



**Department of
Racing, Gaming and
Liquor**

Annual Report
FOR THE YEAR ENDED 30 JUNE 2003

**Statement of Compliance
For the Year Ended 30 June 2003**

HON NICK GRIFFITHS LLB MLC
MINISTER FOR HOUSING AND WORKS; RACING AND GAMING; GOVERNMENT
ENTERPRISES; LAND INFORMATION

In accordance with Section 62 of the *Financial Administration and Audit Act 1985*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Racing, Gaming and Liquor for the financial year ended 30 June 2003.

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

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

Barry A Sargeant
ACCOUNTABLE OFFICER

25 September 2003

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Director General's Overview

The year ended 30 June 2003 was one during which the Department of Racing, Gaming and Liquor enjoyed some significant achievements, in terms of its day-to-day operations and with respect to the racing and gambling industries.

Last year I detailed the Western Australian Racing Industry Review Committee's report on the future governance of the racing industry in Western Australia to the Minister for Racing and Gaming; together with Cabinet's approval for the drafting of legislative amendments aimed at establishing a single controlling authority for thoroughbred, harness and greyhound racing in Western Australia, and also incorporating the TAB, to be known as *Racing and Wagering Western Australia*.

Drafting of the four bills required to achieve this restructure was completed during the year and the package of legislation was passed by the Parliament and assented to on 26 June 2003. The restructure represents the most important reform in the 150 year history of the racing industry in Western Australia and it is pleasing to note that it has been achieved with the support of the vast majority of the industry.

On 21 September 2002, the Betting Legislation Amendment Act 2002 came into operation. The purpose of the Act was to implement recommendations arising from the National Competition Policy review of the Betting Control Act 1954 to enable:

- a bookmaker's licence to be issued to a partnership or body corporate; and
- bookmaking to occur on a racecourse at times other than during the conduct of a race meeting at the racecourse, subject to approval from the Betting Control Board and the relevant racecourse controlling authority.

A number of bookmakers have taken up the opportunity to establish their operations as a partnership or body corporate and the non-race day betting provisions have been well received.

During the year the government reached an in principle agreement with Burswood International Resort Casino in relation to:

- the replacement of the current casino tax of 15 per cent of casino gross revenue with a three-tier taxation system for electronic gaming machines, table games including keno, and international commission business generated by all international players on incentive programs, including junkets and premium and privileged players; and
- effective after 30 September 2003, the removal of the individual shareholding limitation of 10 per cent of the total number of shares on issue at any time, subject to any person wishing to hold shares exceeding 10 per cent, obtaining the prior written approval of the Gaming Commission of Western Australia.

Legislation to achieve these changes has been drafted and is expected to complete its passage through the Parliament early in 2003/04.

In July 2002, the Minister announced a review of the operation of the liquor licensing authority which was to include an assessment of the manner in which applications are determined under the *Liquor Licensing Act 1988*, and the relationship between the Liquor Licensing Court and the Director of Liquor Licensing.

A discussion paper was prepared by the Department of Racing, Gaming and Liquor to facilitate the review, and to provide an opportunity for stakeholders to make submissions in relation to the review. This will also assist Government in determining what, if any, amendments are necessary.

As at 30 June 2003, the submissions are currently under review.

On 15 August 2002, the Director of Liquor Licensing handed down his decision in respect of a section 64 inquiry into harm or ill-health caused to people in Port Hedland and South Hedland due to the use of liquor. After hearing evidence from a number of stakeholders, the Director determined that the level of alcohol-related harm in that community was such that it was necessary to impose restrictive conditions on the licensed premises in the area. Details of these restrictions are included in this report.

The Director's decision was subsequently reviewed by the Judge of the Liquor Licensing Court who upheld the decision of the Director. The Judge's decision has now been appealed to the Supreme Court.

In response to increasing interest from communities, particularly those communities in remote locations, the Director of Liquor Licensing continued to focus on alcohol-related harm throughout the State. Similar inquiries have been completed for Nullagine, Roebourne and Onslow, and, in April 2003, inquiries were commenced into the communities of Meekatharra and Newman.

From an operational perspective, in its role as a licensing authority and provider of support services to agencies within the racing and gaming portfolio, the Department has continued to promote and maintain the integrity of lawful racing, gambling and liquor activities for Western Australians throughout 2002/03.

