	4,359,137
Restricted cash and cash equivalents	5,934,389	6,186,365
Receivables <sup>(a)</sup>	109,623	135,755
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost <sup>(b)</sup>	658,284	639,152

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

(b) The amount of payables excludes GST payable to the ATO (statutory payable).



## Gaming and Wagering Commission of Western Australia

## Notes to the Financial Statements

for the year ended 30 June 2012

**Note 19.(c) Financial instrument disclosures**Credit risk

The following table discloses the Commission's maximum exposure to credit risk and the ageing analysis of financial assets. The Commission'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 Commission.

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

**Ageing analysis of financial assets**

	Carrying Amount	Not past due and not impaired	<u>Past due but not impaired</u>					Impaired financial assets
			Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>2012</b>								
Cash and cash equivalents	3,772,778	3,772,778						
Restricted cash and cash equivalents	5,934,389	5,934,389						
Receivables <sup>(a)</sup>	109,623		109,623					
	<b>9,816,790</b>	<b>9,707,167</b>	<b>109,623</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2011</b>								
Cash and cash equivalents	4,359,137	4,359,137						
Restricted cash and cash equivalents	6,186,365	6,186,365						
Receivables <sup>(a)</sup>	135,755		130,118		5,637			
	<b>10,681,257</b>	<b>10,545,502</b>	<b>130,118</b>	<b>0</b>	<b>5,637</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).

Gaming and Wagering Commission of Western Australia  
Notes to the Financial Statements  
for the year ended 30 June 2012

**Note 19. (c) Financial instrument disclosures**

Liquidity risk and interest rate exposure

The following table details the Commission's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

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

	Weighted Average Effective Interest Rate	Carrying Amount	Interest rate exposure			Nominal Amount	Maturity dates				
			Fixed interest rate	Variable interest rate	Non- interest bearing		Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>2012</b>											
<u>Financial Assets</u>											
Cash and cash equivalents	4.71	3,772,778		3,772,778		3,772,778	3,772,778				
Restricted cash and cash equivalents	4.71	5,934,389		5,934,389		5,934,389	5,934,389				
Receivables <sup>(a)</sup>		109,623		109,523	100	109,623	109,623				
		<b>9,816,790</b>	<b>0</b>	<b>9,816,690</b>	<b>100</b>	<b>9,816,790</b>	<b>9,816,790</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<u>Financial Liabilities</u>											
Payables <sup>(b)</sup>		658,284				658,284	652,964	5,320			
		<b>658,284</b>	<b>0</b>	<b>0</b>	<b>658,284</b>	<b>658,284</b>	<b>652,964</b>	<b>5,320</b>	<b>0</b>	<b>0</b>	

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

<sup>(b)</sup> The amount of payables excludes GST payable to the ATO (statutory payable).

Gaming and Wagering Commission of Western Australia  
Notes to the Financial Statements  
for the year ended 30 June 2012

Note 19. (c) Financial instrument disclosures

Liquidity risk and interest rate exposure

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

	Weighted Average Effective Interest Rate	Carrying Amount	Interest rate exposure			Nominal Amount	Maturity dates				
			Fixed interest rate	Variable interest rate	Non- interest bearing		Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>2011</b>											
<u>Financial Assets</u>											
Cash and cash equivalents	5.01	4,359,137		4,359,137		4,359,137	4,359,137				
Restricted cash and cash equivalents	5.01	6,186,365		6,186,365		6,186,365	6,186,365				
Receivables <sup>(a)</sup>		135,755		129,319	6,436	135,755	130,118		5,637		
		<b>10,681,257</b>	<b>0</b>	<b>10,674,821</b>	<b>6,436</b>	<b>10,681,257</b>	<b>10,675,620</b>	<b>0</b>	<b>5,637</b>	<b>0</b>	
<u>Financial Liabilities</u>											
Payables <sup>(b)</sup>		639,152			639,152	639,152	639,152				
		<b>639,152</b>	<b>0</b>	<b>0</b>	<b>639,152</b>	<b>639,152</b>	<b>639,152</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).

