



GAMING AND WAGERING COMMISSION OF WESTERN AUSTRALIA



An hour ago, there was
a rent payment in here.



How to keep a gambling
habit under control.



The Problem Gambling Support Services Committee
is supported by:

- Gaming and Wagering Commission of Western Australia
- Burswood International Resort Casino
- Lotterywest
- Racing and Wagering Western Australia
- Western Australian Bookmakers Association

ANNUAL REPORT 2005 - 2006

**HON MARK MCGOWAN MLA
MINISTER FOR THE ENVIRONMENT; RACING AND GAMING**

In accordance with section 66 of the *Financial Administration and Audit Act 1985*, we 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 2006.

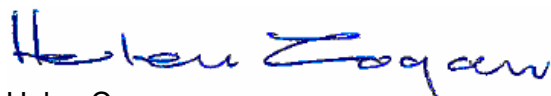
The Annual Report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985*.



Barry A Sargeant

CHAIRMAN,
GAMING AND WAGERING COMMISSION OF WESTERN AUSTRALIA

26 September 2006



Helen Cogan

MEMBER,
GAMING AND WAGERING COMMISSION OF WESTERN AUSTRALIA

26 September 2006

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CHAIRMAN'S OVERVIEW

I am pleased to present the report for the Gaming and Wagering Commission of Western Australia ('the Commission') for the year ended 30 June 2006.

Outlined in this report are the events, initiatives and achievements that have been a feature of the 2005-2006 reporting year.

The Commission streamlined the process by which a person seeking a licence under the *Casino Control (Burswood Island) (Licensing of Employees) Regulations 1985* can be employed.

In accordance with the *Regulations*, a Burswood Casino employee can be issued with a provisional licence by obtaining a Police Clearance certificate. The provisional licence permits a Burswood staff member to be employed while waiting for a full licence to be issued by the Chief Casino Office, which will still be based on a report from the Commissioner of Police.

The Commission also concluded a review into the operation of bingo in Western Australia.

Based on a report presented by the Department of Racing, Gaming and Liquor, the Commission approved amendments to the *Gaming and Wagering Commission Regulations 1988* to align bingo with changing community expectations.

During the year under review, delegates of the Commission issued 2,413 gaming permits resulting in the raising of approximately \$49 million by charitable and other community organisations. More than \$15 million was returned to the community for the active promotion, support or conduct of sporting, social, political, literary, artistic, scientific, benevolent, charitable or other like activity.

During the reporting year the Department approved three new video and 6 table games at Burswood Casino. The rules of a further 11 games were varied.

Over the past 12 months casino gaming revenue in excess of \$341million was generated, producing approximately \$59 million in casino taxation revenue for the State, compared with approximately \$311million and \$52 million respectively in 2004-2005.

In December 2005, the composition of the Commission changed following the expiration of the terms of membership of Mrs Judith McGowan, Ms Mary McComish and Ms Margaret Nadebaum. I take this opportunity to acknowledge the important contribution to the Commission made by Mrs McGowan, Ms McComish and Ms Nadebaum and thank them for their hard work during the terms of their memberships. I also welcome Mr Tony Macri, Ms Helen Cogan, Mr Kevin Harrison and Ms Colleen Hayward as members of the Commission.

I take this opportunity to thank all of the members of the Commission, regardless of whether they are former or current members, for their contributions during the year under review.

Additionally, the achievements of the year could not have been fulfilled without the ongoing commitment and dedication of the staff of the Department of Racing, Gaming and Liquor and I would like to take this opportunity to express my appreciation for their efforts.



Barry A Sargeant

CHAIRMAN,
GAMING AND WAGERING COMMISSION OF WESTERN AUSTRALIA

26 September 2006

SUMMARY OF ACHIEVEMENTS, INITIATIVES AND ISSUES

Through the licensing of suppliers, the Commission promotes and maintains the integrity of lawful gambling activities for Western Australians within community expectation on harm minimisation. Issues, trends, achievements and initiatives of the Commission during the year under review are summarised below.

PROTECTING THE INTEGRITY OF RACING INDUSTRIES

To protect the Western Australian racing industry from the operation of betting exchanges, which pose a significant threat to the industry's integrity, the Government introduced into Parliament on 21 June 2006 the *Betting and Racing Legislation Amendment Bill 2006*, to prohibit the:

- establishment/operation and use of a betting exchange; and
- publication of Western Australian race fields without the appropriate approval.

With respect to the prohibition on betting exchanges, the Bill:

- will make it an offence for:
 - the establishment or operation of a betting exchange in Western Australia; and
 - a person in Western Australia to bet through a betting exchange.

In regard to the publication of Western Australian race fields, the Bill establishes a licensing framework that will:

- restrict the publication/use of Western Australian race fields to wagering services providers that have been approved by the Minister for Racing and Gaming (or delegate);
- require assessments of wagering service providers to be against a prescribed criteria.
- In this regard, the Minister will also consider a public interest test in relation to the integrity of the applicant and the integrity of the applicant's wagering activity. This way, the questionable wagering practices of a betting exchange (that is, betting to lose) will be subject to a public interest assessment.
- not give automatic right to wagering service providers who have obtained an approval from the Minister to publish/use WA race field information; instead, require through a condition of an approval that WA race fields must be obtained from RWWA (the controlling authority) for a fee;
- permit RWWA to negotiate the provision of WA race field information on a commercial basis through a contract or an arrangement with wagering service providers approved by the Minister;

- require the reasons to be given for any refusal by the Minister to approve a wagering service provider to publish/use Western Australian race fields; and
- provide for the review of decisions by the Minister by the State Administrative Tribunal.

The Bill includes strong deterrent penalties for any wagering service provider that publishes Western Australian race field information without the proper authorisation and also for any person who provides race field information to an operator that is not authorised.

WAGERING ON SPORTING COMPETITIONS

The Coalition of Major Professional Sports (COMPS), representing the Australian Rugby Union, Cricket Australia, Football Federation of Australia, National Rugby League, PGA Tour of Australia and Tennis Australia, approached the Victorian Government seeking legislative protection for major sports with regard to official wagering on sporting competitions.

COMPS approached the Victorian Government following amendments to legislation provided the Victorian racing industry with protection and rights over its own industry. The Victorian Government believes that COMPS has a reasonable argument for similar rights in relation to sports wagering that warrants further investigation.

As sports betting takes place across jurisdictional boundaries, the Victorian Government has invited all States and Territories to cooperate in developing a national response to some of the issues raised by COMPS.

Currently there are no legislative requirements for wagering service providers (TAB or bookmakers) to be authorised by controlling sport bodies, or to return any revenue from sports betting to the relevant controlling sports body.

Essentially the COMPS proposal will provide national sporting organisations with control over sports betting and the publication of sports data by ensuring that written agreements are in place between the controlling sports bodies and wagering service providers.

The Department for Racing, Gaming and Liquor has used the Victorian Sports Betting discussion paper as a basis for seeking comments from Western Australian stakeholders in order to assist in the formation of a national approach and to provide advice to the Western Australia Government on the future of sports betting regulation.

The intention of the consultation is to form a starting point for discussion about how the sports betting industry can be better regulated in order to:

- empower sports controlling bodies to determine what, if any, aspects of their competitions can be used for betting purposes;
- assure confidence in the integrity of the sporting events on which betting takes place; and

- return a portion of revenue from sports betting to the controlling body for that sport, to increase participation and development in that sport.

AMENDMENTS TO BINGO RULES

During the year under review, the Commission concluded a review into the operation of bingo in Western Australia.

Based on a report presented by the Department of Racing, Gaming and Liquor, the Commission approved amendments to the *Gaming and Wagering Commission Regulations 1988* to align bingo with changing community expectations.

While it is difficult to ascribe a particular reason for the decline, *ad hoc* information suggests that the older population attracted to bingo is not being replaced, which has resulted in the closure of many small and medium sized games. In more recent times, the cost of transport (patrons are picked up by buses and transported to the venue) has added to the cost of conducting bingo and contributed to its reduced profitability.

The Commission approved amendments to the *Gaming and Wagering Commission Regulations 1988* to:

- increase the number of games at a session of bingo from 30 to 32;
- increase the minimum gross turnover from \$1,500 to \$3,000 where all proceeds for the night may be paid in prizes;
- permit a trade promotion lottery to a maximum value of \$3,000 to be conducted in association with bingo;
- permit standard lottery tickets to be sold at a session of bingo; and
- permit a 'jackpot' prize to a maximum value of \$3,000 to be provided.

The Commission expects to finalise these amendment regulations early in the next reporting year.

CASINO EMPLOYEE LICENSING PROCESS STREAMLINED

A person seeking a licence under the *Casino Control (Burswood Island) (Licensing of Employees) Regulations 1985* ('the Licensing Regulations') must make application to the Chief Casino Officer.

Pending the final determination of the Commission, the Chief Casino Officer may issue a provisional licence (which would be valid for up to three months and allow the licence holder to be employed by the Casino, pending the determination of the application) if, amongst other things, the applicant is not known to have been convicted of an offence punishable by imprisonment.

Advice from the State Solicitors Office confirmed that a report from the Commissioner of Police on the suitability of the applicant was required prior to the Chief Casino Officer issuing a provisional licence.

However, a review of the licensing process identified that provisional licences could be issued in a shorter period, on the basis of a 'Police Clearance Certificate', rather than a Police report.

Accordingly, in circumstances where there is a time delay in the Police providing a report, amendments to the Licensing Regulations enable a more timely licensing service by enabling the Chief Casino Officer to issue a provisional licence on the basis of a 'Police Clearance Certificate' provided by the applicant. The issue of a full licence remains on the basis of a report from the Commissioner of Police.

APPROVAL OF NINTH SUPPLEMENTARY AGREEMENT

In November 2004 Burswood Nominees Limited, as Trustee for the Burswood Property Trust, requested revocation of the *Casino Control (Burswood Island Casino Complex) Order 1987* (the 1987 Order) to effect the re-incorporation of the Burswood Hotel and Tennis Court land into the Casino Complex and 'the Site', as defined (at the date of enactment) in the Agreement scheduled to the *Casino (Burswood Island) Agreement Act 1985*.

The Hotel and Tennis Court land had been excluded from the Casino Complex and 'the Site', by an Order under the *Casino Control Act 1984* in July 1987, to facilitate their sale to another party.

Subsequent to the issue of the 1987 Order, the terms of the sale of the Hotel changed, which led to Burswood retaining ownership of the Tennis Court land. In February 2003, Burswood subsequently re-acquired the Hotel.

The Ninth Supplementary Agreement came into effect on 2 May 2006:

- enabling the State to repeal the 1987 Order; and
- re-incorporating the land excluded from 'the Site' as a result of the 1987 Order.

CASINO REFURBISHMENT

During the reporting year the Casino Licensee advised the Commission of its intention to undertake a major refurbishment and expansion of the casino by 2010. The refurbishment, which will incorporate additional bars and restaurants adjacent to the main gaming floor, will be undertaken in stages, with minimal disruption to the public.

The refurbishment, which is in line with the modern evolution of casino design incorporates a more integrated approach to restaurants, bars and entertainment facilities to complement gaming services and provide patrons with a more complete entertainment experience.

It is also in line with considerable capital works investment already undertaken over the past ten years, such as:

- the refurbishment in 2001 of non-gambling areas such as the Ruby Room and the Food Emporium were completed; and
- and the opening in September 2005 of the \$50 million, three-and-a-half star, Holiday Inn Hotel.

As part of the refurbishment, the Casino Licensee has sought approval to:

- establish a new International Gaming Facility (to be called the Pearl Room) in the Intercontinental Burswood Hotel, in the area previously occupied by Windows Restaurant; and
- refurbish the main gaming floor, which will see the merging of the existing International Room with the main gaming, following completion of the new International Gaming Facility.

The proposed refurbishment of the main gaming floor, with the addition of the new International Room, involves an increase in the casino's total licensed gaming area by approximately 30 per cent.

The Commission expects to finalise consideration of the application early in the next reporting year.

OPENING HOLIDAY INN BURSWOOD HOTEL

In September 2005 Burwood Entertainment Complex opened its second hotel at the resort, badged as the Holiday Inn Burswood Hotel. The hotel is a three-and-a-half star hotel, which was built to provide additional accommodation to that available at the Intercontinental Burswood Hotel.

INTRODUCTION OF NEW GAMES

During the 2005-06 year, the Commission approved the following new games at the Burswood International Resort Casino:

VIDEO GAMES

- Apache Valley;
- Domingo; and
- Multistrike Poker Jacks or Better.

TABLE GAMES

- Competition Hold' Em;
- Competition Omaha;
- Casino War;
- 3 Card Poker;
- Rapid Sic Bo;
- Omaha;
- Texas Hold' Em; and
- Baccarat – Dragon Bonus.

RULE AMENDMENTS

During the 2005-06 year, the Commission approved amendments to the following games at the Burswood International Resort Casino:

- Tournament Baccarat (Burswood), July 2005;
- Competition Hold 'Em;
- Tournament Baccarat (Burswood), February 2006;
- Caribbean Stud Poker;
- Arishinko;
- Video Bingo;
- Video Dice;
- Video Draw Poker;
- Video Sic Bo;
- Video Keno; and
- Video Roulette.

VIOLATION REPORTS

During the year under review, the following violation reports were issued by the Chief Casino Officer:

- in June 2005, the Chief Casino Officer issued a violation report with regard to the game of Pontoon being conducted at the Burswood Casino with the tens included in the playing deck of cards. The approved rules of the game of Pontoon require the tens to be removed from the deck of cards. In considering this matter, the Commission determined to issue a letter of censure to one staff member involved in the violation, to issue letters of censure and fines of \$100 to the table inspectors involved in the violation and to take no action against a trainee dealer.
- in June 2005, the Chief Casino Officer issued a violation report relating to the incorrect use of a drop box (a secure container or receptacle for depositing monies) in connection with a Money Wheel table, which had traded for over an hour and a half without a drop box attached to the table. This error constituted a failure by the Casino Licensee to comply with the approved Accounting and Internal Control Policies and Procedures Manual and the Casino Manual: Combined Table Games Procedures. In considering this matter, the Commission resolved to issue letters of censure to the employees involved in the violation.
- in July 2005, the Chief Casino Officer issued a violation report relating to 80 decks of lost playing cards that could not be accounted for by Burswood staff. The error was believed to have occurred following a miscount of cards used in the International Room, with the missing cards subsequently sent for destruction. In considering this matter, the Commission required the Casino Licensee to change procedures and to conduct card audits to overcome this problem.
- in October 2005, the Chief Casino Officer issued a violation report with regard to the game of Craps being conducted at the Burswood Casino, without the shooter placing an opening "Pass or Don't Pass" bet, which resulted in the game being played without a valid shooter. In considering this matter, the Commission determined to issue a letter of censure and a \$100 fine to the casino employee responsible for the violation.

APPROVAL OF SELF SERVICE WAGERING TERMINALS

The Commission approved the installation of Self Service Wagering Terminals (SSWTs) and Customer Information Terminals (CITs) through the Racing and Wagering Western Australia network of TAB agencies. In the first instance, 59 SSWTs will be located throughout the network and, depending on patron use, additional SSWTs will be added within the next 12 to 18 months.

SSWTs are self contained point of sale wagering terminals designed to be used without any interaction with an operator. RWWA intends to deploy CITs throughout its network to provide patrons with up-to-date information on all matters affecting racing on the day.

BETTING PROSECUTIONS

During the year under review, the Commission instituted following three instances of disciplinary action:

- the prosecution of the licensee of the Odin Tavern for a breach of section 28E of the *Betting Control Act 1954*;
- the prosecution of an employee of the Harvey TAB agency, for a breach of section 28E of the *Betting Control Act 1954*; and
- a reprimand to a bookmaker for accepting wagers contrary to the provisions of the *Betting Control Act 1954*.

SUMMARY OF FINANCIAL AND NON FINANCIAL INDICATORS, INCLUDING CHANGES FROM THE PREVIOUS YEAR

As at 30 June 2006, the Commission achieved a surplus of \$491,959. This surplus was partly due to a reduction in the recoupment of the cost of services provided by the Department of Racing, Gaming and Liquor. The recoupment rate is determined on a full cost recovery basis of the total expenses of the Department. Since the Department achieved savings in its total expenses by the end of the financial year 2005-06, the recoupment is reduced accordingly. This recoups for services provided was reported in the Income Statement under 'Services and contract fees'. There were also increases in the licences fees, recoups for services provided, interest revenue, and the community gaming activities.

REPORT ON OPERATIONS

This section of the Annual Report outlines information for Parliament and other interested parties about what the Commission has achieved during the reporting year and the reasons and purposes of those achievements.

LEGISLATION

ENABLING LEGISLATION

The Commission is established as a corporate body under section 4 of the *Gaming and Wagering Commission Act 1987*. Furthermore, section 10 of that Act further provides that the Commission is subject to the provisions of the *Financial Administration and Audit Act 1985* relating to the financial administration, audit and reporting of statutory authorities. In this regard, schedule 1 to the *Financial Administration and Audit Act 1985* prescribes the Commission as a statutory authority.

LEGISLATION ADMINISTERED

The Minister for Racing and Gaming, with the assistance of the Commission of Western Australia administers 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*;
- *Kalgoorlie and Boulder Racing Clubs Act 1904*;
- *Kalgoorlie and Boulder Racing Clubs Amendment Act 1953*;
- *Racing and Wagering Western Australia Act 2003*;
- *Racing and Wagering Western Australia Tax Act 2003*;
- *Racing Restriction Act 2003*;
- *Western Australian Trotting Association Act 1946*;
- *Western Australian Turf Club Act 1892*; and
- *Western Australian Turf Club (Property) Act 1944*.

LEGISLATION IMPACTING ON THE COMMISSION'S ACTIVITIES

In the performance of its functions, the Commission of Western Australia complies with the following relevant written laws:

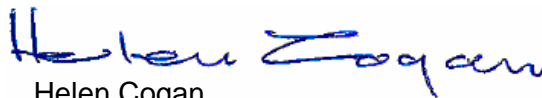
- *Corruption and Crime Commission Act 2003;*
- *Disability Services Act 1993;*
- *Electoral Act 1907;*
- *Equal Opportunity Act 1984;*
- *Electronic Transactions Act 2003;*
- *Financial Administration and Audit Act 1985;*
- *Freedom of Information Act 1992;*
- *Industrial Relations Act 1979;*
- *Government Employees' Superannuation Act 1987;*
- *Minimum Conditions of Employment Act 1993;*
- *Occupational Safety and Health Act 1984;*
- *Occupiers' Liability Act 1985;*
- *Parliamentary Commissioner Act 1971;*
- *Public and Bank Holidays Act 1972;*
- *Public Interest Disclosure Act 2003;*
- *Public Sector Management Act 1994;*
- *Salaries and Allowances Act 1975;*
- *State Records Act 2000;*
- *State Supply Commission Act 1991;* and
- *Workers' Compensation and Rehabilitation Act 1981.*

In the financial administration of the Department of Racing, Gaming and Liquor, we have complied with the requirements of the *Financial Administration and Audit Act 1985*, and every other relevant written law, and exercised controls which provide reasonable assurance that the receipt and expenditure of moneys and the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

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



Barry A Sargeant
CHAIRMAN, GAMING AND WAGERING
COMMISSION OF WESTERN AUSTRALIA
26 September 2006



Helen Cogan
MEMBER, GAMING AND WAGERING
COMMISSION OF WESTERN AUSTRALIA
26 September 2006



Terry Ng
PRINCIPAL ACCOUNTING OFFICER
26 September 2006

RESPONSIBLE MINISTER

The Minister responsible for the Racing and Gaming Portfolio is the Honourable Mark McGowan MLA, Minister for the Environment and Racing and Gaming.

MINISTERIAL DIRECTIVES

Section 48 of the *Gaming and Wagering Commission Act 1987* provides for the Minister for Racing and Gaming, after consultation with the Commission, to direct the Commission to issue a gaming permit in respect of a major sporting event, a special occasion or other exceptional circumstance not otherwise provided for by the *Gaming and Wagering Commission Act 1987*. In this regard, the Commission received the following Ministerial Directives:

- a directive dated 21 July 2005 to issue permits to the Kalgoorlie-Boulder Race club for the conduct of the 2004 World Two-up Championships, and
- a directive dated 13 March 2006 to issue permits to the Naval Association of Australia Rockingham City Sub-Section (Inc) for the conduct of Two-up on Anzac Day; and
- a directive dated 6 April 2006 to issue permits, at no fee, to the Returned Services League of Australia sub-branches, for the conduct of Two-up on Anzac Day. A total of 32 permits were issued to clubs throughout Western Australia.

PLAYING OF TWO-UP ON VIETNAM VETERAN'S DAY

During the year under review, the Minister for Racing and Gaming, on the recommendation of the Commission, and following consultation with the Burswood Entertainment Complex, approved the conduct of two-up by the Returned Services League of Australia sub-branches on a second day in the year, pursuant to section 48 of the *Gaming and Wagering Commission Act 1987*. The additional day falls on each anniversary of the Battle of Long Tan, on 18 August.

The playing of two-up on 18 August will be restricted to RSL clubs who conduct the two-up on the premises usually used by RSL clubs for their meetings.

MISSION

The mission statement of the Commission is:

“Through the licensing of suppliers and the provision of industry support services, promote and maintain the integrity of lawful gambling activities for Western Australians within community expectation on harm minimisation.”