During the reporting period, over 11,000 applications were processed on behalf of the Gaming Commission and the Liquor Licensing Authority and the Inspectorate conducted 7,547 inspections and audits on behalf of the Director of Liquor Licensing, the Gaming Commission and the Betting Control Board.

The number of licensed premises in Western Australia increased by 113 to 3,882. The Director of Liquor Licensing lodged six section 95 complaints with the Liquor Licensing Court, seeking disciplinary action against licensees. The Director also heard 33 section 117 complaints regarding noise and/or behaviour associated with licensed premises.

Last year I reported on the establishment of the Gaming Community Trust. The inaugural round of the Gaming Community Trust Grants Program was advertised in *The West Australian* newspaper on Saturday 8 March 2003, with applications closing on 11 April 2003. The Trust received 50 applications that collectively sought funding in excess of \$5 million. In this regard the number of projects clearly exceeded the financial resources that were available for this round. Further details of the Trust's funding program are detailed later in the report.

The Department of Racing, Gaming and Liquor continued to provide support to the Problem Gambling Support Services Committee and the services that it funds. During the reporting year, the Problem Gambling Helpline received 598 calls of which approximately 80 per cent were considered to be target group calls. The BreakEven team at Centrecare Marriage and Family Services conducted 678 "face-to-face" counselling sessions.

The Department has also continued its participation as a member of the Gambling Research Working Party, which was established by the Ministerial Council on Gambling during 2000-2001 to oversee a national research program. It has also participated in national taskforces, established by the Australasian Racing Minister's Conference, to examine issues associated with cross-border betting and betting exchanges.

This year has been one of significant challenges and achievements, which 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.

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

Barry A Sargeant
ACCOUNTABLE OFFICER

25 September 2003

Mission

The Department's mission statement is:

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

Objective and Desired Outcome

Objective

The objective of the Department is:

- *“To ensure that legislation listed under the ministerial portfolio of Racing and Gaming is administered in an efficient and effective manner consistent with government policy.”*

Outcome

The government desired outcome for the Department of Racing, Gaming and Liquor is:

- *“To promote, monitor and enforce responsible and lawful gambling and liquor services in accordance with the legislation.”*

Nature and Range of Activities Undertaken

To ensure that the agency's objective and desired outcomes are achieved, the Department of Racing, Gaming and Liquor undertakes the following activities and provides the following services to the public of Western Australia.

- *Licensing function for casino and community gaming, liquor licensing and the betting industries.*
- *Inspectorial and audit function for casino and community gaming, liquor licensing and the betting industries.*
- *Executive support to the Gaming Commission of Western Australia, Gaming Community Trust, Betting Control Board, Racecourse Development Trust, Racing Penalties Appeal Tribunal and Problem Gambling Support Services Committee.*
- *Policy and legislation function.*

Many of the activities undertaken by the Department are regulatory in nature.

Responsible Minister

The Hon. Nick D. Griffiths, LLB MLC, Minister for Housing and Works; Racing and Gaming; Government Enterprises; Land Information.

Senior Officers

Mr Barry A Sargeant M.Com FCPA (Director General)

As at 30 June 2003, Mr Sargeant was the Accountable Officer for the Department of Racing, Gaming and Liquor, a position he has held since 16 November 1992, and also holds office as Chairman of the Gaming Commission and Betting Control Board in an *ex officio* capacity. Mr Sargeant's current contract expires on 9 March 2008.

Mr David Halge MBA (Director Operations)

Mr Halge has over 30 years experience in public sector management of which the last 15 years has been at a senior level in gaming industry regulation.

Mr Hugh Highman (Director Liquor Licensing Directorate)

Mr Highman has extensive experience in public sector management and has undertaken a senior role in liquor regulation for over 13 years.

Ms Dorothy McLauchlin (Director Corporate Services)

Ms McLauchlin has extensive experience in senior human resource and corporate management roles in the private, tertiary education and government sectors.

Mr Peter Minchin (Manager Licensing)

Mr Minchin has over 20 years experience in the public sector with the last 10 years as a senior manager with the Department of Racing, Gaming and Liquor.