<sup>(b)</sup> The amount of payables excludes GST payable to the ATO (statutory payable).

**Gaming and Wagering Commission of Western Australia**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2012**

**Note 19.(c) Financial instrument disclosures (contd)**

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Commission's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

2012	-100 basis points			+100 basis points	
	Carrying amount	Surplus	Equity	Surplus	Equity
	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Cash and cash equivalents	3,772,778	(37,728)	(37,728)	37,728	37,728
Restricted cash and cash equivalents	5,934,389	(59,344)	(59,344)	59,344	59,344
<u>Financial Liabilities</u>					
Total Increase/(Decrease)		<b>(97,072)</b>	<b>(97,072)</b>	<b>97,072</b>	<b>97,072</b>

2011	-100 basis points			+100 basis points	
	Carrying amount	Surplus	Equity	Surplus	Equity
	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Cash and cash equivalents	4,359,137	(43,591)	(43,591)	43,591	43,591
Restricted cash and cash equivalents	6,186,365	(61,864)	(61,864)	61,864	61,864
<u>Financial Liabilities</u>					
Total Increase/(Decrease)		<b>(105,455)</b>	<b>(105,455)</b>	<b>105,455</b>	<b>105,455</b>

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 20. Commitments**

As at 30 June 2012 the Commission did not have any other material capital or expenditure commitments.

**Note 21. Contingent liabilities and contingent assets**

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

**Note 22. Events occurring after the end of the reporting period**

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

## DETAILED KEY PERFORMANCE INDICATORS INFORMATION

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Key performance indicators (KPIs) are required under 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

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Gaming and Wagering Commission of Western Australia, and fairly represent the performance of the Gaming and Wagering Commission of Western Australia for the financial year ended 30 June 2012.



Barry A Sargeant  
Chairperson  
Gaming and Wagering  
Commission of Western Australia

31 July 2012



Katie Hodson-Thomas  
Member  
Gaming and Wagering  
Commission of Western Australia

31 July 2012

## Detailed information in support of key performance indicators

### Agency Level Government Desired Outcomes and Key Effectiveness Indicators

Desired Outcome: To regulate and maintain the integrity of lawful gambling activities.

The *Gaming and Wagering Commission Act 1987* legalises gambling recognised as social gambling and allows other forms of gaming (minor gaming), for fund raising purposes by non-profit organisations, provided they are authorised by a gaming permit and conducted on approved premises. Minor gaming comprises two-up, bingo, standard lotteries, continuing lotteries and non casino type games approved by the Commission.

The success of the gaming industry depends, to a large extent, on public confidence in the integrity of the gaming provided. The Commission's approach to the State's gambling industry remains one with the primary focus on consumer protection. To that end, the Commission is responsible for the control and regulation of gaming in Western Australia and its practices and policies are designed to maintain a high level of public confidence in the integrity of the gambling industry.

A strict legislative framework operates within the State to:

- prevent criminal interests from operating gaming activities;
- maintain the integrity of permitted gaming and contain its social costs; and
- limit the availability of gambling opportunities in the community through legislation that provides a controlled environment in which the different forms of gambling can be conducted.

The licensing regime focuses on ensuring the integrity of the gambling industry through probity and ongoing licensing requirements. The table below shows that the levels of unlawful gambling detected over the past four financial years have been relatively low, whilst the number of infringement notices issued for casino gaming violations this year has increased from last year.

Key Effectiveness Indicator	2011/12 Target	2011/12 Actual	2010/11 Actual	2009/10 Actual	2008/09 Actual
Percentage of unlawful gambling detected in relation to total audits	0.88%	0.88%	1.34%	1.55%	1.70%
Number of violation reports/ infringement notices issued in relation to casino gaming	2	7	5	32	5

Licensing provides increased certainty about the quality and integrity of the gambling product. The rules and procedures ensure that the operators of gambling activities achieve a particular standard of professional service.

The Commission's licensing regime is designed to cause licences, permit approvals, authorisations and certificates, as appropriate, to be issued in relation to persons, premises, casinos, facilities, gaming, equipment and gambling operations, at minimum cost to the gambling industry.