OBJECTIVES AND DESIRED OUTCOMES

OBJECTIVES

The broad objectives of the Commission are to:

- formulate and implement policies for the administration and control of the conduct of gambling in Western Australia;
- approve, or withhold approval from persons, premises, games and gambling for the purposes of the *Betting Control Act 1954*, *Casino Control Act 1984*, *Gaming and Wagering Commission Act 1987* and *Racing and Wagering Western Australia Act 2003*;
- formulate and impose prohibitions and conditions relating to gambling;
- licence persons employed in casinos, subject to the provisions of the *Casino Control Act 1984*; and to grant, revoke or amend approvals, permits and certificates relating to gaming;
- licence directors and key employees of Racing and Wagering Western Australia, subject to the provisions of 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;
- seek, receive, disseminate or publish information relevant to gambling and the incidence of gaming and wagering and its effect in the community; and
- make prescribed charges and impose prescribed duties and fees.

OUTCOMES

The primary outcome for the Commission is the proper administration of gambling activities in Western Australia. As such, the Commission oversees the:

- inspection, surveillance and regulatory review of casino, community gaming, bookmakers' on-course and telephone betting operations, on-course totalisator betting operations and betting conducted at TAB agencies;
- inspection of premises approved for the conduct of community gaming and the auditing of financial returns;
- verification and audit of casino gross revenue and casino tax;

- investigation and processing of applications for casino employee licences, community gaming permits, Racing and Wagering Western Australia director's and key employee licences, bookmaker's licences, bookmaker's employee licences and bookmaker's manager licences;
- provision of advice to the public on proposed applications and fundraising ventures, and
- investigation of gambling related illegal activities.

ADMINISTRATIVE STRUCTURE OF THE COMMISSION

The Commission is a body corporate, which under its corporate name has perpetual succession and is capable, subject to the *Gaming and Wagering Commission Act 1987*, of doing and suffering all that bodies corporate may lawfully do or suffer.

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 to be done in good faith by the Commission or by that person in acting as a member.

COMMISSION MEMBERSHIP AS AT 30 JUNE 2006

Mr Barry A Sargeant (Chairman)

Mr Sargeant is the Director General of the Department of Racing, Gaming and Liquor and has held the *ex officio* position of Chairman of the Gaming and Wagering Commission since 16 November 1992.

Mr George Davies (Member)

Mr Davies is a retired bookmaker.

Mr Anthony Macri (Member)

Mr Macri is a Certified Practising Accountant.

Ms Helen Cogan (Member)

Ms Cogan is a retired lawyer and public servant.

Mr Kevin Harrison (Member)

Mr Harrison has worked in the tourism industry for a period of 40 years.

Ms Colleen Hayward (Member)

Ms Hayward has worked in education, justice and health policy positions for the past 20 years.

DECLARATION OF INTERESTS BY SENIOR OFFICERS

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

CHANGES IN WRITTEN LAW

CHANGES TO ACTS

There were no changes to the Acts administered by the Commission during the 2005/06 reporting year.

CHANGES TO REGULATIONS

Racing and Wagering Western Australia Amendment Regulations 2006

The *Racing and Wagering Western Australia Amendment Regulations 2006*:

- provide offence provisions relating to:
 - the acceptance of cheques, not in accordance with the Rules of Wagering or Racing and Wagering Regulations 2003; by RWWA agents or persons employed to assist in the operation of a totalisator agency; and
 - betting whilst on duty in a totalisator;
- provide bet cancellation provisions;
- prohibit a person subject to a Warning Off Notice from entering a totalisator agency; and
- clarify:
 - default bet operations under the RWWA Regulations;
 - declaration of dividends.

Betting Control Amendment Regulations (No .2) 2006

The *Betting Control Amendment Regulations (No. 2) 2006*:

- allow RWWA to increase the non-pooled commission deduction for win bets to 14.5 percent; to be consistent with its combined pool commission deduction; and
- correct an anomaly in the annual licence fee for on-course totalisators.

Rules of Wagering Amendments Rules 2006

This amendment regulation came into effect on 7 April 2006 and corrects minor drafting errors in the inaugural *Rules of Wagering 2005*.

Betting Control Amendment Regulations (No. 2) 2005
Racing and Wagering Western Australia Amendment Regulations 2005
Gaming and Wagering Commission Amendment Regulations 2005
Casino Control (Burswood Island) (Licensing of Employees) Amendment Regulations (No. 2) 2005
Casino Control Amendment Regulations 2005

These amendment regulations came into effect on 1 January 2006 and increased prescribed fees and charges (following a review in accordance with the provisions of section 55(b) of the *Financial Administration and Audit Act 1985*).

Casino Control (Burswood Island) (Licensing of Employees) Amendment Regulations (No. 3) 2005

The *Casino Control (Burswood Island) (Licensing of Employees) Amendment Regulations (No.3) 2005*, made under the *Casino Control Act 1984*, came into effect on 14 October 2005 and provides for the electronic processing of casino employee licence applications by the Department of Racing, Gaming and Liquor.

MAJOR PROMOTIONAL, PUBLIC RELATIONS OR MARKETING ACTIVITIES

The Department of Racing, Gaming and Liquor, which provides executive support to the Commission, does not have a public relations unit within its structure. However, the Chairman and senior officers of the Department of Racing, Gaming and Liquor are regularly required to liaise with the media and have also represented the Commission at a number of formal and social functions.

Similarly, staff acting on behalf of the Commission attend the Burswood International Resort Casino to address trainees at its Croupier Training Schools.

Additionally, Inspectors also provide lectures to Police Officers on gambling issues.

PRICING POLICIES ON SERVICES

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

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

STATEMENT OF CORPORATE GOVERNANCE

The *Statutory Corporations (Liability of Directors) Act 1996* provides that:

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

For the purposes of the *Statutory Corporations (Liability of Directors) Act 1996*, “corporation” means a body corporate established for a public purpose by a written law and, if the affairs of the corporation are managed by its members, a “director” means a member of the corporation.

While the Commission is not specified in Part 3 of the *Statutory Corporations (Liability of Directors) Act 1996*, the principles of corporate governance laid down in the *Statutory Corporations (Liability of Directors) Act 1996* have been adopted by the Commission for the purposes of reporting and in ensuring that the integrity of the Commission and each member’s motives can be seen as being above reproach.

OBJECTIVE OF THE STATEMENT

The Statement of Corporate Governance outlines the main practices to which the Commission and its “directors” are committed, and also provides the framework of corporate integrity within which the Commission operates.

COMMISSION MEETINGS

The Commission meets at least 11 times a year and every member is required to attend all meetings, unless leave has been obtained from the Chairman. During 2005-06, a total of 12 meetings were held.

When voting on a resolution, dissenting members have the right to require their dissenting vote, and any underlying reasons to be recorded in the minutes of the relevant meeting.

POLICY BASE

The Commission is responsible for the administration of legislation covering the gambling industries. The Commission issues a number of decisions that are formulated and implemented within the bounds of the Commission’s policies for the administration and control of the conduct of gambling in Western Australia.

DELEGATION OF COMMISSION POWERS

In the event that an urgent approval is required that cannot wait until the next meeting of the Commission, the Commission has delegated all of its power to the Chairman. Other decisions relating to the administration of gambling have been delegated to:

- the Director of Operations (of the Department of Racing, Gaming and Liquor) and Chief Casino Officer, and
- staff of the Department of Racing, Gaming and Liquor acting on behalf of the Director of Operations.

BOUNDARIES TO BE OBSERVED BY DELEGATES

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

DELEGATE TO INFORM THE COMMISSION

It is the responsibility of the delegate to report to the Gaming and Wagering Commission at the next available meeting of the Commission of any exercise of delegation.

INDEPENDENT PROFESSIONAL ADVICE

In carrying out official duties, each member of the Commission has the right to seek independent professional advice at the Commission's expense, where it is considered necessary to carry out his/her duties and subject to prior agreement of the Chairman.

ACCESS TO RESOURCES AND INFORMATION

Each member is entitled to obtain resources and information from the Commission and/or the Department of Racing, Gaming and Liquor after notifying the Chairman/Director General of the Department of Racing, Gaming and Liquor. This includes access to agency staff.

GAMING AND WAGERING COMMISSION FINANCIAL CONTROLS

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

The Department of Racing, Gaming and Liquor provides financial support services and support to the Commission. While the Commission's Principal Accounting Officer (usually an officer of the Department of Racing, Gaming and Liquor) is responsible for the financial administration of the Commission, primary responsibility for the detection, investigation and prevention of financial irregularities always rests with the Commission. Internal audit services are provided to the Commission through the Department of Racing, Gaming and Liquor.

GAMING COMMUNITY TRUST

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

As at 30 June 2006, the members of the Gaming Community Trust were:

- **Mr Barry A Sargeant** (Chairman)
Mr Sargeant is the Director General of the Department of Racing, Gaming and Liquor.
- **Mr Joseph (Ted) Karasek** (Member)
Mr Karasek is currently retired and is a former Chairman of the Western Australian Greyhound Racing Authority.
- **Mr David Courtney** (Member)
Mr Courtney is the Chief Executive Officer of Burswood International Resort Casino.
- **Mr Tony Tilenni** (Member)
Mr Tony Tilenni is self-employed.
- **Mr Tony Macri** (Member)
Partner, Barrett and Partners – DFK Certified Practising Accountants.

The money credited to the Trust Fund is derived from unclaimed winnings that are payable from the conduct of:

- gaming or betting that is authorised under the *Gaming and Wagering Commission Act 1987*; or
- a gaming operation at a licensed casino,

that have not been claimed within 12 months after the right to be paid them has expired.

As at 1 July 2005 the opening balance of the Gaming Community Trust Fund was \$781,344. During the 2005-06 financial year, a total of \$71,601 was paid out of the Gaming Community Trust Fund, to the beneficiaries listed on page 25.

1. Shire of Meekatharra, an amount of \$23,000, being part payment towards a total grant of \$138,000 (over three years) to fund the establishment and employment of a Sport, Recreation and Youth Services Co-ordinator to service the needs of young people and families in the Meekatharra community.
2. Victoria Park Youth Accommodation, an amount of \$28,476, being part payment towards a total grant of \$173,250 (over three years) to establish a program called "Getting Your Life Back on Track", aimed at young people aged between 15 and 25.
3. Shire of Mount Magnet, an amount of \$9,727, being the final payment towards the construction of a recreational shelter at the 'Wongi Ground' to provide cover, seating and a drinking fountain for users of the skate park, basketball courts and oval.
4. Gambling Research Australia, an amount of \$10,000, as a contribution towards the national problem gambling research program for 2005-06.

As at 30 June 2006, the balance of the Trust Fund was \$1,070,812.

CATALINA RESTORATION PROJECT

On 29 June 2006, the Gaming Community Trust resolved to support a proposal submitted by the Australian American Catalina Memorial Foundation Inc (AACMF) for the transportation, restoration and display of a Catalina aircraft at the Royal Australian Air Force Association Museum, to inform the public of Western Australia, in particular young people, families and tourists, about the unique role played by the Catalina Aircraft during World War II. The grant will be for \$250,000 and will cover the costs associated with:

- transportation of aircraft from Midland to the RAAFA Museum in Bull Creek;
- restoration of aircraft by American Engineers;
- design and fit-out of exhibition display;
- research by Historian to compile interactive information displays; and
- production of brochures and website.



Figure 1: The Catalina Aircraft

PROBLEM GAMBLING SUPPORT SERVICES COMMITTEE

The Problem Gambling Support Services Committee is comprised of representatives from the gambling industry and government to address the social and economic issues that result from problem gambling in Western Australia.

The objectives of the Problem Gambling Support Services Committee are to:

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

The Problem Gambling Support Services Committee continues to fund:

- the Problem Gambling Helpline, a 24 hour telephone crisis, referral and counselling service; and
- Gambling Help WA, which provides free face to face counselling.

During the reporting period the Committee also developed an awareness campaign tailored towards Western Australia, which was launched in August 2005.

Launched by the Minister for Racing and Gaming on 9 August 2005, the Problem Gambling Awareness Campaign ran for six weeks and included radio and press ads, as well as bus backs and ad-shells. Posters, brochures and wallet cards were also displayed and made available in gambling venues.

An increase in calls to the helpline suggests that the campaign did have an impact. In this regard, Figure 1 below illustrates that calls to the helpline exceeded previous numbers during the campaign and for a period after the campaign. The spike in non-target calls during August, November and December may also be attributable to the awareness campaign.

Other statistics collected in relation to the helpline also suggest that the campaign had an impact. In this regard, three callers identified the *newspaper* as the referral source in September, two callers identified the *radio* (one each in August and September) and in August three callers identified *television* as the referral source. For the period August to December, forty six callers identified *brochure* as the referral source, which suggests that callers may be accessing brochures from venues.

Also of interest is the increase in referrals from family and friends. During August and September, 29 callers identified *family/friend* as the referral source, which is a significant increase on previous months. It is therefore likely that the campaign alerted family members and friends to the existence of the helpline, with this information being passed on to the gambler who has subsequently contacted the helpline.

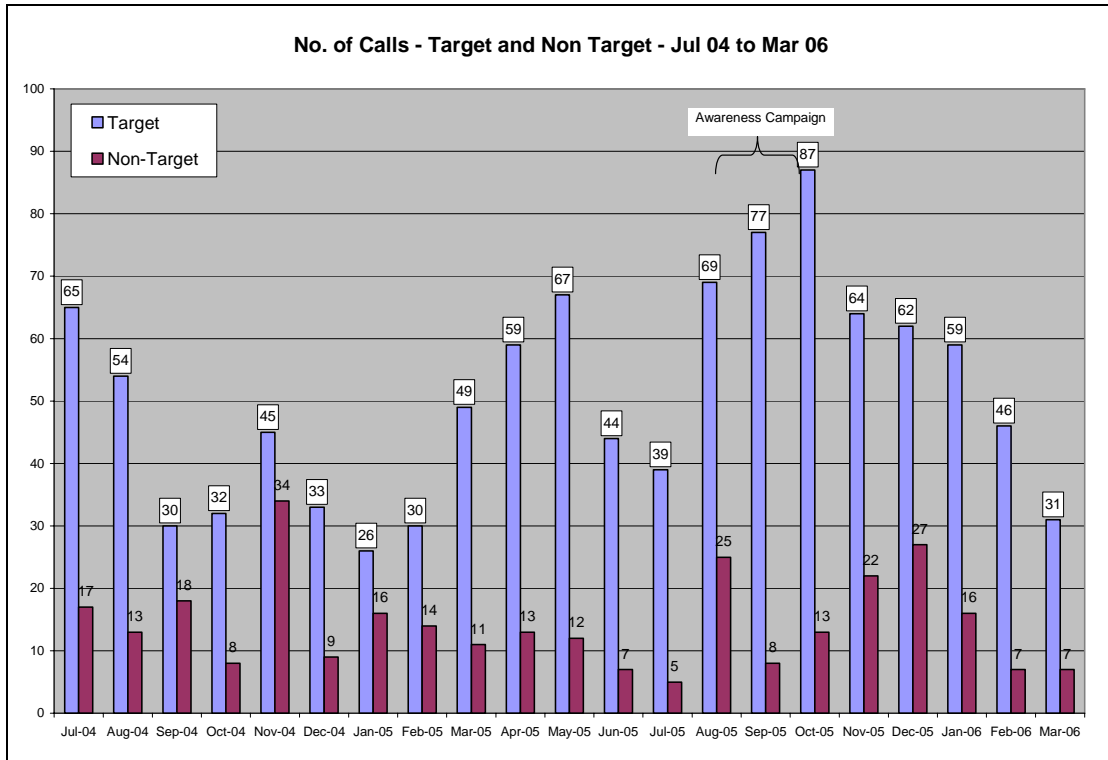


Figure 2: Calls to the helpline exceeded previous numbers during the campaign and for a period after the campaign. The spike in non-target calls during August, November and December may also be attributable to the awareness campaign.

PROBLEM GAMBLING AWARENESS CAMPAIGN - REGIONAL

The Problem Gambling Support Services Committee (PGSSC) is to undertake a further awareness campaign as a follow up to the campaign that was conducted in August 2006.

Gambling Help WA, as part of its outreach work, is raising awareness about the issues associated with problem gambling and the services that are available to assist those people experiencing difficulties with their gambling. So far, Gambling Help WA has conducted public forums and training sessions in Geraldton, Broome and Kalgoorlie. Further training is being conducted in Albany later this year.



To support these activities, it is considered timely to consider an awareness campaign specifically targeted at regional and remote Western Australia. It is also recognised that people located in regional and remote parts of Western Australia do not have access to specialist face to face problem gambling services and therefore it is important to raise awareness about the helpline and the ongoing telephone counselling that is now available.

It is proposed that the campaign include the use of Sky Channel advertising, convenience advertising in regional hotels, in particular those with Pub Tabs, Regional Radio, Mine Magazine and the Sunday Times. Jurisdictions in other States are to be invited to participate in the SKY channel component of the campaign given the national coverage of SKY.

It is also proposed that components of the previous campaign utilising bus backs, adshells, racing radio and TAB form will also be incorporated into the campaign to provide metropolitan coverage.



PROBLEM GAMBLING HELPLINE

The number of calls received by the Helpline for the period 1 July 2005 to 30 June 2006 was 872. Of these, 683 were target calls¹ and 189 were non-target calls. On average the helpline received 57 target calls per month during the reporting period. This compares to 44 per month for the corresponding period last year.

¹ Target calls are those calls received from a person who has been or is affected by a gambling problem, or a person who has issues or problems arising from the gambling activities of another person, such as a family member, friend or colleague.

Figure 3 below illustrates the number of calls received by the helpline since July 2001:

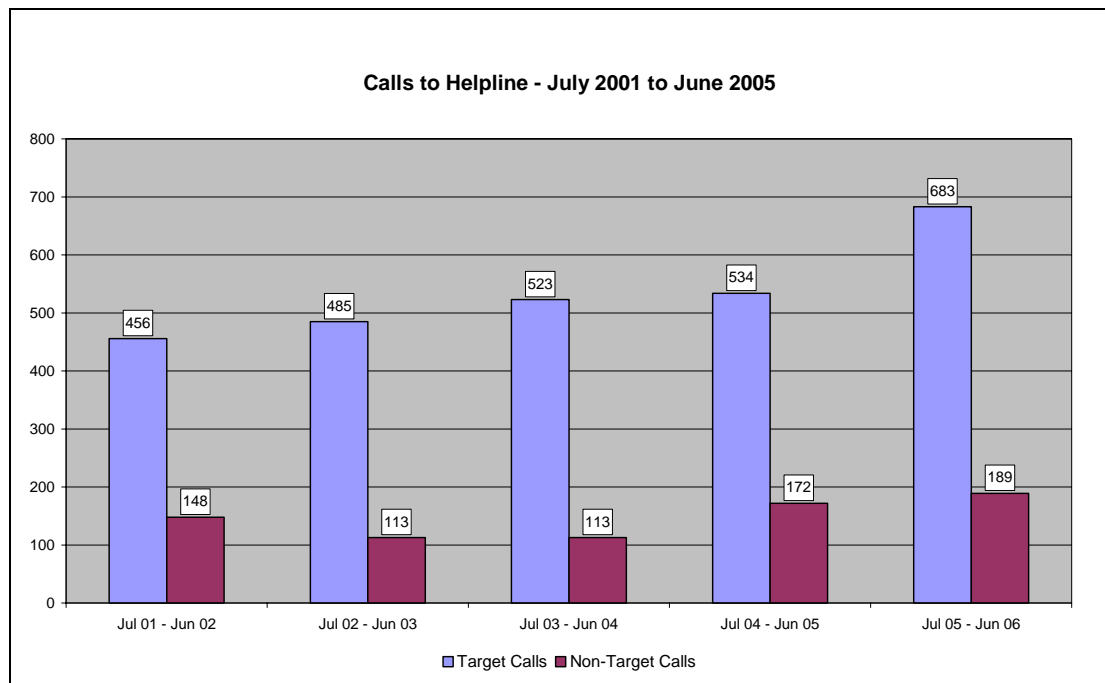


Figure 3: Number of Target and Non-Target Calls to the Problem Gambling Helpline by year.

Fifty nine percent of the target group calls received during the reporting period were from first time callers. This, in conjunction with other statistics, indicates that the Problem Gambling Helpline continues to be utilised as a first attempt at seeking help. It is also interesting to note that 30 per cent of the target group calls are from repeat callers, which may suggest that callers are using the service as an ongoing source of help.

As has previously been reported, the vast majority (91 per cent) of the target group callers during the reporting period, who responded to generic demographic questions, were born in Australia. The remaining were born in Colombia (1), England (12), India (5), Malaysia (4), New Zealand (23), Scotland (3), Singapore (1), USA (4) or Vietnam (1).

Over time it has generally been established that females, rather than males, more commonly report “Casino – Gaming Machines” as the most common gambling type when seeking help via a problem gambling helpline.

However, a reversal in this trend has been seen over the two previous periods. This trend reversal appears to be continuing as illustrated in Figure 3, which shows that during the reporting period, males continue to report “Casino – Gaming Machines” on more occasions than females. Similarly, the TAB continues to be reported on more occasions by males rather than females.