Mr Jon Nichols (Manager Policy and Executive Support)

Mr Nichols has 28 years experience in the judicial and regulatory arms of government, the last 16 years in senior policy positions within the Department of Racing, Gaming and Liquor.

Mr Ray Younger (Manager Inspections)

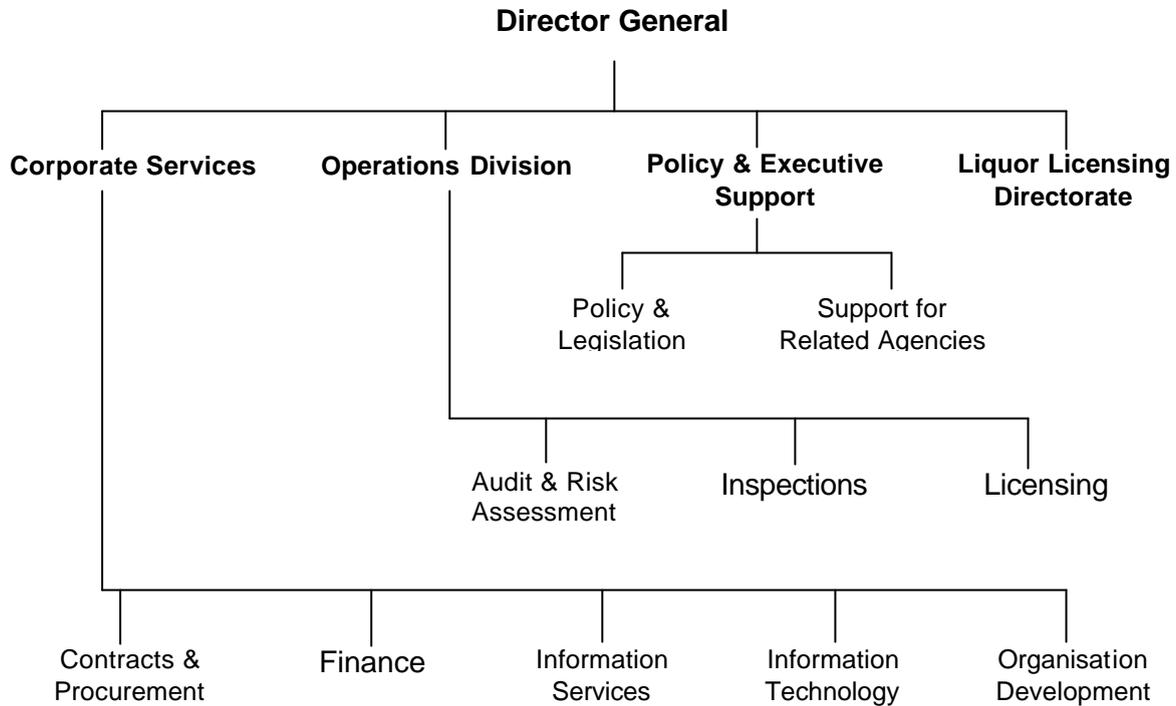
Mr Younger has 15 years experience in public sector management in regulatory roles. He also has extensive experience in law enforcement.

Senior Officers - Declaration of Interests

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

Organisational Structure

The Department's organisational structure remained unchanged during the financial year.



Staff Profile

A summary of the Departments employees, by category follows.

Table 1: Category of Employees

| CATEGORY OF EMPLOYEE | YEAR | |
|-----------------------------------|--------------------|--------------------|
| | As at 30 June 2003 | As at 30 June 2002 |
| Full-time permanent | 78 | 75 |
| Full-time contract | 7 | 3 |
| Part-time measured on a FTE basis | 15 | 15 |
| On secondment (to another agency) | 1 | 0 |
| TOTAL | 101 | 93 |

Note: Number of employees of the Department of Racing, Gaming and Liquor by category.

Training

The Department of Racing, Gaming and Liquor has a commitment to train and develop its employees. The agency aims to build a highly skilled, professional and ethical workforce with the ability to adapt to changing business, technological and environmental needs.

During the financial year, training provision concentrated on the areas of risk management, staff selection, records management, contracts and procurement, conduct of investigations, financial management, and computing.

Industrial Relations

There were no incidents of industrial dispute during the reporting year.