The table below shows the average costs associated with issuing licences and the costs associated with monitoring the probity and integrity of the gambling industry over the past four financial years.

Key Efficiency Indicator	2011/12 Target	2011/12 Actual	2010/11 Actual	2009/10 Actual	2008/09 Actual
Cost per Gambling Certificate/Permit issued <sup>5</sup>	\$414	\$501	\$399	\$239	\$305
Cost per Casino Employee Licence issued <sup>6</sup>	\$1,024	\$810	\$586	\$497	\$311
Cost of monitoring the integrity of casino gaming operations over one year <sup>7</sup>	\$592,565	\$164,950	\$232,960	\$73,432	\$191,144
Cost per instance of unlawful gambling detected <sup>8</sup>	\$37,035	\$46,810	\$21,570	\$17,278	\$13,784
Cost per casino submission received	\$623	\$591	\$408	\$301	\$309

The average cost can change for each reporting year as a result of increases or reductions in the number of licences determined, the instances of unlawful gambling activity detected, the costs allocated to each activity, and the increasing cost of delivering the Commission's services to the gaming industries.

In 2010/11 there were 7,526 investigations, audits, inspections and assessments conducted; and in 2011/12 there were 5,199 investigations, audits, inspections and assessments conducted. This means the difference is 2,327. A breakdown of the figures is provided in the table below:

Audits/Inspections/Investigations/Assessments	2010/11 Actual	2011/12 Actual	Difference
Racing	535	333	202
Lotterywest	761	754	7
Gaming	747	398	349
Casino	5,483	3,714	1,769
<b>Totals</b>	<b>7,526</b>	<b>5,199</b>	<b>2,327</b>

<sup>5</sup> The efficiency indicator for this activity is derived by dividing the cost allocation for the activity by the number of licences and permits issued.

<sup>6</sup> The efficiency indicator for this activity is derived by dividing the cost allocation for the activity by the number of licences issued.

<sup>7</sup> The efficiency indicator for this activity is derived by dividing the cost allocation for the activity by the number of violation reports issued.

<sup>8</sup> The efficiency indicator for this activity is derived by dividing the cost allocation for the activity by the number of breaches detected.



The decline in numbers can be attributed to two factors:

- A reduction by three FTEs in the number of inspectors during the year. The staffing situation has slightly improved with the secondment of two FTE for a period of 12 months, plus providing staff from within the Department with short term acting opportunities. Nevertheless, the impact of fewer inspectors plus the time taken to train new staff has resulted in a decline in the number of inspections, audits and investigations conducted.
- The electronic gaming machine (EGM) seal check was not conducted on Good Friday this year, which means that approximately 1,900 EGM seals were not checked. Consequently, there is a significant difference in the figures over the last two years.



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### GAMING AND WAGERING COMMISSION OF WESTERN AUSTRALIA

#### Report on the Financial Statements

I have audited the accounts and financial statements of the Gaming and Wagering Commission of Western Australia.

The financial statements comprise the Statement of Financial Position as at 30 June 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

#### *Commission's Responsibility for the Financial Statements*

The Commission 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 Commission 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 Commission'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 Commission, 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 Gaming and Wagering Commission of Western Australia at 30 June 2012 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.

**Report on Controls**

I have audited the controls exercised by the Gaming and Wagering Commission of Western Australia during the year ended 30 June 2012.

Controls exercised by the Gaming and Wagering Commission of Western Australia are those policies and procedures established by the Commission to ensure 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.

***Commission's Responsibility for Controls***

The Commission is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

***Auditor's Responsibility***

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Gaming and Wagering Commission of Western Australia based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Commission complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

***Opinion***

In my opinion, the controls exercised by the Gaming and Wagering Commission of Western Australia 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 during the year ended 30 June 2012.

**Report on the Key Performance Indicators**

I have audited the key performance indicators of the Gaming and Wagering Commission of Western Australia for the year ended 30 June 2012.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

***Commission's Responsibility for the Key Performance Indicators***

The Commission 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 and for such controls as the Commission determines necessary to ensure that the key performance indicators fairly represent indicated performance.