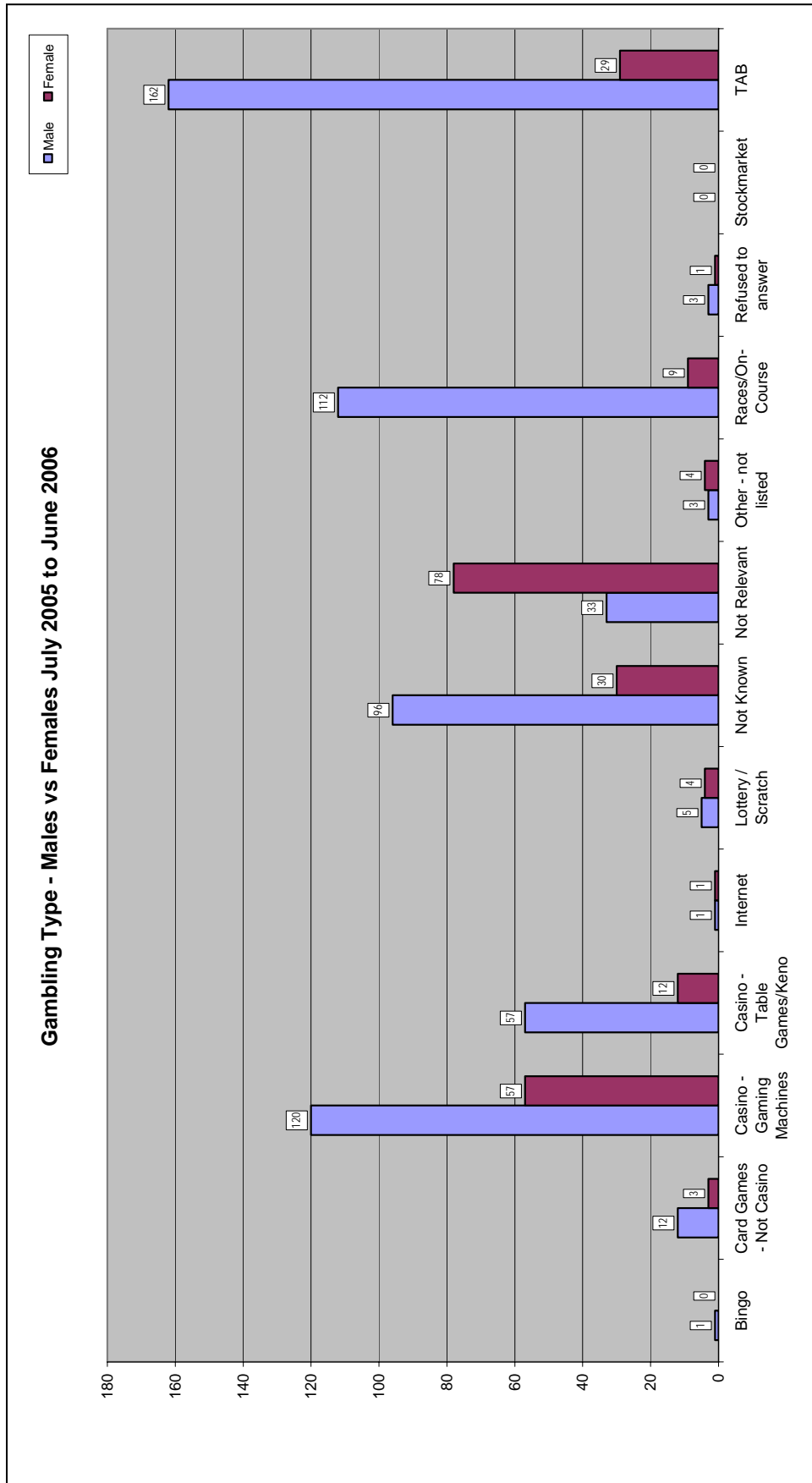


Figure 4: Number of calls to the Problem Gambling Helpline in 2005-06 by gender.

COMMUNITY IMPACT OF ELECTRONIC GAMING MACHINE GAMBLING

The Final Report on *Community Impacts of Electronic Gaming Machine Gambling*, commissioned by the former Victorian Gambling Research Panel and prepared by the SA Centre for Economic Studies, was published In December 2005.

This report considered the community impact of Electronic Gaming Machine (EGM) gambling by comparing the starkly different gambling environments that exist in Victoria and Western Australia. Victoria is characterised by widespread availability of EGMs with machines located in hotels and clubs throughout the State, whereas availability is tightly restricted in Western Australia, with EGMs being limited to a single casino site in Perth.

The community impact of EGM gambling was analysed at both the State and regional level. Relative differences in gambling expenditure, employment levels and problem gambling were analysed at the State level. Four matched regions in each State were also identified and compared for, *inter alia*, differences in community attitudes, participation in gaming, the change in local clubs, visits to local GPs, and use of ATMS in hotels and clubs. Regional level data was compiled from community surveys undertaken to assess attitudes and behaviours relevant to participating in gambling, supplemented by interviews with various stakeholders, the gambling industry, surveys of local GPs, financial counsellors and gambling counsellors.

The study analysed total gaming expenditure, household disposable income devoted to gambling, per capita gambling, average employment in hotels, cafes and restaurants and also provided indicators of Electronic Gaming Machine (EGM) problem gambling in relation to patterns of gambling, the broader gambling environment and impacts on other sectors (e.g. wagering, lotteries).

Some of the differences in the gambling environments and communities are summaries below.

- The two States have experienced a dramatic reversal in the share of household disposable income (HDI) measured in real terms spent on gambling. In 1987-88, Western Australians spent on average 1.48 per cent of HDI on gambling, while for Victorians, the figure was 1.30 per cent. In 2002-03, the figure for Western Australia was 1.60 per cent. In Victoria, the level of expenditure had risen to 3.35 per cent, more than twice the level of expenditure in Western Australia.
- The average total gaming expenditure per adult in Victoria was \$1,133 in 2002-03 and \$406 in Western Australia, with almost all the difference being accounted for by EGM spend.
- An increase of 11,250 problem gamblers could be expected if the Western Australian Government were to liberalise access to EGMs.
- National data indicates that the job intensity associated with gambling expenditure is quite low at 3.2 jobs per \$1 million of gambling income compared to 8.3 jobs per \$1 million of income from sales of liquor/beverages and 20.2. jobs per \$1 million of takings from food and meals.

- Expenditure may also have been drawn away from the café and restaurant sector. Western Australia has a higher prevalence of employment in this sector with 10 persons employed per 1,000 persons in comparison with 8 persons for Victoria.
- There was an average of 15.9 employees per café and restaurant business in Western Australia, compared to 12.7 employees per business in Victoria (June 1999).
- The liberalisation of EGMs has increased the number of female problem gamblers with links to EGM play in both Victoria and Western Australia. The 1999 enquiry into *Australia's Gambling Industries* by the Productivity Commission estimated there would be 10,500 more problem gamblers in Western Australia if access to EGMs were liberalised with an estimate of 11,250 in 2003.
- The prevalence rate of problem gambling in Victoria is three times that of Western Australia; more clients in Victoria attend financial counselling with gambling problems, and the pattern of referrals confirms that it is EGM play that is the source of the problem (Victoria 86 per cent; Western Australia 18 per cent).
- On an annual per capita basis the actual number of new clients attending counselling services in Victoria is some 13.4 times above that in Western Australia.

The key difference between the gambling environments in the study is that Western Australia does not have EGMs located outside the casino environment whereas Victoria does by permitting EGMs in pubs and clubs.

In this regard, the following table details EGM numbers for each state and jurisdiction and highlights that Western Australia has the lowest number of EGMs per 1,000 adults. The next closest jurisdiction is Victoria with approximately eight times the number of EGMs per 1,000 adults.

RATIO OF ELECTRONIC GAMING MACHINES as at 30 JUNE 2005									
	WA	NSW	VIC	QLD	SA	TAS	ACT	NT	NATIONALLY
Number of Gaming Machines									
Casino	1,500	1,500	2,500	3,656	939	1,277	0	864	12,236
Clubs/Hotels	0	98,733	27,124	39,934	14,062	2,289	5,144	985	188,271
Total	1,500	100,233	29,624	43,590	15,001	3,566	5,144	1,849	200,507
Estimate of Population 18 Years and Over (millions)	1.509	5.155	3.836	2.958	1.192	0.366	0.248	0.142	15.408
Ratio of Gaming Machines per 1,000 people	0.99	19.44	7.72	14.74	12.58	9.74	20.74	13.02	13.01

Figure 5: Electronic gaming machine numbers for Australian states and territories.

In addition, the following tables² demonstrate Western Australia's position as the lowest jurisdiction in relation to gambling expenditure as a percentage of HDI and Total Real Per Capita Gambling Expenditure from a national perspective:

TOTAL REAL PER CAPITA SPORTS EXPENDITURE \$

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT
2000-01	0.54	3.65	0.74	0.52	0.98	0.51	0.00	130.51
2001-02	0.44	6.19	1.25	0.06	1.59	1.83	1.57	254.73
2002-03	0.53	6.61	1.32	1.29	1.83	1.47	1.70	275.23
2003-04	7.09	9.35	2.20	2.22	2.78	1.36	0.00	472.38
2004-05	7.84	11.67	2.30	1.66	3.23	1.67	0.00	267.26

Figure 6: Gambling Expenditure as a % of Household Disposable Income.

TOTAL REAL PER CAPITA GAMBLING EXPENDITURE \$

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT
2000-01	1,329.19	1,279.36	902.36	814.07	521.03	733.37	1,059.89	1,356.82
2001-02	1,308.79	1,282.93	911.01	845.77	509.66	796.40	1,035.34	1,651.79
2002-03	1,309.72	1,190.33	924.57	884.44	483.11	795.72	1,040.17	1,859.66
2003-04	1,327.05	1,150.87	990.66	920.68	504.21	807.18	1,055.37	1,969.78
2004-05	1,336.22	1,133.88	1,003.64	922.37	520.73	814.45	998.18	1,918.36

Figure 7: Total Real Per Capita Gambling Expenditure \$

² Statistics sourced from the Office of Economic and Statistical Research (Qld), *Australian Gambling Statistics 2006*

GAMBLING HELP WA

During the reporting period (July 05 to June 06), Gambling Help WA received 178 new clients, ten less than the preceding period.

The number of “booked” and “actual” client counselling sessions during 2005-06 was 970 and 695 respectively. This compares with 1082 booked sessions and 767 actual sessions during 2004-05 and represents a 10 per cent decrease in booked sessions and a nine per cent decrease in actual sessions. The following graph shows the trends in booked and actual sessions since 2000-01:

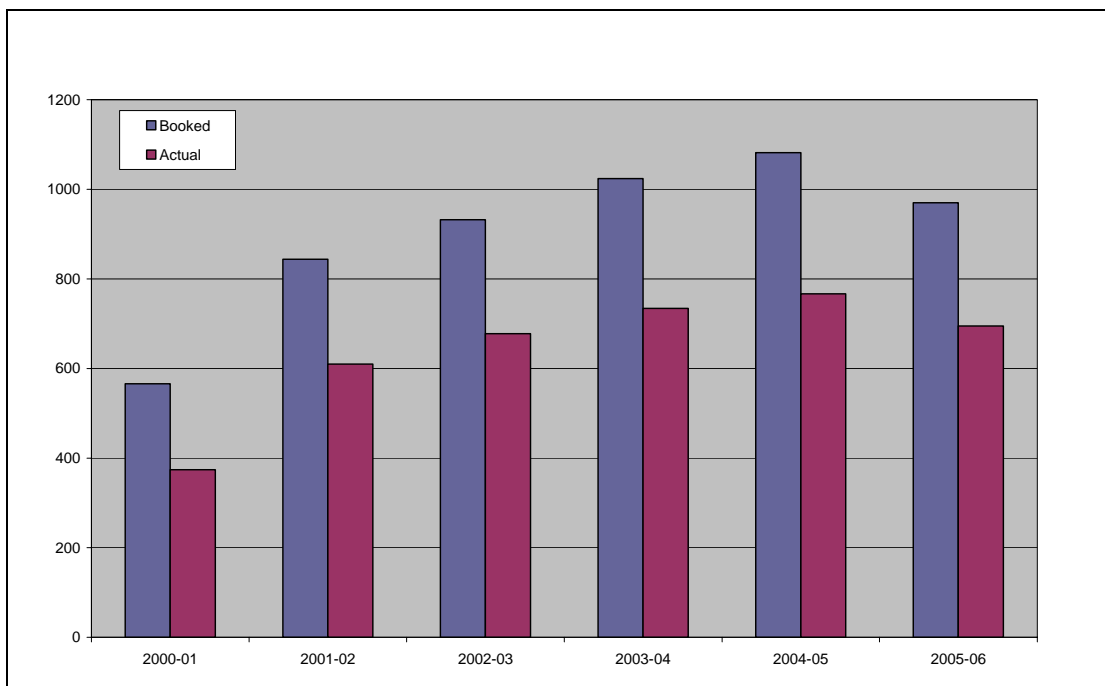


Figure 8: Comparison between booked and actual sessions from 2000-01 to 2005-06

The pie chart in Figure 5 depicts the breakdown between ages for the reporting period and in this regard the majority of clients are aged between 26 and 45.

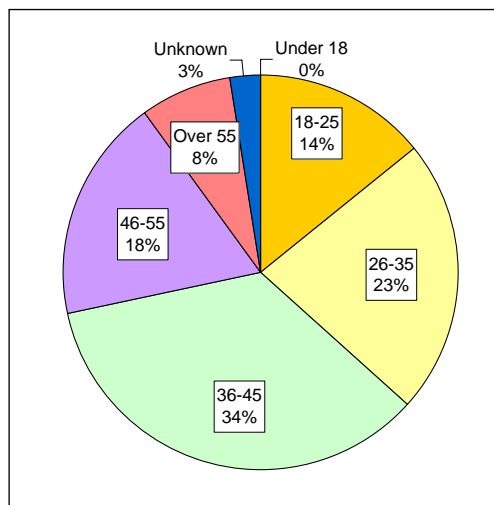


Figure 9: Breakdown of client ages

The following graph illustrates the presenting problem by gender for the twelve-month period July 2005 to June 2006. In this regard, it is evident that, as with previous reporting periods, the most frequently reported gambling type was the TAB, and the majority of Gambling Help clients were male. It should be noted that clients may select more than one gambling type:

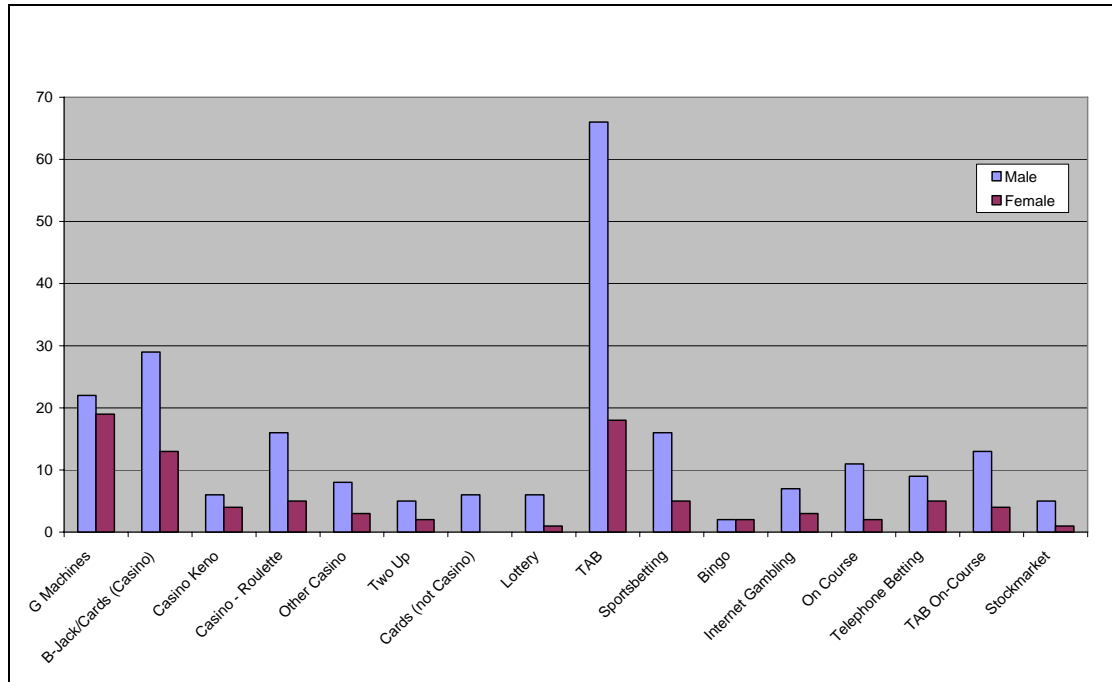


Figure 10: Presenting gambling type by gender for 2005-06.

SPORTS WAGERING ACCOUNT

Section 163 of the *Racing and Wagering Western Australia Act 2003* provides for the establishment of the Sports Wagering Account, an account in which to hold monies paid to the Commission by:

- RWWA under section 104 or 107 of the *Racing and Wagering Western Australia Act 2003*; and
- racing clubs or bookmakers under section 15 of the *Betting Control Act 1954*.

The Sports Wagering Account is administered by the Commission and the funds in the account are applied as payments in accordance with the direction of the Minister for Sport and Recreation.

As at 1 July 2005 the opening balance of the Sports Wagering Account was \$1,293,788. During the 2005-06 financial year a total of \$604,575 was paid out of the Sport Wagering Account to the beneficiaries listed below.

1. Arts; Sports and Recreation Industry Training Council, an amount of \$16,000 to assist towards specified project costs.
2. Fitness WA, an amount of \$3,421 to assist with the publication of the Industry and Consumer Information Brochure.
3. Leisure Institute of WA Aquatics Inc. (LIWA), an amount of \$1,000 to support the LIWA (Aquatics) Annual Conference and Trade Display.
4. Seniors Recreation Council, an amount of \$5,000, following transfer of funding of that program from the Consolidated Fund following a Department of Sport and Recreation budget shortfall.
5. City of Stirling, an amount of \$10,000 as prize money for winning the Sport and Recreation Industry Excellence Minister's Award.
6. Western Australian Institute of Sport, an amount of \$3,000, towards the cost of replacing equipment stolen from the Malaysian Cycling Team.
7. Surfing Western Australia, an amount of \$2,000 being the Dr Heather MacGowan OAM Scholarship awarded to a representative of Surfing Western Australia.
8. WA Sports Federation, an amount of \$90,000 to assist the sport and recreation industry and volunteers with implementing the Working with Children Legislation.
9. Disabled Surfers Association, an amount of \$31,000.
10. Southern Edge Arts Inc, an amount of \$3,000 towards their circus outreach pilot program.

11. Mount Magnet Shire Council Development Program, an amount of \$10,000.
12. Outdoors WA, an amount of \$50,000 to continue to progress the implementation of the National Outdoor Leader Registration Scheme and Organisations Accreditation Scheme, and to ensure the continuation of the management operations of Outdoors WA.
13. City of Melville, an amount of \$26,000.
14. Royal Life Saving, an amount of \$74,000 for the training and placement of Aboriginal pool managers in Indigenous communities.
15. Northcliffe Recreation Association, an amount of \$30,000 for the 'Fitness for Northcliffe' program.
16. Mundi Biddi Trail Foundation, an amount of \$15,000 to ensure the management of the organisation is sustained until 30 June 2006.
17. Shire of Coolgardie, an amount of \$9,000 towards the 'Jump Start Coolgardie' programs.
18. Recreation and Sport Network Inc, an amount of \$15,000, towards the Sportslink Manual program.
19. National Heart Foundation of Australia, an amount of \$10,000, to buy 13 one-to-three minute slots on episodes of the 'Have a Go' TV program in order to highlight seniors engaging in interesting sport and recreation pursuits ranging from windsurfing to volleyball.
20. Shire of Mundaring, an amount of \$17,400, to assist with the 'Seniors Together Enjoying Participation' (STEP) project to improve the health of seniors in the Shire of Mundaring.
21. Active Alliance of WA, an amount of \$77,254, to assist with the establishment of the association.
22. Seniors Recreation Council of WA, a voluntary driven agency that operates from within the Department of Sport and Recreation to encourage seniors of Western Australia to become more physically active, an amount of \$20,000, to support its operations.
23. South Fremantle Football Club, an amount of \$70,000 being a State Government contribution towards the artist's fee associated with the John Gerovich statue project.
24. Kalbarri Tourist Bureau, an amount of \$16,500, for use in association with a Canoe Carnival to be held on the Murchison River to provide an opportunity for the local community and region to enjoy a family-based activity using one of the outstanding natural assets in Kalbarri.

SERVICE 1: FUNCTIONS PERFORMED FOR THE GAMBLING INDUSTRIES

The Department of Racing, Gaming and Liquor provides a licensing service for the Commission to ensure that applications to conduct gambling activities are in accordance with the provisions of the *Betting Control Act 1954*, *Casino Control Act 1984*, *Gaming and Wagering Commission Act 1987* and the *Racing and Wagering Western Australia Act 2003*, and that the persons concerned are fit and proper persons to be involved in the gambling industries in Western Australia.

Licences and permits are issued to enable:

- community and sporting clubs to conduct community gaming;
- persons to work in licensed positions at the Burswood International Resort Casino;
- persons to work in licensed positions at Racing and Wagering Western Australia, and
- bookmaker operations.

LICENCES AND PERMITS ASSOCIATED WITH COMMUNITY GAMING

As delegates of the Commission, staff of the Department of Racing, Gaming and Liquor issued 2,413 gaming permits, which resulted in the raising of a total amount of \$49,246,253 by charities and other community organisations, of which \$14,779,015 was returned to the community for the active promotion, support or conduct of sporting, social, political, literary, artistic, scientific, benevolent, charitable or other like activity.