Relevant Legislation

Enabling Legislation

The Office of Racing and Gaming was established as a department under the *Public Sector Management Act*, on 14 December 1984, to assume responsibility for the administration of racing, gaming and liquor activities. The name of the department was changed to the Office of Racing, Gaming and Liquor on 12 September 1995. On 1 July 2001, the name changed to the Department of Racing, Gaming and Liquor.

Legislation Administered by the Department

The Department of Racing, Gaming and Liquor administers the following legislation.

Betting Control Act 1954

This Act provides controls over the operation of on-course and off-course betting conducted by bookmakers and totalisators. It also specifies the procedures for the assessment and payment of bookmakers' betting levy.

Bookmakers Betting Levy Act 1954

This Act prescribes the rate of the turnover levy payable by bookmakers under the Betting Control Act.

Casino (Burswood Island) Agreement Act 1985

This Act ratified and authorised the implementation of the Casino (Burswood Island) Agreement between the State of Western Australia and the Burswood Property Trust. The Casino (Burswood Island) Agreement, scheduled to the Act, provides for the development and operation of the Burswood International Resort and Casino. Although many of the obligations have been satisfied, for example, the obligation to construct and develop the casino complex, the Agreement contains a number of on-going obligations.

Casino Control Act 1984

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

Gaming and Betting (Contracts and Securities) Act 1985

This Act makes all gaming and betting contracts and agreements null and void unless they arise out of gaming or betting under the Betting Control Act or other legislation that legalises gaming and betting in Western Australia. It also stipulates that bets made under and pursuant to these Acts are recoverable.

Gaming Commission Act 1987

This Act consolidates the law relating to community gaming in Western Australia and provides the opportunity for clubs and charities to raise funds through lotteries, bingo, two-up and gaming.

Gaming Commission (Continuing Lotteries Levy) Act 2000

This Act provides for a levy on the sale of continuing lottery tickets.

Liquor Licensing Act 1988

This Act established the Licensing Authority to regulate the sale, supply and consumption of liquor and to minimise harm or ill health caused to people, or any group of people, due to the use of liquor.

Racecourse Development Act 1976

This Act established the Racecourse Development Trust primarily to administer a trust fund established to assist racing and trotting clubs with the development or improvement of facilities at racecourses and training tracks.

Racing Penalties (Appeals) Act 1990

This Act established the Racing Penalties Appeal Tribunal to hear and determine appeals in relation to penalties imposed by stewards from the three racing codes.

Racing Restriction Acts 1917 and 1927

The 1917 Act established the Western Australian Turf Club and the Western Australian Trotting Association as the principal clubs responsible for the licensing of horse race meetings conducted in Western Australia. The 1927 Act prohibits racing animals for prize winning, other than horses (a provision in the WA Greyhound Authority Act exempts greyhound racing from this restriction).

Totalisator Agency Board Betting Act 1960

This Act established the Totalisator Agency Board (TAB) to administer and control the operation of off-course totalisator betting at agencies approved by the Minister for Racing and Gaming. The TAB deducts a prescribed commission from all bets from which costs are met and turnover tax paid, with the resultant profits distributed between the three racing codes.

Totalisator Agency Board Betting Tax Act 1960

This Act sets the amount of tax that the TAB is required to pay to Government. The tax is turnover based and is currently set at 5.0 per cent for totalisator betting, 2.0 per cent for fixed odds race betting and 0.5 per cent for fixed odds sports betting.

Totalisator Agency Board Betting (Modification of Operation) Act 2000

This Act modifies the operation of the *Totalisator Agency Board Betting Act 1960* so as to fix the distribution ratio of TAB profits to the Western Australian Turf Club (WATC), the Western Australian Trotting Association (WATA), and the Western Australian Greyhound Racing Authority (WAGRA), and to distribute TAB profits in excess of \$65 million as directed by the Minister.

Racing Code Legislation

The controlling authorities for harness racing and greyhound racing are established under an Act of Parliament, namely the:

- *Western Australian Trotting Association Act 1946*, and
- *Western Australian Greyhound Racing Authority Act 1981*.

Certain aspects of the operation of the Western Australian Turf Club, the controlling authority for thoroughbred racing, are governed by:

- *The Western Australian Turf Club Act 1892*, and
- *The Western Australian Turf Club (Property) Act 1944*.