***Auditor's Responsibility***

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 and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Commission's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

*Opinion*

In my opinion, the key performance indicators of the Gaming and Wagering Commission of Western Australia are relevant and appropriate to assist users to assess the Commission's performance and fairly represent indicated performance for the year ended 30 June 2012.

**Independence**

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

**Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators**

This auditor's report relates to the financial statements and key performance indicators of Gaming and Wagering Commission of Western Australia for the year ended 30 June 2012 included on the Commission's website. The Commission's management is responsible for the integrity of the Commission's website. This audit does not provide assurance on the integrity of the Commission's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



DON CUNNINGHAME  
ASSISTANT AUDITOR GENERAL ASSURANCE SERVICES  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
17 September 2012

## MINISTERIAL DIRECTIVES

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There were three ministerial directives issued to the Gaming and Wagering Commission during the financial year:

- A directive dated 26 March 2012 to issue a two-up permit to the Rockingham Naval Association of Western Australia Inc for the conduct of two-up on 25 April 2012 at the Rockingham Naval Association Club.
- A directive dated 26 March 2012 to issue two-up permits to the Returned and Services League of Australia (WA Branch) Sub-Branches for the conduct of two-up on 25 April 2012. A total of 33 permits were issued to clubs at various locations in Western Australia.
- A directive dated 4 April 2012 to issue a two-up permit to the Yarloop Volunteer Bush Fire Brigade for the conduct of two-up on 25 April 2012 at the Yarloop Volunteer Bush Fire Brigade.

## 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, nor 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 Gaming and Wagering Commission of Western Australia and senior officers.

## OTHER FINANCIAL DISCLOSURES

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Containing information about pricing policies, major capital projects and employees, this part of the annual report provides the means by which Parliament and other interested parties can be informed, not only of what the Gaming and Wagering Commission of Western Australia has achieved during the financial year, but also the reasons behind those achievements.

### PRICING POLICIES OF SERVICES PROVIDED

When analysing its fees and charges, the Commission considers the Department of Treasury's recommendation that agencies' fees and charges should achieve full cost recovery where applicable. In addition, the Commission 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 Commission recognises that not for profit organisations and charitable bodies form a large part of the Commission'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 gambling activities.

The Commission is fully aware that increasing the fees to meet cost recovery will actually impose barriers to entry, and this is something that the Commission 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 Commission's fees and charges were increased on 1 January 2012. The list of 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**

There were no capital works undertaken by the Gaming and Wagering Commission during 2011/12.

## **STAFF PROFILE**

The Commission does not employ staff, but has a net appropriation agreement with the Department of Racing, Gaming and Liquor that relates to functions carried out on behalf of the Commission by staff from the Department. Accordingly, the Commission does not report on compliance with these issues. The Department of Racing, Gaming and Liquor's Annual Report contains relevant information.

## OTHER LEGAL AND GOVERNMENT POLICY REQUIREMENTS

### ADVERTISING

In accordance with section 175ZE of the *Electoral Act 1907*, the Commission must report on any expenditure incurred for advertising, market research, polling, direct mail and media advertising. Total expenditure for 2011/12 was \$135,998, with expenditure incurred in the following areas:

NAME OF ADVERTISING AGENCY		\$
Advertising Agencies	Rare Creativethinking	3013
	Mitchell and Partners Australia Pty Ltd	107,456
	Sensis	1953
	Spirit Visual Communications	4813
Government Agencies		Nil
Market research organisations	Painted Dog Research Pty Ltd	17,490
Polling organisations		Nil
Direct mail organisations		Nil
Media advertising organisations		1273

### OTHER GOVERNMENT POLICY REQUIREMENTS

The Commission meets its requirements through arrangements with the Department of Racing, Gaming and Liquor. The Department's Annual Report contains information on how the Department meets the following requirements:

- Disability Access and Inclusion Plan Outcomes.
- Compliance with Public Sector Standards and Ethical Codes.
- Recordkeeping Plans.
- Substantive Equality.
- Occupational Safety, Health and Injury Management.