Licensing of Gaming Operators

Persons who assist in the conduct of community gaming for reward are required to be the holder of 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.

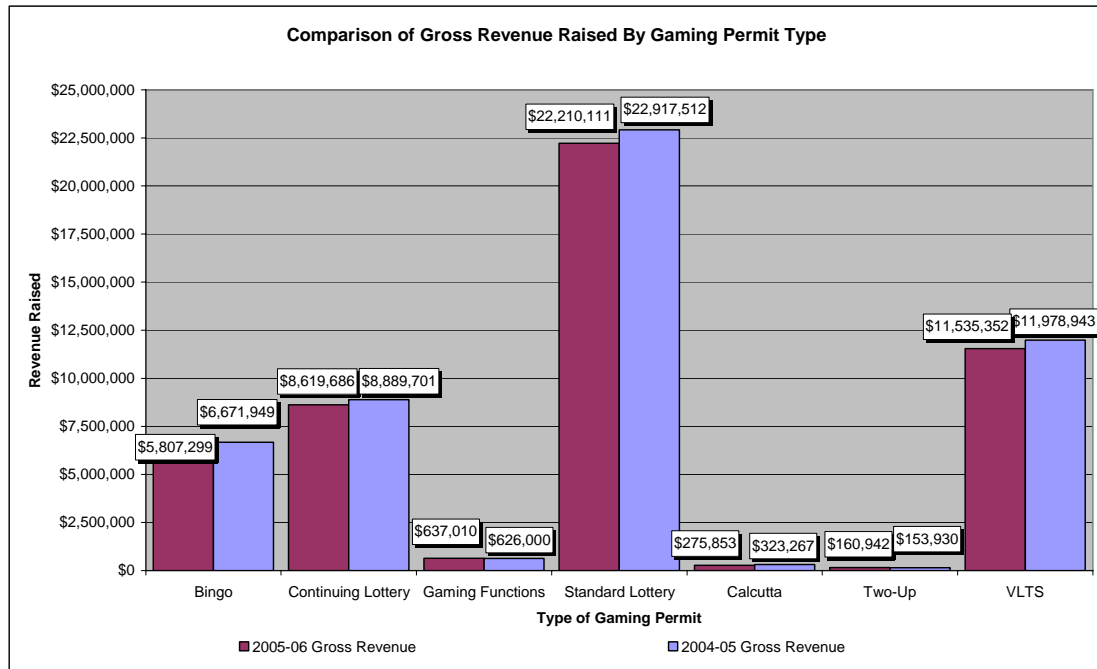


Figure 11: Comparison of gross revenue raised by type of Community Gaming Permit as at 30 June 2006 (including comparative figures for the previous year).

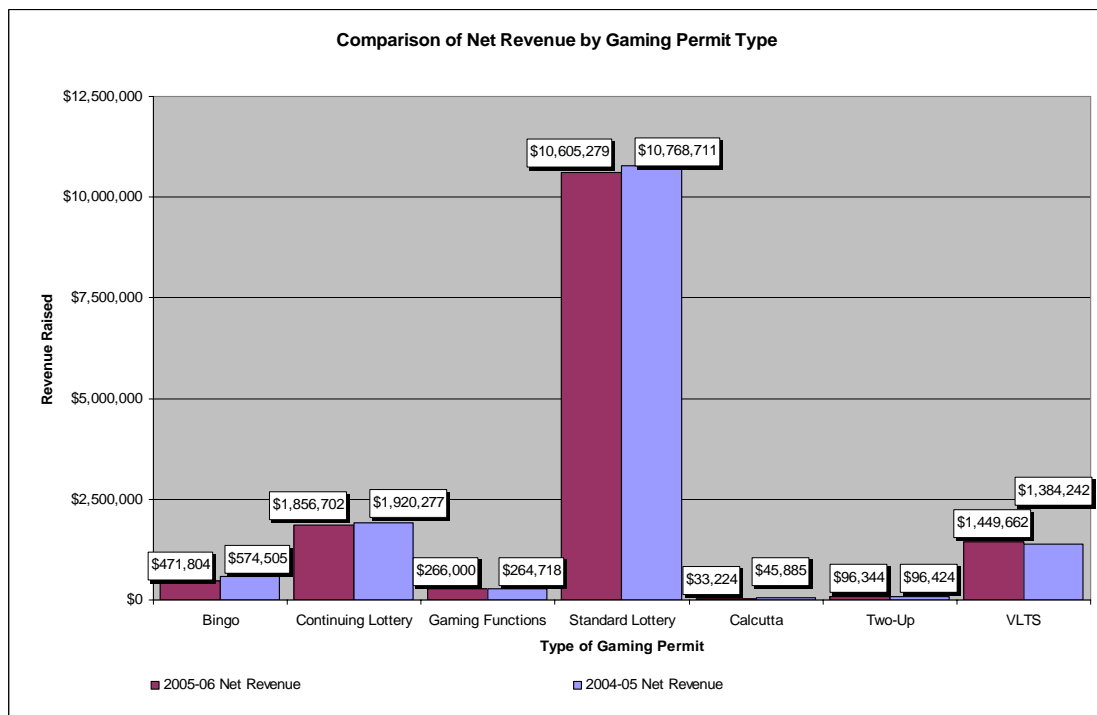


Figure 12: Comparison of net revenue raised by type of Community Gaming Permit as at 30 June 2006 (including comparative figures for the previous year).

Poker Tournaments

Texas Hold' Em poker has become very popular in the community and is being played by a number of clubs who conduct poker tournaments on a regular basis. Poker tournaments are conducted under the authority of a permit issued pursuant to the *Gaming and Wagering Commission Act 1987* to charitable, sporting and other community based not for profit organisations. The Tournament may be conducted for a maximum of six hours on any night and a financial return is required to be submitted following completion of the tournament.

Video Lottery Terminals

Video Lottery Terminals are electronic representations of hand-held Continuing Lottery Tickets (also known as break-open bingo or beer tickets). Permits issued to sporting, charitable and community organisations for the purpose of fund raising. A minimum of 10 per cent of gross proceeds must be returned to the beneficiary organisation, with 70 per cent paid in prizes, one per cent to the Commission and 2.25 per cent to the Consolidated Fund. The supplier and the licensee of the venue share the balance.

Video Lottery Terminals can only be obtained from suppliers of gaming equipment licensed by the Commission. The operator must, on presentation of a winning ticket by a player, pay the amount stipulated on the winning ticket by either cash or cheque. Winnings cannot be converted into credits. Advertising, other than that on the premises in which the machine is located, is not permitted. Other than the supplier of the machine and staff acting on behalf of the Commission, only the licensee, or the approved manager of the licensed premises is authorised to open the Video Lottery Terminal to empty the cash box and change the ticket role.

The number of Video Lottery Terminal permits issued during 2005-06 was 453, compared to 473 for 2004-05. Video Lottery Terminal turnover for 2005-06 was \$11.5 million, compared to \$11.9 million for the previous year.

Changes implemented during 2005/06

VLTs are permitted to operate four series of tickets at any one time and, following representation from the industry during 2005/06, the Commission determined:

- not to limit the value of the top prize; and
- to approve that the top prize for a single series may be determined by the operator,

on the basis that the total percentage of prizes issued from that series is 70 per cent of the gross value of the tickets.

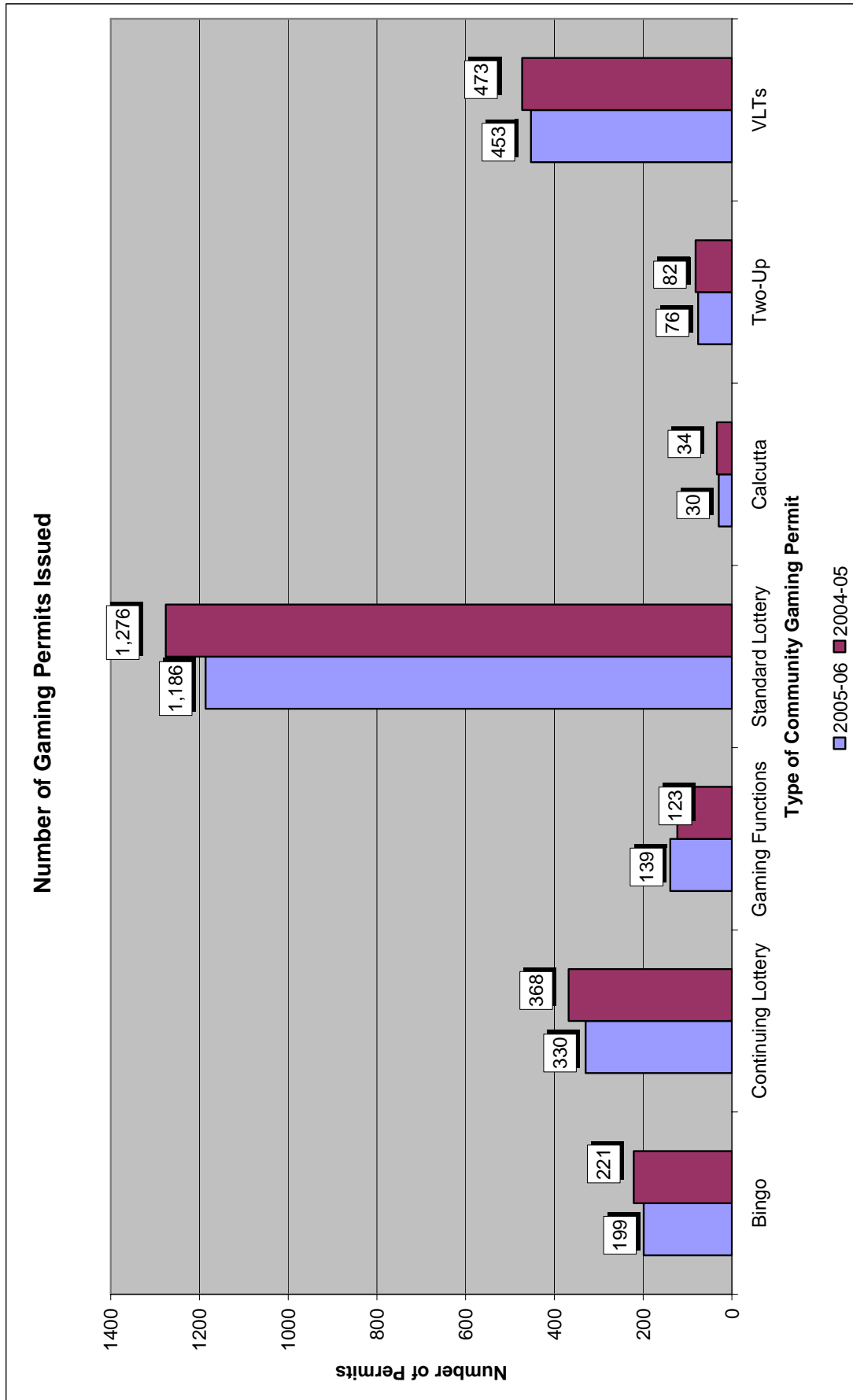


Figure 13: Number of Community Gaming Permits as at 30 June 2006 (and comparative figures for the previous year).

Licensing of Casino Employees and Casino Key Employees

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

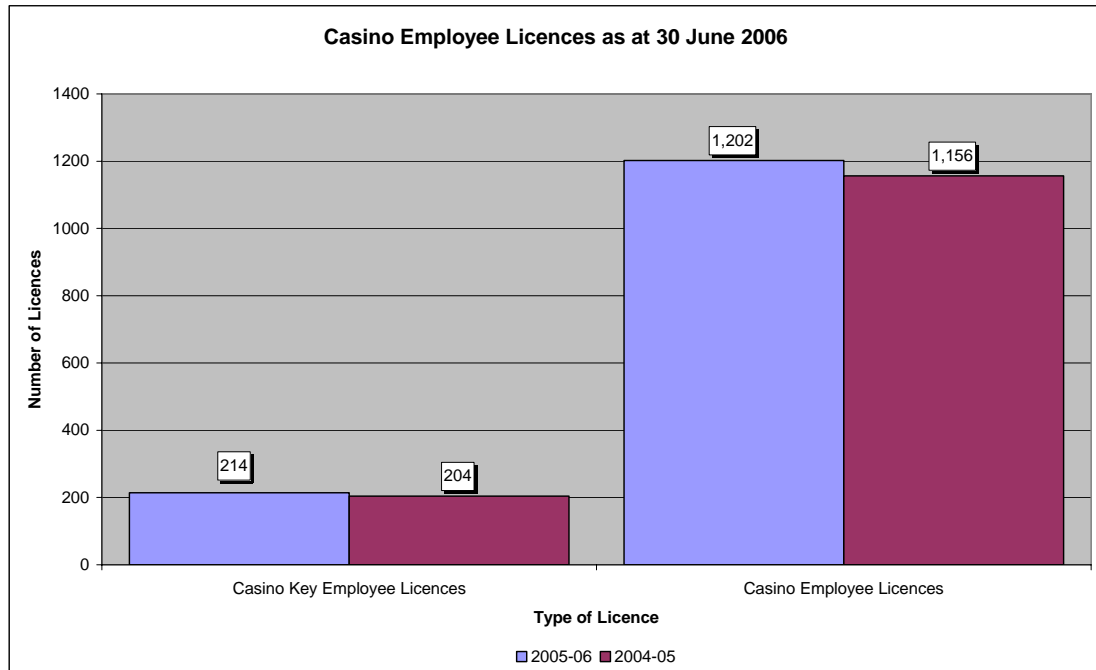


Figure 14: Numbers of Casino Employee Licences as at 30 June 2006 (and comparative figures for previous year).

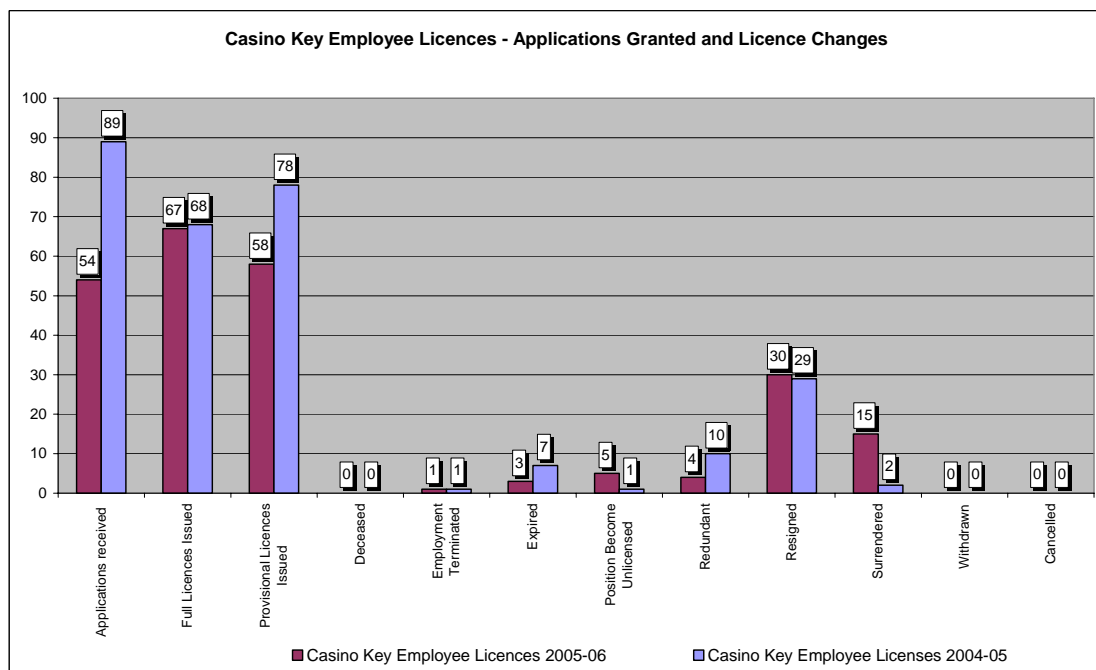


Figure 15: Casino Key Employee Licensing - Applications granted and licence changes for the 2005-06 reporting year (and comparative figures for previous years).

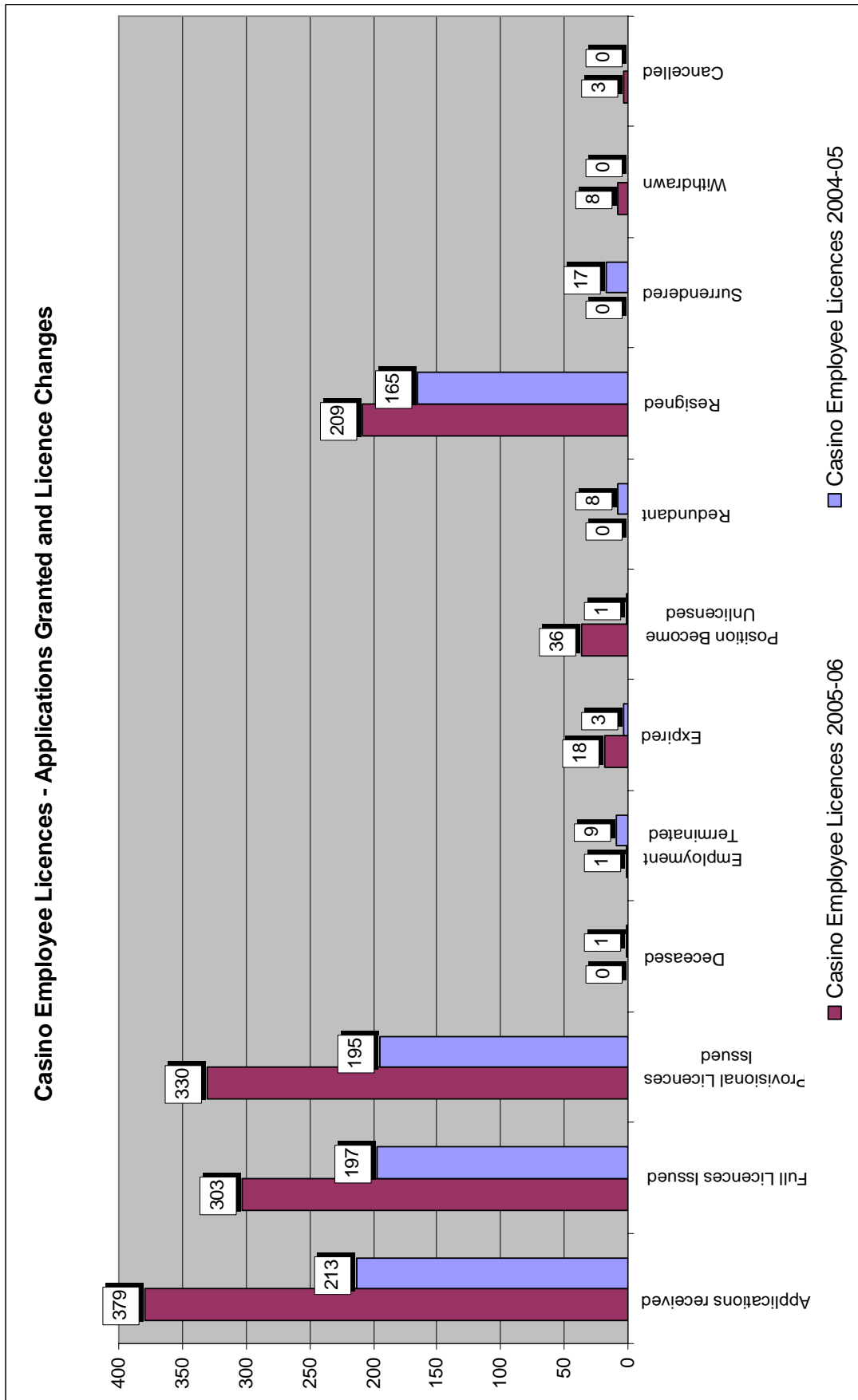


Figure 16: Casino Employee Licensing - Applications granted and licence changes for the 2005-06 reporting year (and comparative figures for previous years).

Licensing of RWWA Positions

Employees acting on behalf of the Commission coordinated the lodgement of applications for the initial licensing of directors and key employees of Racing and Wagering Western Australia, in accordance with the provisions of sections 14 and 24 of the *Racing and Wagering Western Australia Act 2003*.

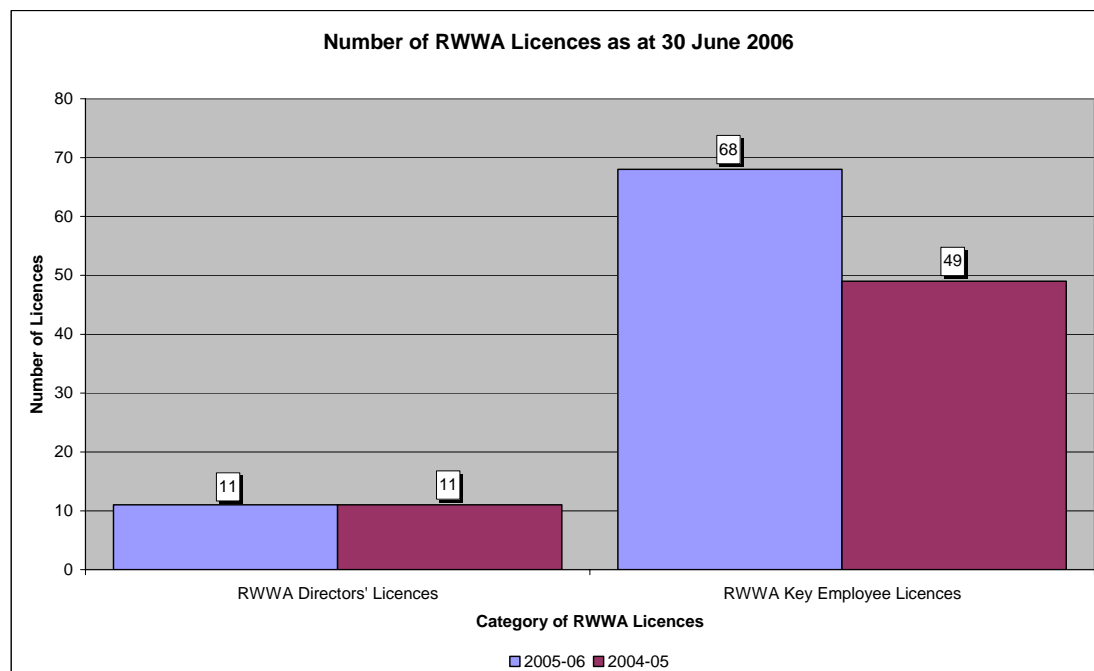


Figure 17: Numbers of RWWA Licences as at 30 June 2006 (and comparative figures for the previous year).

Licensing of Bookmaker Operations

A licensing service is also provided by the Department in respect of bookmakers. In this respect, amendments to the *Betting Control Act 1954* in September 2002 provided for, amongst other matters, a bookmaker's licence to be issued to a natural person, partnership or body corporate. A significant feature of the corporate licensing provisions was the requirement for a partnership or body corporate holding a bookmaker's licence to appoint a person as a bookmaker's manager to manage the operations.

The number of licensed bookmaking operations in the State as at 30 June 2006³ was 47.

³ The reporting year for the Betting Control Board correlated with the racing year, i.e. from 1 August to 31 July each year. However the Gaming and Wagering Commission's reporting year is from 1 July to 30 June. Therefore, the 2005-06 figures do not represent a full reporting year. Figures for the whole racing year will be provided in the *2006 Racing Industry Status Report*, which will be published later in the year.

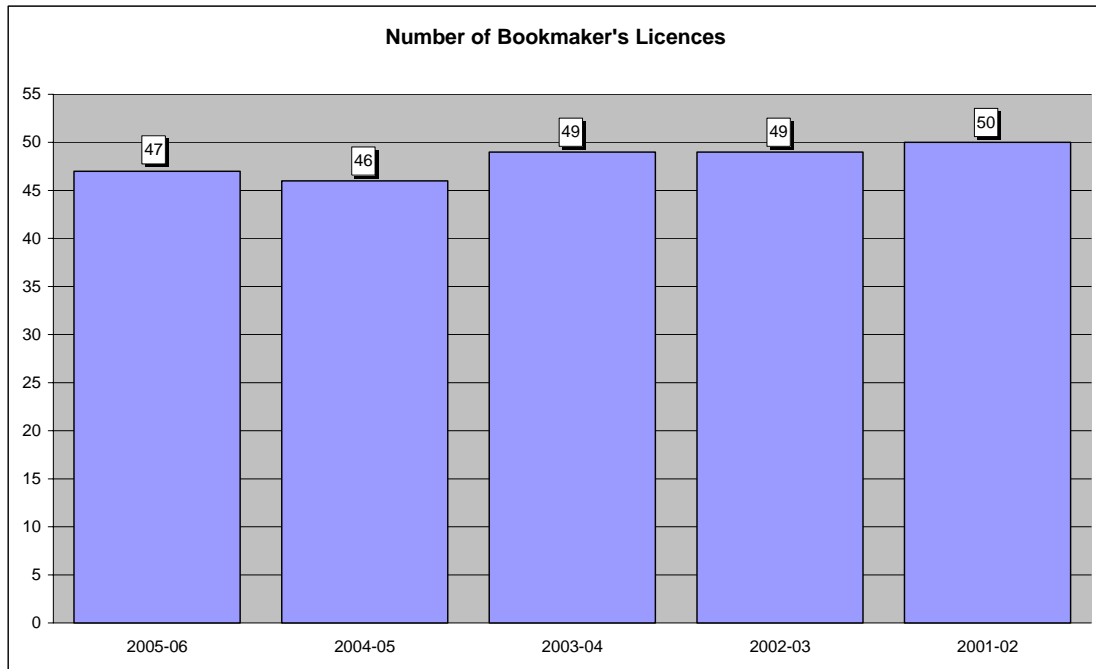


Figure 18: Numbers of Bookmakers' Licences as at 30 June 2006 (and comparative figures for previous years).

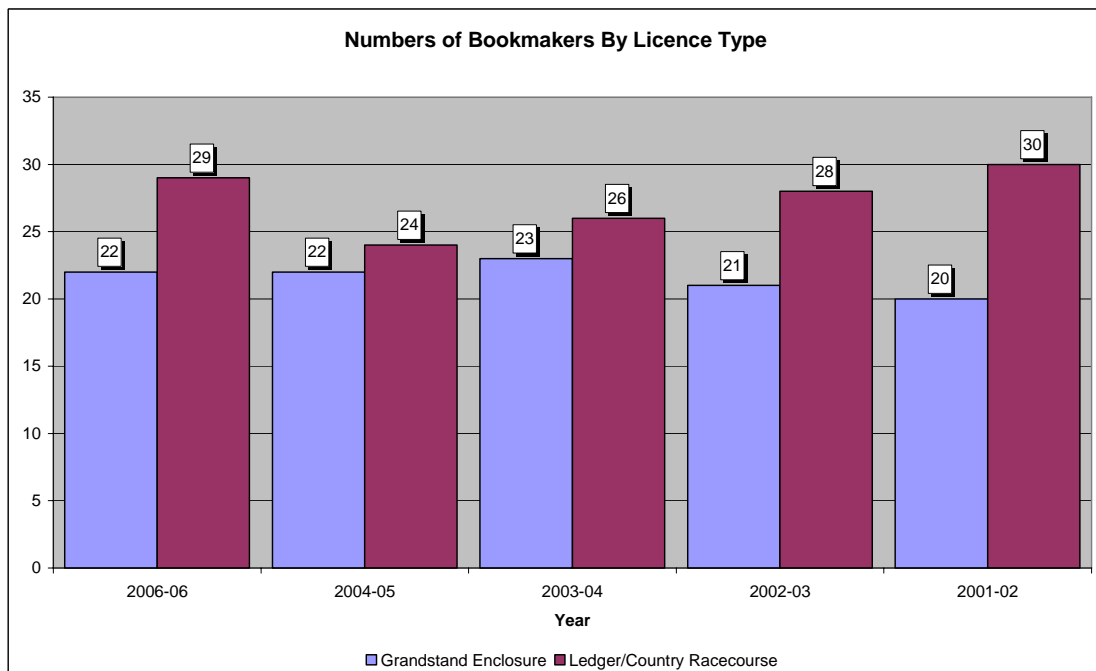


Figure 19: Number of Bookmakers by Licence Type as at 30 June 2006 (and comparative figures for previous years).

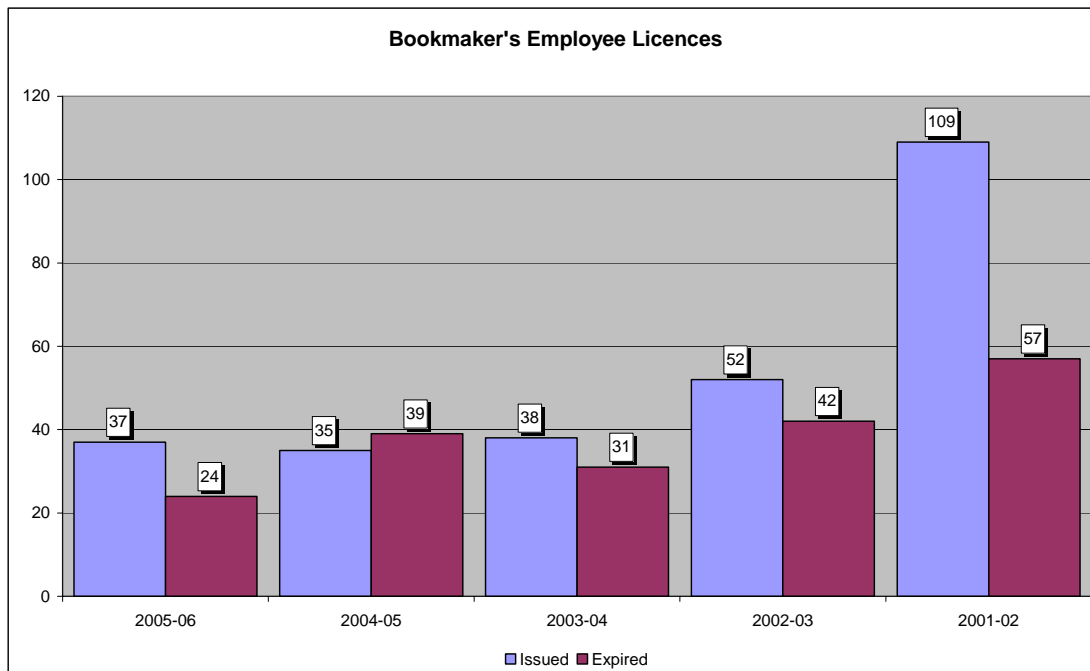


Figure 20: Numbers of Bookmakers' Employee Licences Issued and Expired as at 30 June 2006 (and comparative figures for previous years).

Audit Approach

In discharging its obligation to enforce the provisions of the *Betting Control Act 1954*, *Casino Control Act 1984*, *Gaming and Wagering Commission Act 1987* and the *Racing and Wagering Western Australia Act 2003*, the Commission is required to ensure that adequate controls are put in place to establish compliance with legislative requirements and to monitor the ongoing effectiveness of those controls.

In this respect, 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. Inspections and audits are carried out, on behalf of the Commission, by the Inspectorate of the Department of Racing, Gaming and Liquor.

Inspectors conduct audits and inspections of all regulated gaming and wagering activity. Gambling operators and organisations that conduct gaming and wagering activities are targeted for audits and inspections according to their assessed levels of risk.

Inspectors conduct audit and inspection programs that have been developed to provide the Commission with an appropriate level of assurance that gaming and wagering activities are being conducted in accordance with legislative and other prescribed requirements. The audit sample selection, process and review of audits conducted by inspectors is, where appropriate and applicable, consistent with the Australian Auditing Standards and other relevant standards, such as 'AS/NZS:4360 Risk Management'.

In addition to conducting daily verification of casino gaming revenue and monthly casino tax reconciliations, the Commission, through the Department of Racing, Gaming and Liquor’s Inspectorate, carried out a program of:

- 129 TAB agency audits;
- 49 bookmaker and on-course totalisator inspections and audits;
- 5,368 inspections and audits to obtain reasonable assurance as to casino gaming operations; and
- 622 audits and 383 inspections of community gaming operations.

In addition:

- four violations were issued against the casino operator relating to breaches of game rules, procedures or directions; and
- five formal complaints from casino patrons were investigated.

Disciplinary action instigated by the Commission, as a result of non-compliance, included the issue of:

- 111 infringement notices to persons who entered the casino whilst subject to a prohibition notice, or were found cheating (an additional 16 infringement notices for the same offences were also issued by Police Officers); and
- 9 infringement notices for offences relating to a breach of permit conditions in relation to community gaming.

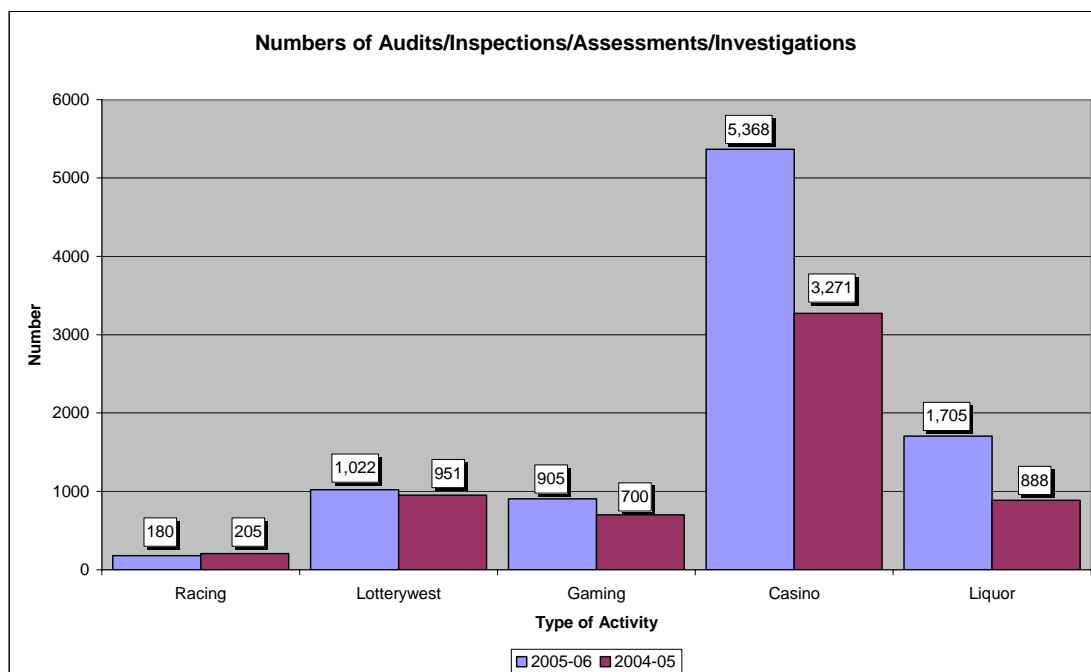


Figure 21: Number of Audits/Inspections/Assessments/Investigations undertaken by Inspectors (and comparative figures for the previous year)

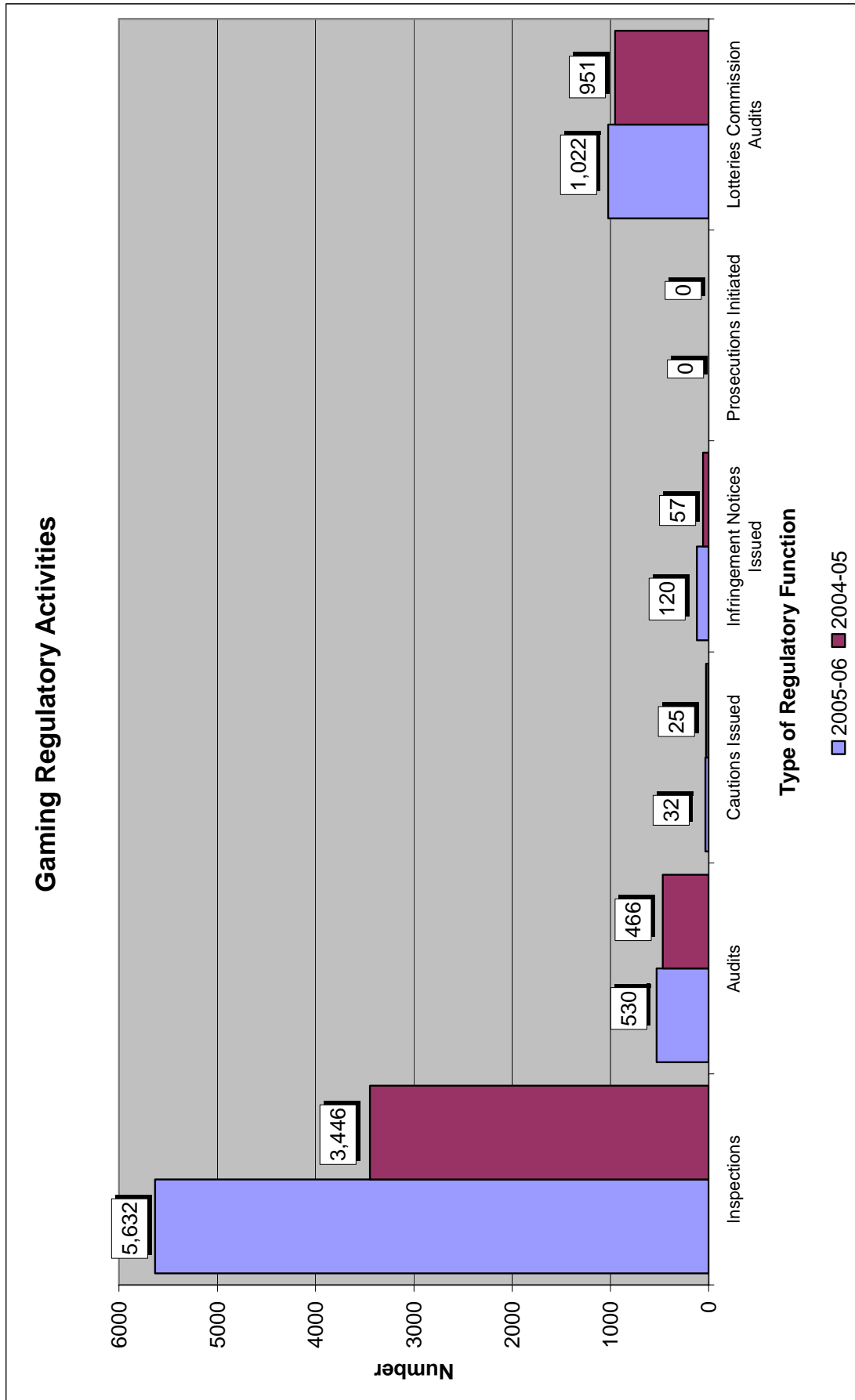


Figure 22: Numbers of Gaming Regulatory Activities undertaken (and comparative figures for the previous year).

Casino Gaming Revenue

As at 30 June 2006, Burswood Casino operated a total of:

- 1,500 electronic gaming machines, of which 48 were located in the International Room; and
- 128 gaming tables, of which 35 were located in the International Room, with ten of those tables positioned in private gaming salons.

During the reporting year, casino gaming revenue of \$341,390,286 was generated, compared to \$311,786,252 in 2004-05.

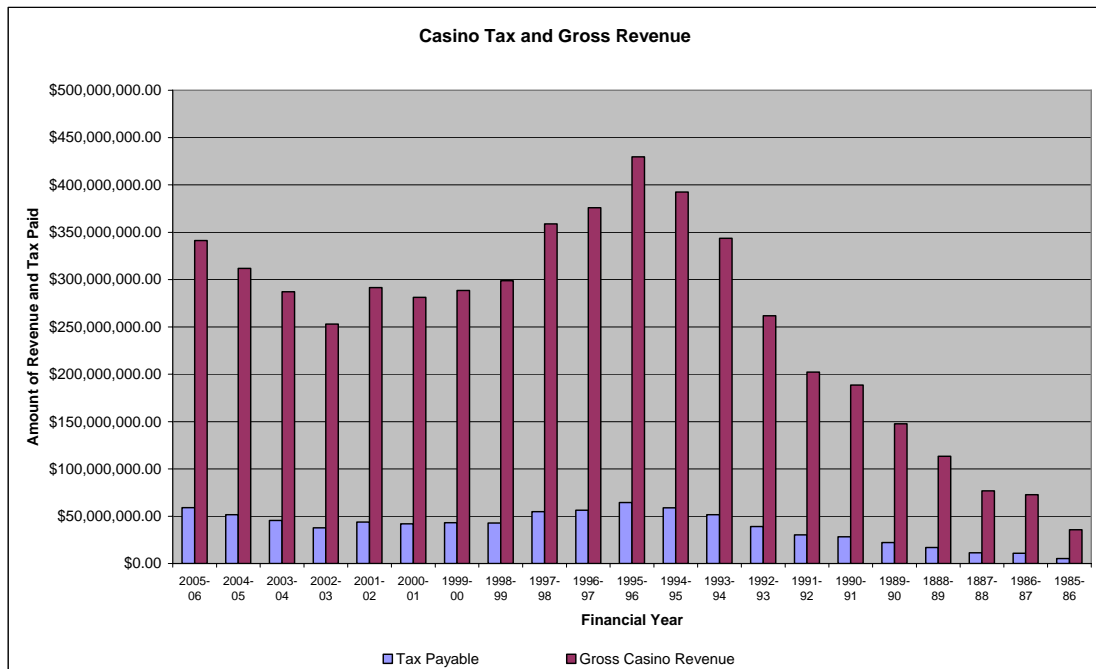


Figure 23: Shows a comparison of casino revenue and tax paid since the Burswood International Resort Casino has been operational.

Figures 17 and 18 show a breakdown of revenue, by game type, for the 2005-06 and 2004-05 years respectively:

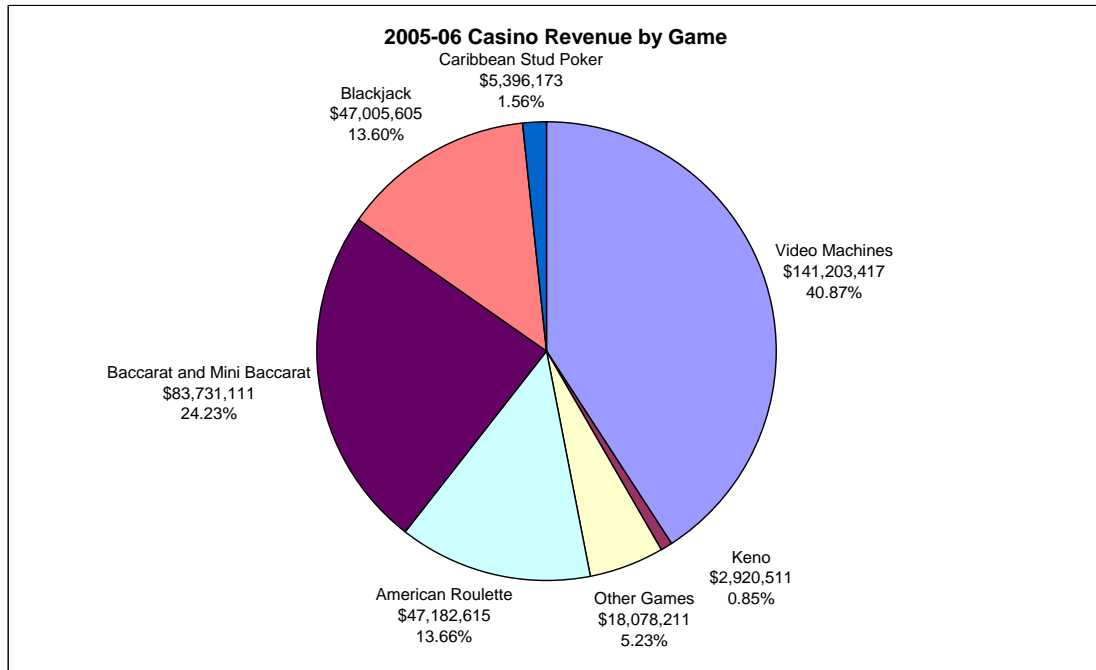


Figure 24: Revenue by Casino Game Type for 2005-06

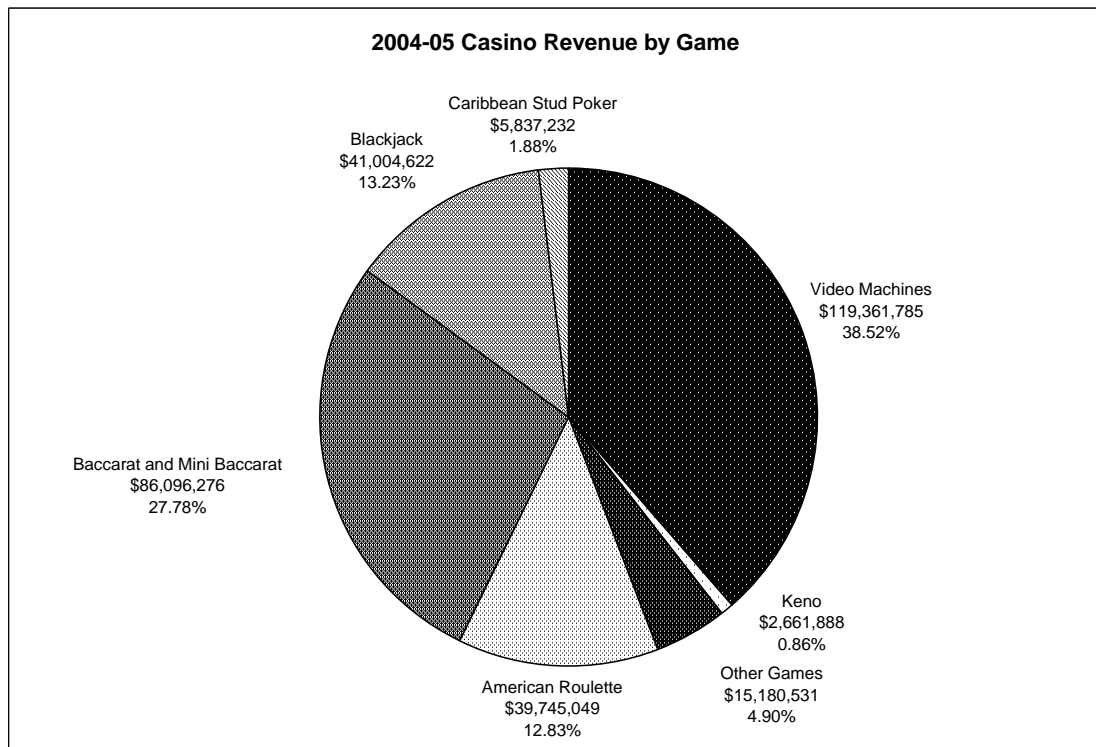


Figure 25: Revenue by Casino Game Type for 2004-05

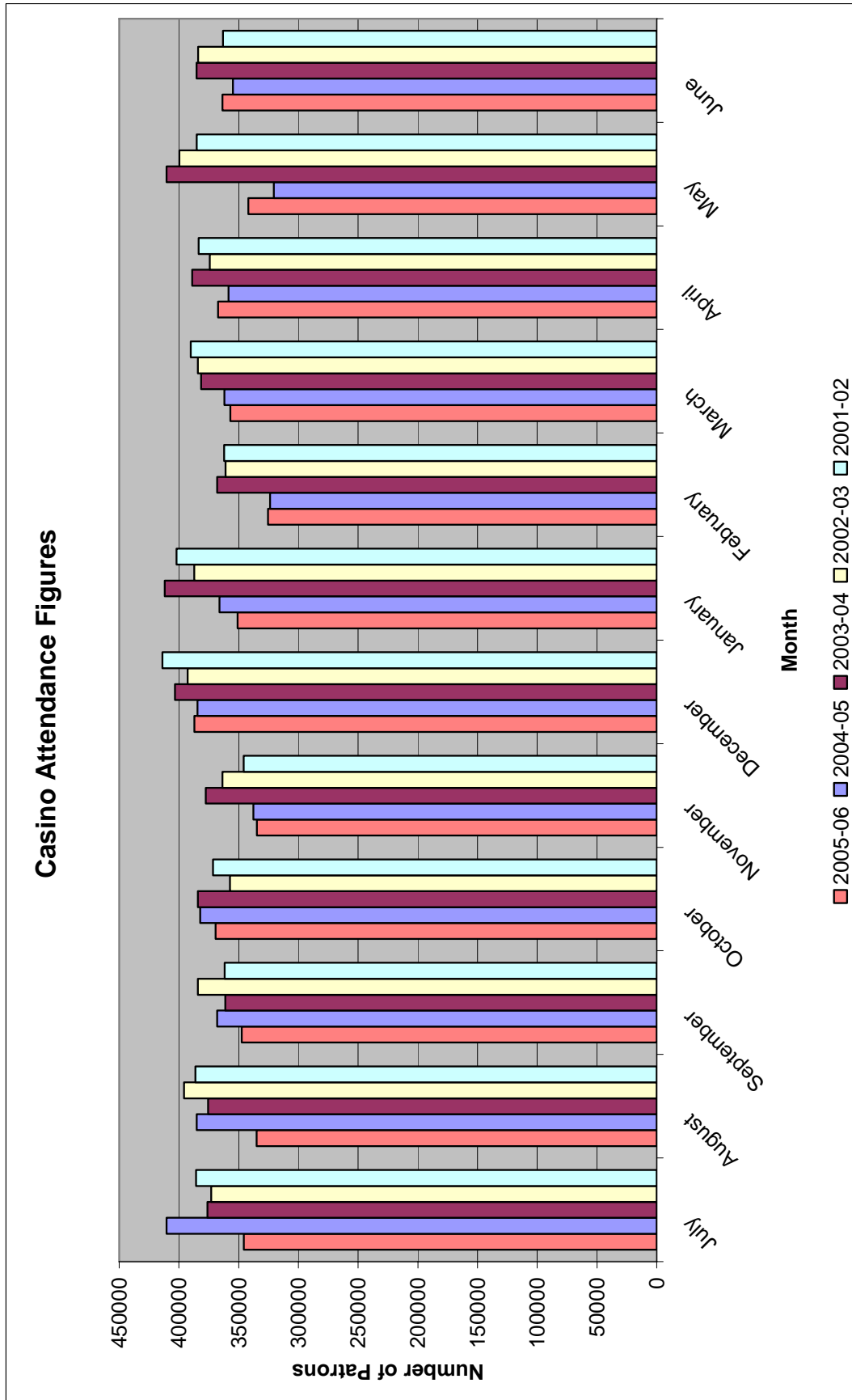


Figure 26: Shows attendance figures at the Burswood International Resort Casino for each month of the year under review (and comparative figures for previous years).

On-course Betting Information

For the reporting period the total bookmaker turnover was \$101,054,916. Bookmaker telephone betting was \$21,577,829 and internet betting was \$4,207,811 and represents 25.5 per cent of total bookmaking turnover. Race bookmaking turnover was \$99,330,403 and sports betting turnover was \$1,724,513.

Bookmaker Betting Levy

During the year under review, bookmakers paid betting levy totalling \$1,994,002 on turnover. Of this amount, all was retained by the host racing clubs, except for \$4,676 (0.25 per cent of sports betting turnover) that was remitted to the Commission for disbursement as directed by the Minister for Sport and Recreation.

Bookmaker's Security

A fundamental requirement of the *Betting Control Act 1954* is the obligation placed on licensed bookmakers to provide a security (usually in the form of a bond of surety) in the event that the bookmaker defaults and is unable to meet his or her betting taxes obligations and outstanding betting debts.

Despite the risks involved, the incidences of bookmakers defaulting are relatively low, with only four bookmakers defaulting in the last 14 years. However, as the impact of a bookmaker "going broke" can be significant, it is important that the bonding system is sufficiently robust so as to ensure that the interests of the betting public are protected as much as possible. The relevant provisions of the *Betting Control Act 1954* are:

- Section 11E, which provides that a bookmaker must lodge security with the Commission, for the prescribed amount, for the due observance by the bookmaker to the provisions of the Betting Control Act and of any licence issued to the bookmaker under the Betting Control Act.
- Section 11E (3)(a), which provides that the Commission may apply a security in relation to a betting debt and details the process for the making, validation and payment of claims against a security.
- Section 11E(3)(e), which provides the Commission with the authority to require additional security in addition to the prescribed minimum amount.

Regulation 18 of the *Betting Control Regulations 1978* prescribes the following minimum security requirements for a bookmaker's licence held by a natural person or a partnership consisting of natural persons:

Licence Type	Bonding Level Required
Metropolitan Gallops Enclosure	\$100,000
Metropolitan Trotting Enclosure	\$40,000
Metropolitan Greyhounds Enclosure	\$25,000
Metropolitan Leger	\$25,000
Country Racecourse	\$25,000
Sports Betting and/or Future doubles betting	\$100,000

In regard to a bookmaker's licence held by a body corporate or a partnership that has a member that is a body corporate, the minimum security requirement is \$250,000. In addition, should the Commission also determine that it requires one or more directors of a body corporate to lodge security, pursuant to the provisions of section 11E(2) of the Betting Control Act, regulation 18(3) prescribes an amount of \$10,000 in this regard.

In August 1997, the Betting Control Board established additional bonding requirements for bookmakers who generated high turnover. Consequently, the Board required turnover levels to be reviewed quarterly and the security held by the Board to be reassessed accordingly. In this regard, the Board established the following, higher security requirements, for bookmakers with a racing endorsement who exceed the turnover threshold:

1. Natural Person/Partnership containing only natural persons
 - annual turnover of more than \$5m but less than \$10m, *\$150,000*.
 - for every \$5m in turnover in excess of \$10m per annum, *an additional \$50,000*.
2. Body Corporate/Partnership containing a body corporate:
 - the minimum security for turnover up to \$20m per annum, *\$250,000*.
 - for every \$5m in turnover in excess of \$20m per annum, *an additional \$50,000*.

The Commission conducts quarterly reviews of bookmaker turnover levels to determine whether it is necessary to reassess the bonding levels held by the Commission for individual bookmakers' operations.

Thoroughbred Racing Venues

The total bookmakers' turnover for thoroughbred racing venues was \$91,158,820, which includes turnover associated with sports betting, telephone betting and internet betting, with a levy of \$1,821,914 being paid. A breakdown of bookmakers' turnover and levy paid in respect of metropolitan and country thoroughbred racing venues is provided in the following graphs.

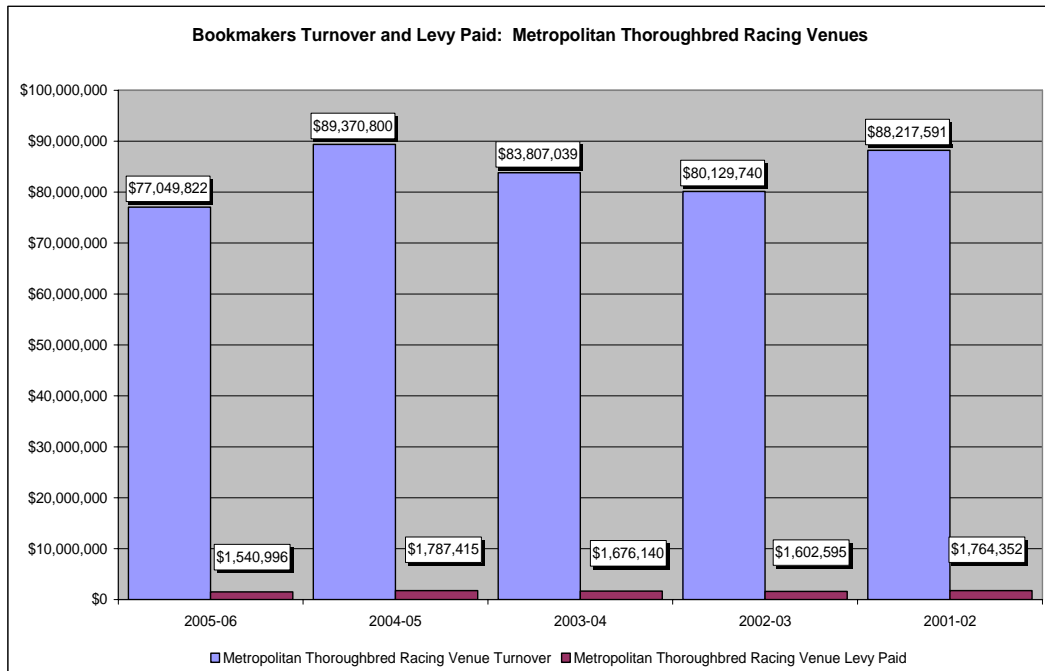


Figure 27: Bookmakers Turnover and Levy Paid in respect of Metropolitan Thoroughbred Racing.

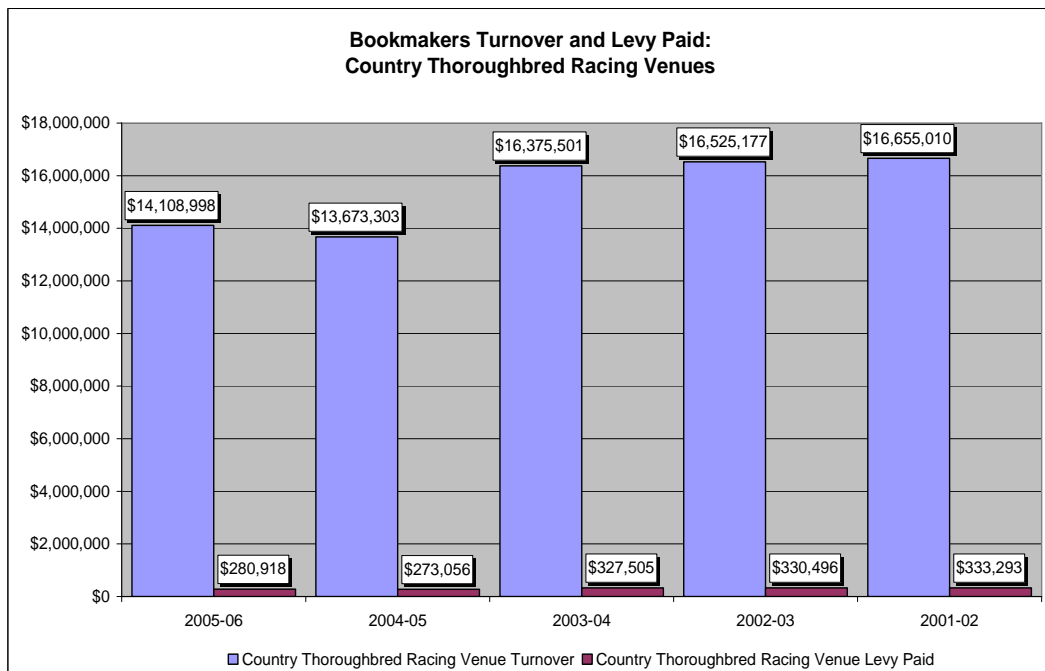


Figure 28: Bookmakers Turnover and Levy Paid in respect of Country Thoroughbred Racing.

Harness Racing Venues

The total bookmakers' turnover for harness racing venues was \$9,623,337, which includes turnover associated with sports betting, telephone betting and internet betting, with a levy of \$167,833 being paid. A breakdown of bookmakers' turnover and levy paid in respect of metropolitan and country harness racing venues is provided in the following graphs.

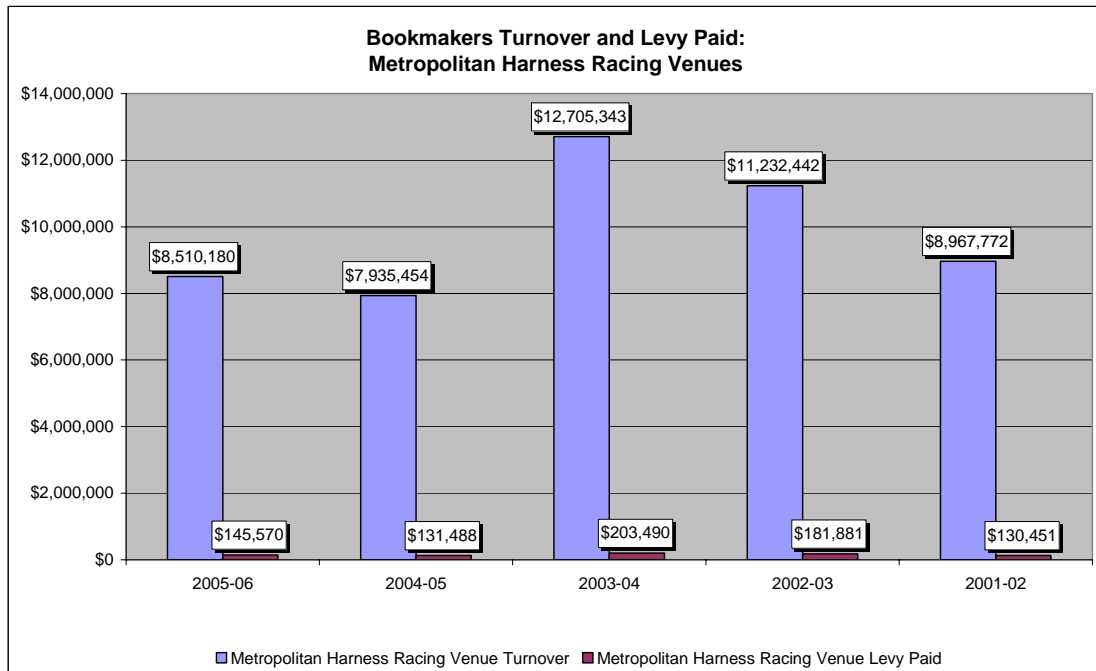


Figure 29: Bookmakers Turnover and Levy Paid in respect of Metropolitan Harness Racing.

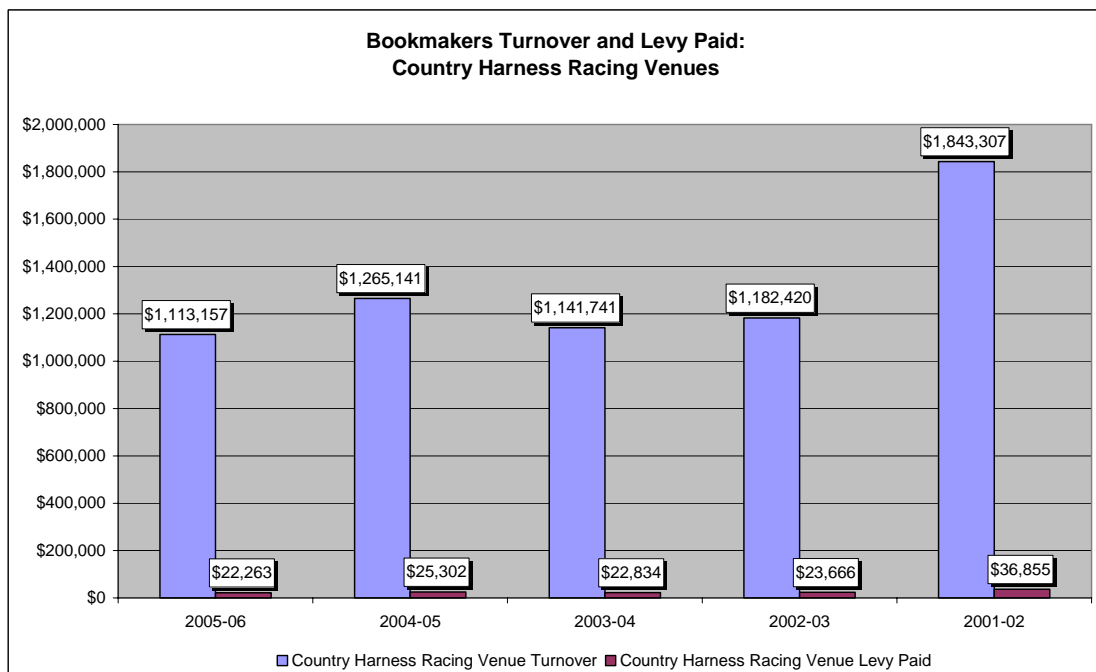


Figure 30: Bookmakers Turnover and Levy Paid in respect of Country Harness Racing.

Greyhound Racing Venues

The total bookmakers' turnover for greyhound racing venues was \$272,759 which includes turnover associated with sports betting, telephone betting and internet betting, with a levy of \$4,255 being paid. A breakdown of bookmakers' turnover and levy paid in respect of metropolitan and country greyhound racing venues is provided in the following graphs.

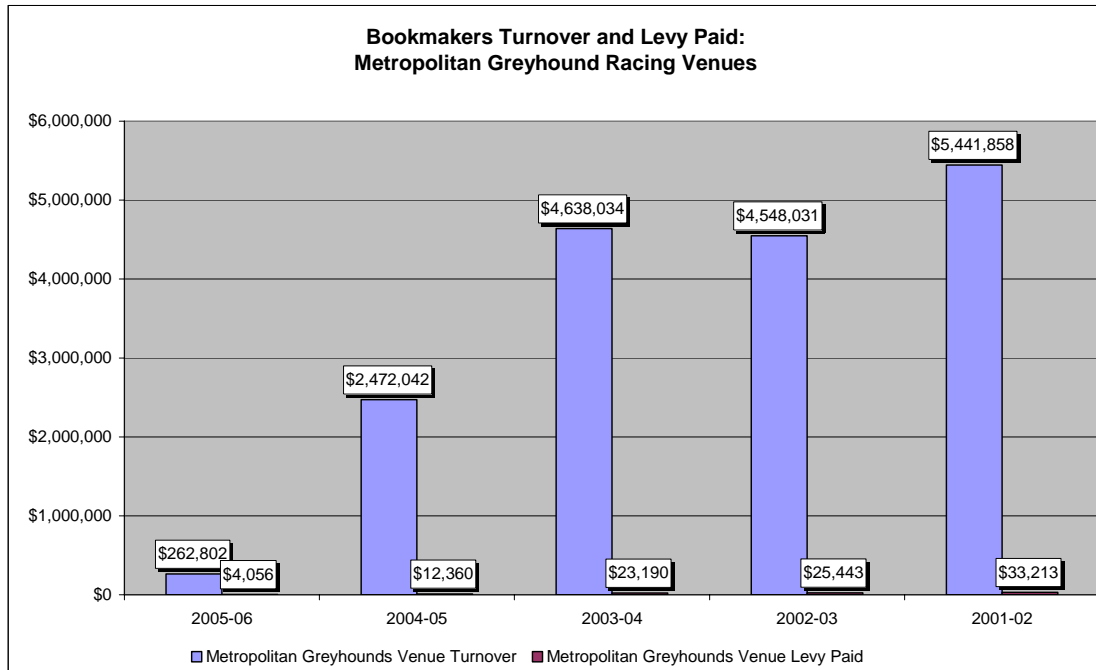


Figure 31: Bookmakers Turnover and Levy Paid in respect of Metropolitan Greyhound Racing.

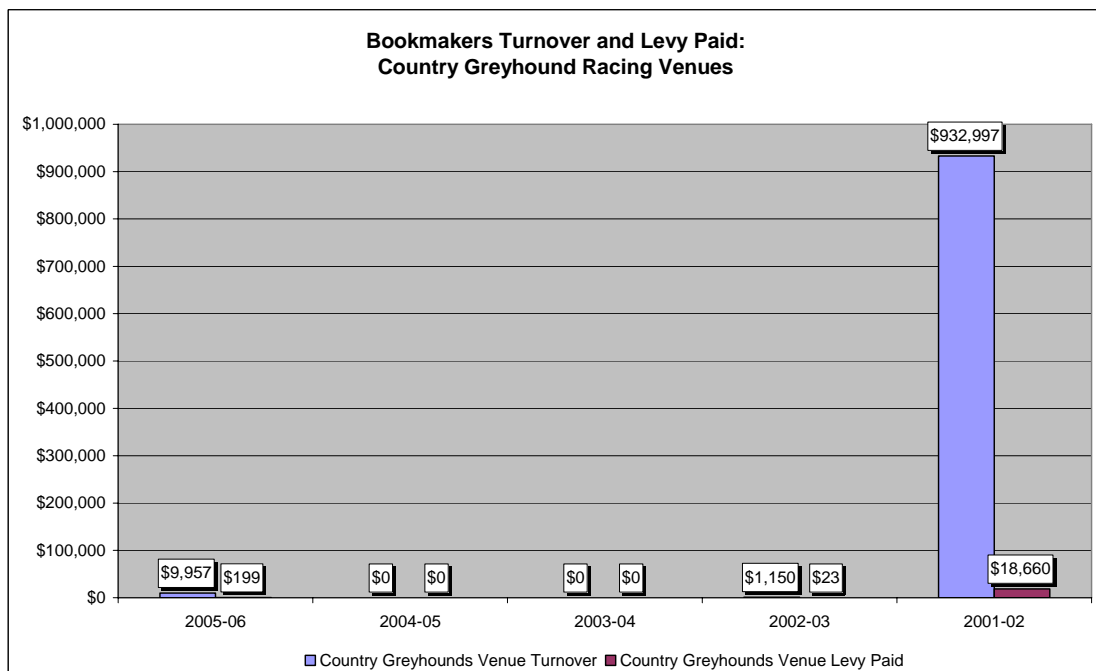


Figure 32: Bookmakers Turnover and Levy Paid in respect of Country Greyhound Racing.

Bookmakers' Sports Betting Turnover

The total bookmakers' turnover for sports betting was \$1,724,513, with a levy of \$8,657 being paid. A breakdown of sporting venues is provided in the following graph.

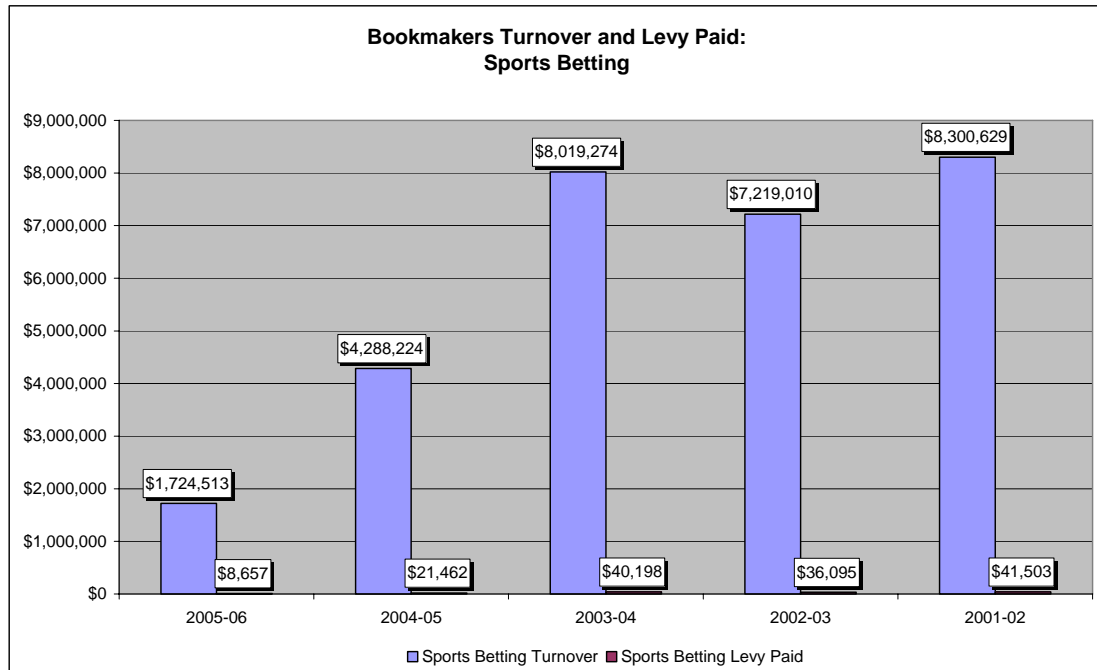


Figure 33: Bookmakers Turnover and Levy Paid in respect of Sports Betting.

Bookmakers' Telephone Betting Turnover

The total bookmakers' turnover in respect of telephone betting turnover was \$21,577,829. A breakdown of turnover by racing code is provided in the following graph.

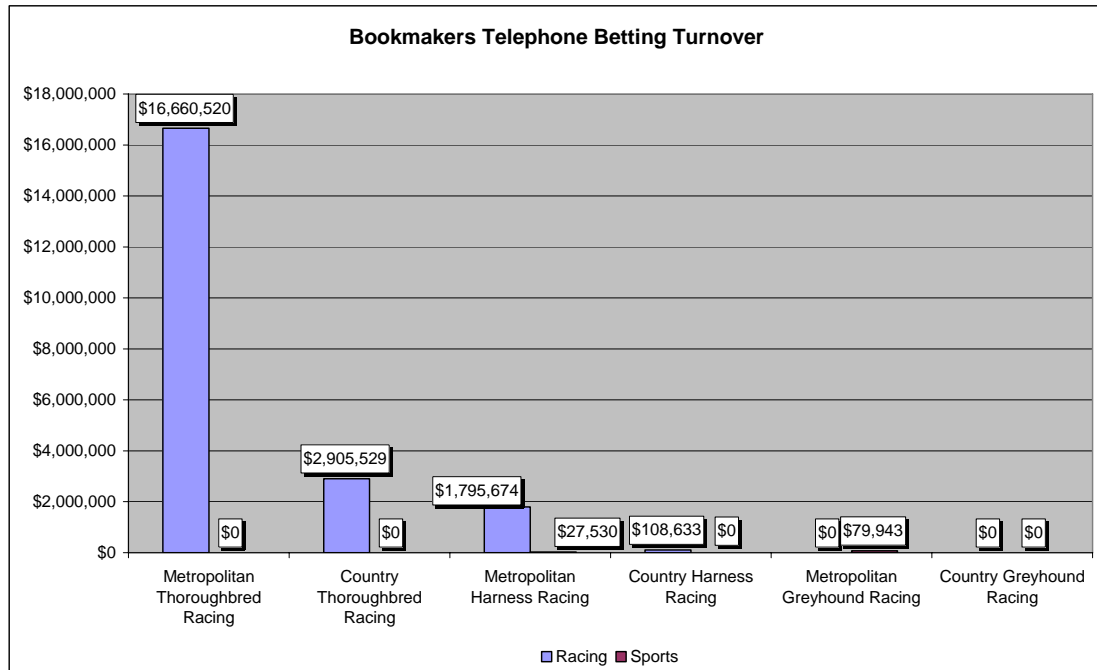


Figure 34: Bookmakers Turnover and Levy Paid in respect of Telephone Betting.

Bookmakers Internet Betting Turnover

The total bookmakers' turnover in respect of Internet betting turnover was \$4,207,811. A breakdown of turnover by racing code is provided in the following graph.

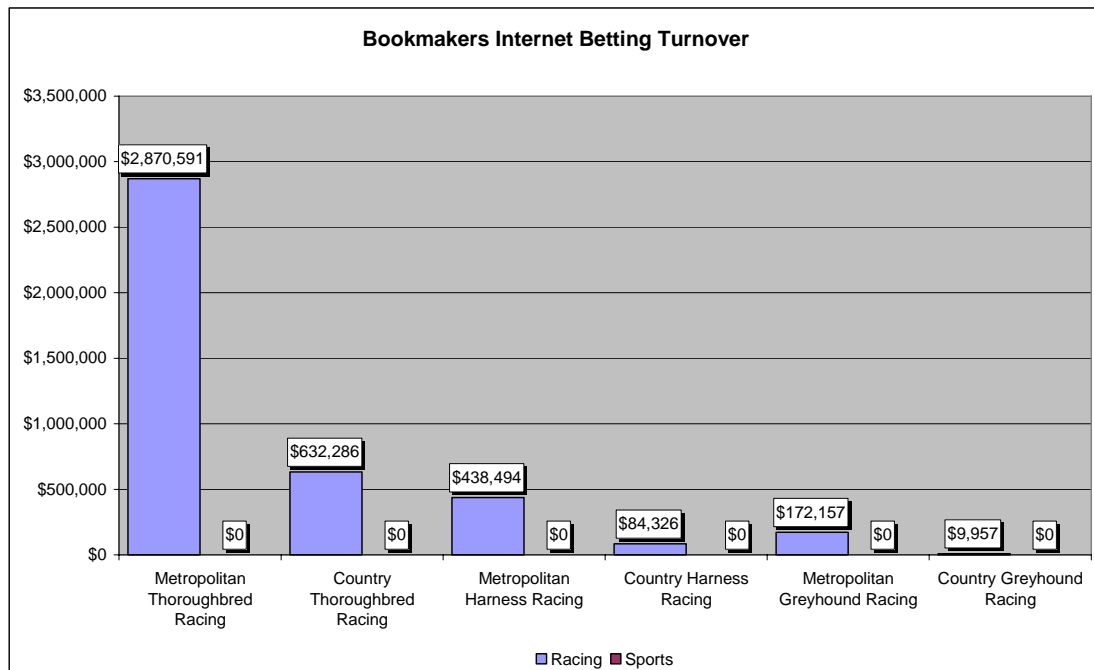


Figure 35: Bookmakers Turnover and Levy Paid in respect of Internet Betting.

GST Rebates

Bookmakers and racing clubs continue to benefit from the Government's rebate on GST for gross gambling margins. Rebates for the period under review totalled \$1,309,915.

EQUITY, ACCESS AND CUSTOMER FOCUS

FREEDOM OF INFORMATION

As a statutory authority, the Commission is an “agency” for the purposes of the *Freedom of Information Act 1992*. The decision-maker in respect of all gambling related access applications is the Department of Racing, Gaming and Liquor’s Director of Operations and the internal reviewer is the Chairman of the Commission.

RECORDKEEPING PLANS

Section 19 of the *State Records Act 2000* requires every Government agency to have a Recordkeeping Plan. The Recordkeeping Plan is to provide an accurate reflection on the recordkeeping program within the agency and must be complied with by the agency and its officers. The records of the Commission are maintained by the Department of Racing, Gaming and Liquor. The Department of Racing, Gaming and Liquor’s Annual Report contains the information on that department’s Recordkeeping Plan.

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

The Commission does not employ staff, but has a net appropriation agreement with the Department of Racing, Gaming and Liquor relating to functions carried out on behalf of the Commission by staff of that Department. Accordingly, the Commission does not report on compliance with the Public Sector Standards. The Department of Racing, Gaming and Liquor’s Annual Report contains the relevant information.

PUBLIC INTEREST DISCLOSURE

The Commission meets its obligations under the *Public Interest Disclosure Act 2003* through arrangements with Department of Racing, Gaming and Liquor. The Department of Racing, Gaming and Liquor’s Annual Report contains the information on how that department has complied with the obligations imposed pursuant to section 23(1) of the *Public Interest Disclosure Act 2003*.

ADVERTISING AND SPONSORSHIP

(*Electoral Act 1907, s. S175ZE*)

In accordance with section 175ZE of the *Electoral Act 1907*, the Commission incurred the following expenditure in advertising, market research, polling, direct mail and medial advertising:

1. Total expenditure for 2005-06 was \$802.
2. Expenditure was incurred in the following areas:

Advertising Agencies		Name of Advertising Agency	
Market research organisations	Nil		Nil
Government agencies	\$374	<i>State Law Publisher, Department of Premier and Cabinet</i>	\$374
Polling organisations	Nil		Nil
Direct mail organisations	Nil		Nil
Media advertising organisations	\$428	<i>The West Australian Newspaper</i>	\$428

FINANCIAL STATEMENTS

The aim of these Financial Statements is to present to the Parliament details of revenue and expenditure for the Commission.

This part of the Annual Report contains:

- the financial statements;
- accompanying notes; and
- certification of the financial statements.

Gaming and Wagering Commission of Western Australia
Income Statement
for the year ended 30 June 2006

	Note	2006 \$	2005 \$
COST OF SERVICES			
Expenses			
Board members expenses	15	54,625	54,626
Superannuation	15	4,916	4,916
Bad debt expenses	24	6,800	10,050
Services and contract fees		<u>2,583,876</u>	<u>2,635,377</u>
Total cost of services		<u>2,650,217</u>	<u>2,704,969</u>
Income			
Revenue			
Fees and charges	4	3,056,998	2,956,833
Interest revenue		<u>85,178</u>	<u>65,786</u>
Total income		<u>3,142,176</u>	<u>3,022,619</u>
NET COST OF SERVICES	13	<u>(491,959)</u>	<u>(317,650)</u>
SURPLUS/(DEFICIT) FOR THE PERIOD		<u>491,959</u>	<u>317,650</u>

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

Gaming and Wagering Commission of Western Australia**Balance Sheet
as at 30 June 2006**

	Note	2006 \$	2005 \$
Current Assets			
Cash and cash equivalents	5	1,971,218	1,470,435
Restricted cash and cash equivalents	6	4,721,610	3,292,667
Receivables	7	78,504	95,535
Inventories	8	7,567	3,055
Total Current Assets		<u>6,778,899</u>	<u>4,861,692</u>
Total Assets		<u>6,778,899</u>	<u>4,861,692</u>
Current Liabilities			
Payables	9	209,233	217,075
Fees in trust	10	4,721,610	3,292,667
Other current liabilities	11	32,760	28,613
Total Current Liabilities		<u>4,963,603</u>	<u>3,538,355</u>
Total Liabilities		<u>4,963,603</u>	<u>3,538,355</u>
NET ASSETS		<u>1,815,296</u>	<u>1,323,337</u>
Equity			
Contributed equity	12	(10,918)	(10,918)
Accumulated surplus/(deficiency)		<u>1,826,214</u>	<u>1,334,255</u>
TOTAL EQUITY		<u>1,815,296</u>	<u>1,323,337</u>

The Balance Sheet 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 2006

	Note	2006 \$	2005 \$
Balance of equity at start of period	25	1,323,337	1,005,687
CONTRIBUTED EQUITY			
	12		
Balance at start of period		(10,918)	(10,918)
Capital contribution		0	0
Balance at end of period		<u>(10,918)</u>	<u>(10,918)</u>
ACCUMULATED SURPLUS (RETAINED EARNINGS)			
	12		
Balance at start of period		1,334,255	1,016,605
Net adjustment on transition to AIFRS	25	0	0
Restated balance at start of period		1,334,255	1,016,605
Surplus/(deficit) or profit/(loss) for the period		491,959	317,650
Balance at end of period		<u>1,826,214</u>	<u>1,334,255</u>
Balance of equity at end of period		<u>1,815,296</u>	<u>1,323,337</u>
Total income and expense for the period		<u>491,959</u>	<u>317,650</u>

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

Gaming and Wagering Commission of Western Australia

Cash Flow Statement

for the year ended 30 June 2006

	Note	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Board members expenses		(59,542)	(59,542)
Supplies and services		(2,596,032)	(2,633,104)
GST payments on purchases		(96,405)	(122,200)
Receipts			
Fees and charges		3,046,056	2,961,208
Interest received		67,699	63,973
GST receipts on sales		60,529	57,714
GST receipts from taxation authority		78,479	20,023
Net cash provided by/(used in) operating activities	13	<u>500,784</u>	<u>288,072</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from fees in trust		2,957,231	2,726,575
Payments from fees in trust		(1,528,289)	(1,964,667)
Net cash provided by/(used in) investing activities		<u>1,428,942</u>	<u>761,908</u>
Net increase/(decrease) in cash and cash equivalents		1,929,726	1,049,980
Cash and cash equivalents at the beginning of period		<u>4,763,102</u>	<u>3,713,122</u>
Cash and cash equivalents at the end of period	13	<u><u>6,692,828</u></u>	<u><u>4,763,102</u></u>

The Cash Flow Statement 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 2006**

1. First time adoption of Australian equivalents to International Financial Reporting Standards

General

This is the Commission's first published financial statements prepared under Australian equivalents to International Financial Reporting Standards (AIFRS).

Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. Until 30 June 2005, the financial statements have been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Australian Accounting Standards and the Urgent Issue Group (UIG) Interpretations.

In accordance with the option provided by AASB 1 paragraph 36A and exercised by Treasurer's Instruction (TI) 1101 'Application of Australian Accounting Standards and Other Pronouncements', financial instrument information prepared under AASB 132 and AASB 139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis. All other comparative information has been prepared under the AIFRS basis.

Early adoption of standards

The Commission cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. This TI requires the early adoption of revised AASB 119 'Employee Benefits' as issued in December 2004, AASB 2004-3 'Amendments to Australian Accounting Standards' and 2005-3 'Amendments to Australian Accounting Standards [AASB 119]'; AASB 2005-4 'Amendments to Australian Accounting Standard [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]' and AASB 2005-6 'Amendments to Australian Accounting Standards [AASB 3]' to the annual reporting period beginning 1 August 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' so that the ability to designate financial assets and financial liabilities at fair value is restricted. AASB 2005-6 excludes business combinations involving common control from the scope of AASB 3 'Business Combinations'.

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided at note 25 'Reconciliations explaining the transition to AIFRS'.

2. Summary of significant accounting policies

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board 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 Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has 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 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

UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions 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.

(e) Income**Revenue**

Revenue is 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.

Interest

Revenue is recognised as the interest accrues.

(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 Gaming and Wagering Commission of Western Australia to enable the Commission to carry out its objectives. This support comprises most of the amount reported in the Income Statement 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

The Commission has two categories of financial instrument:

- * Receivables (cash and cash equivalents, receivables); and
- * Non-trading 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 Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents.

(i) Inventories

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

See note 8 'Inventories'.

(j) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. 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. See note 2(g) 'Financial Instruments' and note 7 'Receivables'.

(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 they are generally settled within 30 days. See note 2(g) 'Financial Instruments' and note 9 'Payables'.

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

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

The liabilities for superannuation charges under the Government Employees Superannuation Act are extinguished by payment of employer contributions to the Government Employees Superannuation Board (GESB).

The note disclosure required by paragraph 121 of AASB 119 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The GESB's records are not structured to provide the information for the Commission. Accordingly, deriving the information for the Commission is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

(m) Comparative Figures

Comparative figures have been restated on the AIFRS basis except for financial instruments information, which has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. The transition date to AIFRS for financial instruments is 1 July 2005 in accordance with the exemption allowed under AASB 1, paragraph 36A and Treasurer's Instruction 1101.

3. Disclosure of changes in accounting policy and estimates

Future impact of Australian Accounting Standards not yet operative

The Commission cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. As referred to in Note 2, TI 1101 has only mandated the early adoption of revised AASB 119, AASB 2004-3, AASB 2005-3, AASB 2005-4 and AASB 2005-6.

Consequently, the Commission has not applied the following Australian Accounting Standards and UIG Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007. The Standard is considered to result in increased disclosures of an entity's risks, enhanced disclosure about components of financial position and performance, and changes to the way of presenting financial statements, but otherwise there is no financial impact.

2. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The Commission does not undertake these types of transactions resulting in no financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2006.

3. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease'. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At reporting date, the Commission has not entered into any arrangements as specified in the Interpretation resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2006.

The following amendments are not applicable to the Commission as they will have no impact:

AASB Amendment	Affected Standards
2005-1	AASB 139 (Cash flow hedge accounting of forecast intragroup transactions)
2005-5	'Amendments to Australian Accounting Standards [AASB 1 & AASB 139]'
2006-1	AASB 121 (Net investment in foreign operations)
UIG 5	'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'.
UIG 6	'Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment'.
UIG 7	'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'.
UIG 8	'Scope of AASB 2'.
UIG 9	'Reassessment of Embedded Derivatives'.

	2006	2005
	\$	\$
4. Fees and charges		
Casino licence fees	2,217,366	2,133,825
Betting related fees	58,127	54,979
Community gaming	474,871	465,722
Gaming infringements	12,350	12,450
Recoups for services provided	291,520	286,686
Other revenues	2,764	3,171
	<u>3,056,998</u>	<u>2,956,833</u>
5. Cash and cash equivalents		
Interest bearing account at the Commonwealth Bank of Australia	<u>1,971,218</u>	<u>1,470,435</u>
6. Restricted cash and cash equivalents		
Security Deposits	1,264,553	993,141
Problem Gambling Support Services	281,775	224,394
Gaming Community Trust Fund	1,070,812	781,344
Sports Wagering Account	2,104,470	1,293,788
	<u>4,721,610</u>	<u>3,292,667</u>
7. Receivables		
Receivables for goods and services supplied	73,536	47,716
GST receivable	4,968	47,819
	<u>78,504</u>	<u>95,535</u>
See also note 2(j) 'Receivables' and note 18 'Financial instruments'.		
8. Inventories		
Betting tickets	1,150	1,282
Betting ledgers	6,417	1,773
	<u>7,567</u>	<u>3,055</u>
See also note 2(i) 'Inventories'.		
9. Payables		
Amounts payable for goods and services received	<u>209,233</u>	<u>217,075</u>
See also note 2(k) 'Payables' and note 18 'Financial instruments'.		

	2006 \$	2005 \$
10. Fees in trust		
(a) <u>Security Deposits</u>		
Opening balance	993,141	748,154
Receipts	824,549	1,014,213
Payments	(553,137)	(769,226)
Closing balance	<u>1,264,553</u>	<u>993,141</u>
<p>Fees in trust - Security deposits represent security deposits received from bookmakers conducting sports betting or double event betting or both, and received from organisations conducting lotteries/raffles as a guarantee of the distribution of prizes, plus interest income.</p>		
(b) <u>Problem Gambling Support Services</u>		
Opening balance	224,394	63,931
Receipts	355,893	355,171
Payments	(298,512)	(194,708)
Closing balance	<u>281,775</u>	<u>224,394</u>
<p>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.</p>		
(c) <u>Gaming Community Trust Fund</u>		
Opening balance	781,344	862,300
Receipts	361,533	166,176
Payments	(72,065)	(247,132)
Closing balance	<u>1,070,812</u>	<u>781,344</u>
<p>The Gaming Community Trust Fund is 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.</p>		
(d) <u>Sports Wagering Account</u>		
Opening balance	1,293,788	856,374
Receipts	1,415,257	1,191,015
Payments	(604,575)	(753,601)
Closing balance	<u>2,104,470</u>	<u>1,293,788</u>
<p>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, and monies held by the Commission relating to payments of bookmakers' betting levy made 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.</p>		
	<u>4,721,610</u>	<u>3,292,667</u>

	2006 \$	2005 \$
11. Other current liabilities		
Accrued expenses	<u>32,760</u>	<u>28,613</u>
12. Equity		
Equity represents the residual interest in the net assets of the Authority. The Government holds the equity interest in the Authority on behalf of the community.		
Contributed equity		
Balance at start of year	(10,918)	(10,918)
Contributions by owners	0	0
Distributions to owners	<u>0</u>	<u>0</u>
Balance at end of year	<u>(10,918)</u>	<u>(10,918)</u>
Accumulated surplus/(deficit) (Retained Earnings)		
Balance at start of year	1,334,255	1,016,605
Result for the period	491,959	317,650
Income and expense recognised directly to equity	<u>0</u>	<u>0</u>
Balance at end of year	<u>1,826,214</u>	<u>1,334,255</u>
13. Notes to the Cash Flow Statement		
<u>Reconciliation of cash</u>		
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash and cash equivalents	1,971,218	1,470,435
Restricted cash and cash equivalents (refer to note 6)	<u>4,721,610</u>	<u>3,292,667</u>
	<u>6,692,828</u>	<u>4,763,102</u>
<u>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</u>		
Net cost of services	491,959	317,650
(Increase)/decrease in assets:		
Receivables	(25,820)	12,864
Inventories	(4,512)	548
Increase/(decrease) in liabilities:		
Payables	(7,841)	12,918
Other liabilities	4,147	(14,160)
Net GST receipts/(payments)	42,603	(44,464)
Change in GST in receivables/payables	<u>248</u>	<u>2,716</u>
Net cash provided by/(used in) operating activities	<u>500,784</u>	<u>288,072</u>

14. Explanatory statement

Significant variations between estimates and actual results for income and expense 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 2006

	2006	2006	Variance
	<u>Estimate</u>	<u>Actual</u>	<u>Variance</u>
	\$	\$	\$
Board members expenses	80,500	54,625	(25,875)
Superannuation	7,300	4,916	(2,384)
Services and contract fees	3,010,500	2,583,876	(426,624)
Fees and charges	2,938,300	3,056,998	118,698
Interest revenue	60,000	85,178	25,178

Board members expenses

The variance of \$25,875 was attributable to a higher budget provision for six Commission members (excluding the Chairman). Only 5 members sat at Commission meetings during 2005-06.

Superannuation

The variance of \$2,384 was due to lower board members expenses paid during the year 2005-06.

Services and contract fees

The decrease of \$426,624 was primarily due to a reduction in the amount recouped by the Department of Racing, Gaming and Liquor from the Commission for the provision of licensing and compliance services. The recoupment rate is determined on a full cost recovery basis of the total expenses of the Department. Since the Department achieved savings in its total expenses, the recoupment is reduced accordingly.

Fees and charges

The variance of \$118,698 was mainly due to the increases in the number of casino employee licence fee processed, bookmakers licence fees, gaming nights, and Burswood Casino annual licence fee.

Interest revenue

The variance of \$25,178 was mainly due to a higher bank balance throughout the year plus rising interest rates.

(ii) Significant variances between actual results for 2005 and 2006

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

	2006	2005	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Variance</u>
	\$	\$	\$
Bad debt expenses	6,800	10,050	(3,250)

Bad debt expenses

The variance of \$3,250 was attributable to less gaming infringements being referred to the Fines Enforcement Registry.

	2006	2005
	\$	\$
15. Remuneration of members of the Accountable Authority		
The number of members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:		
\$		
0 - 10,000	8	2
10,001 - 20,000	1	4
 The total remuneration of the members of the Accountable Authority is : (the Chairman does not receive remuneration.)	59,541	59,542
 No members of the Accountable Authority are members of the Pension Scheme.		
 16. Remuneration of auditor		
Remuneration to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	7,800	7,500
 17. Administered transactions		
Administered revenue		
(a) <u>Video lottery terminals</u>	268,975	228,946
Video Lottery Terminals are an electronic alternative to break open bingo tickets. The Commission collects 3.25% of the cash 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) <u>Continuing lottery levy</u>	198,481	248,389
As from 1 July 2000, pursuant to section 104G of the Gaming and Wagering Commission Act 1987, 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 disclosed here represents Government's 2.25% share of this item.		

18. **Financial instruments**

(a) **Financial Risk Management Objectives and Policies**

Financial instruments held by the Commission are 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

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

Liquidity risk

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.

(b) **Financial Instrument Disclosures**

Financial instrument information for the year ended 2005 has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosures of Financial Instruments'. Financial instrument information from 1 July 2005 has been prepared under AASB 132 'Financial Instruments: Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement'. See also note 2(m) 'Comparative Figures'.

Interest Rate Risk Exposure

The following table details the Commission's exposure to interest rate risk as at the reporting date:

	Weighted average effective interest rate	Floating interest rate	Non-interest bearing	Total 30 June 2006	Total 30 June 2005
		\$	\$	\$	\$
i) Financial assets					
Cash assets	5.55%	1,971,218		1,971,218	1,470,435
Restricted cash assets	5.55%	4,721,610		4,721,610	3,292,667
Receivables			78,504	78,504	95,535
Total financial assets		6,692,828	78,504	6,771,332	4,858,637
ii) Financial liabilities					
Payables			209,233	209,233	217,075
Fees in trust		4,721,610		4,721,610	3,292,667
Other current liabilities			32,760	32,760	28,613
Total financial liabilities		4,721,610	241,993	4,963,603	3,538,355

Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.

19. Commitments

As at 30 June 2006 the Commission did not have any other material capital or expenditure commitments.

20. Contingent liabilities and contingent assets

The Commission is not aware of any contingent liabilities and contingent assets as at reporting date.

21. Events occurring after the balance sheet date

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.

22. Related bodies

Nil

23. Affiliated bodies

Nil

24. Supplementary financial information

Write-offs

Public property, revenues and debts due to the State, written off in accordance with section 45 of the Financial Administration and Audit Act (1985):

	2006	2005
	\$	\$
Uncollectable gaming infringement debts written off by the Accountable Authority.	<u>6,800</u>	<u>10,050</u>

25. Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS)

RECONCILIATION OF EQUITY AT THE DATE OF TRANSITION TO AIFRS: 1 JULY 2004 (AASB 1.39(a)(i))

	Previous GAAP 1 July 2004	Adjustments	Total Adjustments	AIFRS 1 July 2004
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash and cash equivalents	1,182,363			1,182,363
Restricted cash and cash equivalents	2,530,759			2,530,759
Receivables	66,651			66,651
Inventories	3,603			3,603
Total Current Assets	3,783,376	0	0	3,783,376
TOTAL ASSETS	3,783,376	0	0	3,783,376
LIABILITIES				
Current Liabilities				
Payables	246,930			246,930
Fees in trust	2,530,759			2,530,759
Other current liabilities	0			0
Total Current Liabilities	2,777,689	0	0	2,777,689
TOTAL LIABILITIES	2,777,689	0	0	2,777,689
NET ASSETS	1,005,687			1,005,687
EQUITY				
Contributed equity	(10,918)			(10,918)
Accumulated surplus/ (deficiency)	1,016,605			1,016,605
TOTAL EQUITY	1,005,687	0	0	1,005,687

Note

25. Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS) (contd)

RECONCILIATION OF EQUITY AT THE END OF THE LAST REPORTING PERIOD UNDER PREVIOUS AGAAP: 30 JUNE 2005 (ASB 1.39(a)(ii))				
	Previous GAAP 30 June 2005	Adjustments	Total Adjustments	AIFRS 30 June 2005
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash and cash equivalents	1,470,435			1,470,435
Restricted cash and cash equivalents	3,292,667			3,292,667
Receivables	95,535			95,535
Inventories	3,055			3,055
Total Current Assets	4,861,692	0	0	4,861,692
TOTAL ASSETS	4,861,692	0	0	4,861,692
LIABILITIES				
Current Liabilities				
Payables	217,075			217,075
Fees in trust	3,292,667			3,292,667
Other current liabilities	28,613			28,613
Total Current Liabilities	3,538,355	0	0	3,538,355
TOTAL LIABILITIES	3,538,355	0	0	3,538,355
NET ASSETS	1,323,337			1,323,337
EQUITY				
Contributed equity	(10,918)			(10,918)
Accumulated surplus/ (deficiency)	1,334,255			1,334,255
TOTAL EQUITY	1,323,337	0	0	1,323,337

Note

25. Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS) (contd)

RECONCILIATION OF INCOME STATEMENT (PROFIT OR LOSS) FOR THE YEAR ENDED 30 JUNE 2005 (AASB 1.39(b))					
	GAAP	Adjustments	Total	AIFRS	
	30 June 2005	Adjustments	Adjustments	30 June 2005	
	\$	\$	\$	\$	
COST OF SERVICES					
Expenses					
Board members expenses	54,626			54,626	
Superannuation	4,916			4,916	
Bad debt expenses	10,050			10,050	
Services and contract fees	2,635,377			2,635,377	
Total cost of services	2,704,969	0	0	2,704,969	
Income					
Revenue					
Fees and charges	2,956,833			2,956,833	
Interest revenue	65,786			65,786	
Total income	3,022,619	0	0	3,022,619	
NET COST OF SERVICES	(317,650)	0	0	(317,650)	
Surplus/(deficit) for the period	317,650	0	0	317,650	

Note

See Statement of Changes in Equity

25. Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS) (contd)

RECONCILIATION OF CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005 (AASB 1.40)

Note	GAAP	Adjustments	Total	AIFRS
	30 June 2005		Adjustments	30 June 2005
	Reclassification			
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Board members expenses	(59,542)			(59,542)
Supplies and services	(2,633,104)			(2,633,104)
GST payments on purchases	(122,200)			(122,200)
Receipts				
Fees and charges	2,961,208			2,961,208
Interest received	63,973			63,973
GST receipts on sales	57,714			57,714
GST receipts from taxation authority	20,023			20,023
Net cash provided by/(used in) operating activities	288,072			288,072
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts from fees in trust	2,726,575			2,726,575
Payments from fees in trust	(1,964,667)			(1,964,667)
Net cash provided by/(used in) investing activities	761,908			761,908
Net increase/(decrease) in cash and cash equivalents	1,049,980			1,049,980
Cash and cash equivalents at the beginning of period	3,713,122			3,713,122
CASH AND CASH EQUIVALENTS				
AT THE END OF PERIOD	4,763,102			4,763,102

Certification of Financial Statements For the Year Ended 30 June 2006

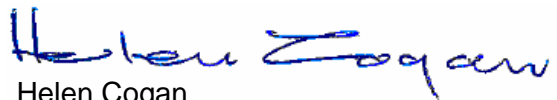
The accompanying financial statements of the Gaming and Wagering Commission of Western Australia have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2005 and the financial position as at 30 June 2005.

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



Barry A Sargeant
**CHAIRMAN, GAMING AND WAGERING
COMMISSION OF WESTERN AUSTRALIA**

2 August 2006



Helen Cogan
**MEMBER, GAMING AND WAGERING
COMMISSION OF WESTERN AUSTRALIA**

2 August 2006



Terry Ng
PRINCIPAL ACCOUNTING OFFICER

2 August 2006

KEY PERFORMANCE INDICATORS

Performance Indicators are required by section 62 of the *Financial Administration and Audit Act 1985* and are provided to assist interested parties, such as Government, Parliament and community groups in assessing the agency's desired outcomes. Performance Indicators measure the efficiency and effectiveness of an agency.

AGENCY LEVEL GOVERNMENT DESIRED OUTCOMES AND KEY EFFECTIVENESS INDICATORS

The Gaming and Wagering Commission of Western Australia operates under the broad high level government strategic governance goal to "...govern for all Western Australians in an open, effective and efficient manner that also ensures a sustainable future".

The Desired Outcome for the Commission is to "...*promote and maintain the integrity of lawful gambling activities*".

The following information outlines the key effectiveness and efficiency indicators that have been developed to measure the performance of the Gaming and Wagering Commission.

AGENCY LEVEL GOVERNMENT DESIRED OUTCOMES AND KEY EFFECTIVENESS INDICATORS

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

Key Effectiveness Indicators

	2005-06	2004-05	2003-04	2002-03	2001-02
Percentage of unlawful gambling detected in relation to total audits.	2.14%	1.58%	1.50%	2.04%	1.91%
Number of violation reports issued in relation to casino gaming.	4	2	4	2	2

Key Efficiency Indicators

	2005-06	2004-05	2003-04	2002-03	2001-02
Cost per Gambling Certificate/Permit issued. ⁴	\$184	\$249	\$198	\$299	\$178
Cost per Casino Employee Licence issued. ⁵	\$490	\$459	\$2,154	\$2,712	\$2,142
Cost of monitoring the integrity of casino gaming operations over one year. ⁶	\$183,158	\$312,950	\$160,899	\$111,198	\$286,267
Cost per instance of unlawful gambling detected. ⁷	\$7,000	\$11,045	\$12,871	\$10,535	\$8,854
Cost per casino submission received.	\$323	\$400	\$368	\$404	\$353

⁴ The efficiency indicator for this activity is derived by dividing the cost allocation for the activity by the number of licences and permits issued.

⁵ The efficiency indicator for this activity is derived by dividing the cost allocation for the activity by the number of licences issued. The introduction of a renewal process for existing licence holders in 2004-05 has resulted in significantly reduced costs per casino employee licence issued.

⁶ The efficiency indicator for this activity is derived by dividing the cost allocation for the activity by the number of violation reports issued. The decrease in the unit cost of monitoring the integrity of casino gaming operations during the year under review is largely due to the increase in the number of violation reports issued.

⁷ The efficiency indicator for this activity is derived by dividing the cost allocation for the activity by the number of breaches detected.

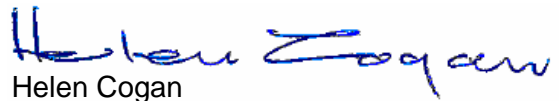
Certification of Performance Indicators For the Year Ended 30 June 2006

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Gaming and Wagering Commission of Western Australia's performance, and fairly represent the performance of the Gaming and Wagering Commission of Western Australia for the financial year ended 30 June 2006.



Barry A Sargeant
CHAIRMAN, GAMING AND WAGERING
COMMISSION OF WESTERN AUSTRALIA

25 July 2006



Helen Cogan
MEMBER, GAMING AND WAGERING
COMMISSION OF WESTERN AUSTRALIA

25 July 2006

OPINION OF THE AUDITOR GENERAL



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

GAMING AND WAGERING COMMISSION OF WESTERN AUSTRALIA FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2006

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Gaming and Wagering Commission of Western Australia at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the Commission provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key effectiveness and efficiency performance indicators of the Commission are relevant and appropriate to help users assess the Commission's performance and fairly represent the indicated performance for the year ended 30 June 2006.

Scope

The Commission is responsible for keeping proper accounts and maintaining adequate systems of internal control, for preparing the financial statements and performance indicators, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the Notes to the Financial Statements.

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

Summary of my Role

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

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

Handwritten signature of D D R Pearson in black ink.

D D R PEARSON
AUDITOR GENERAL
25 September 2006

CONTACTING THE COMMISSION

The services and products offered by the Commission of Western Australia can be accessed at the Department of Racing, Gaming and Liquor's customer service area located at:

- Level 1, 87 Adelaide Terrace
East Perth, 6004
Western Australia

Disabled access may be obtained by utilising the elevator located on the ground floor at 3 Plain Street.

The Commission's postal address is:

- Chairman
Gaming and Wagering Commission of Western Australia
PO Box 6119
East Perth, 6892
WESTERN AUSTRALIA

Telephone contact numbers for the Department are:

- Main Switchboard number: **08 9425 1888**
- Toll-free number for country callers: **1800 634 451**
- After hours message bank: **08 9425 1827**
- Casino Inspectorate: **08 9362 7648 or 08 9362 7650**

Facsimile numbers for the Commission are:

- Licensing and Permits: **08 9325 1041**
- Compliance and Audits: **08 9221 7108**
- Casino Inspectorate: **08 9362 7798**
- Chairman : **08 9325 1636**

Gaming permit application forms and brochures, together with general information on the Commission, are available on the Department of Racing, Gaming and Liquor's **website** at www.rgl.wa.gov.au and **e-mail enquiries** can be addressed to rgl@rgl.wa.gov.au.