Each controlling authority also has by-laws and/or subsidiary rules of racing to cover its administration and racing activities.

Legislation Impacting on the Department's Activities

In the performance of its functions, the Department of Racing, Gaming and Liquor complies with the following relevant written laws:

- *Anti-Corruption Commission Act 1988;*
- *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 Sector Management Act 1994;*
- *Salaries and Allowances Act 1975;*
- *State Records Act 2000;*
- *State Supply Commission Act 1991;*
- *Workers' Compensation and Rehabilitation Act 1981, and*

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
ACCOUNTABLE OFFICER
25 September 2003



Terry Ng
PRINCIPAL ACCOUNTING OFFICER
25 September 2003

Functions Performed and Support Provided to Associated Agencies and Other Bodies

The Department provides support services to a number of Government agencies and bodies and assists in administering their legislation. The following agencies and bodies are associated with the Department of Racing, Gaming and Liquor.

Gaming Commission of Western Australia

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

The Director General of the Department of Racing, Gaming and Liquor is the *ex-officio* Chairman of the Gaming Commission.

Inspection and licensing functions are provided by employees of the Department. In addition, executive support in the form of policy advice and a secretarial service for meetings of the Commission is also provided.

Statistics - Licensing and Permits

Table 2: Total number of community gaming permits issued

| TOTAL NUMBER, GROSS AND NET REVENUE FOR PERMITS BY YEAR | | | | | | |
|---|----------------|--------------|---------------------|-------------------|-------------------|-------------------|
| Type of Community Gaming Permit | No. of Permits | | Total Gross Revenue | | Total Net Revenue | |
| | 2002-2003 | 2001-2002 | 2002-2003 \$ | 2001-2002 \$ | 2002-2003 \$ | 2001-2002 \$ |
| Bingo | 275 | 291 | 7,060,675 | 7,580,226 | 738,791 | 943,999 |
| Continuing Lottery | 415 | 405 | 9,934,733 | 11,300,709 | 2,123,112 | 2,452,902 |
| Gaming | 157 | 518 | 652,635 | 719,007 | 231,913 | 230,814 |
| Standard Lottery | 1,358 | 1,425 | 20,844,068 | 20,430,410 | 9,356,849 | 8,955,231 |
| Calcutta | 39 | 40 | 285,576 | 164,670 | 52,179 | 42,519 |
| Two Up (after race & permitted) | 102 | 296 | 134,001 | 143,779 | 88,775 | 98,431 |
| Two Up (Kalgoorlie Bush) | 0 | 0 | 0 | 0 | 0 | 0 |
| Video Lottery Terminals | 522 | 516 | 11,771,004 | 9,790,089 | 1,263,056 | 1,058,129 |
| TOTAL | 2,868 | 3,491 | 50,682,692 | 50,128,890 | 13,854,675 | 13,782,025 |

Note: For the current year, the new Gaming Application System records the actual permits issued as opposed to the previous system which recorded the number of playing dates.

Table 3: Revenue raised by fees by permit type and year

| | 2002-2003 | 2001-2002 | 2000-2001 | 1999-2000 | 1998-1999 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| | \$ | \$ | \$ | \$ | \$ |
| Bingo | 76,446 | 79,807 | 86,025 | 87,089 | 98,029 |
| Continuing Lottery (Application Fee) | 8,270 | 9,630 | 9,475 | 39,615 | 41,065 |
| Continuing Lottery (Levy) | 100,753 | 104,741 | 85,479 | n/a | n/a |
| Gaming | 68,195 | 73,340 | 86,500 | 104,080 | 95,720 |
| Standard Lottery | 53,190 | 51,835 | 38,970 | 51,690 | 50,335 |
| Calcuttas | 2,880 | 3,035 | 2,530 | 2,750 | 1,390 |
| Two Up (after race permitted) | 32,195 | 33,395 | 34,850 | 34,180 | 43,600 |
| Two Up (Kalgoorlie bush) | 0 | 0 | 23,000 | 23,000 | 25,000 |
| Operator Certificate | 2,635 | 4,495 | 6,900 | 6,700 | 6,200 |
| Suppliers Certificate | 1,230 | 1,805 | 1,550 | 1,250 | 1,650 |
| Video Lottery Terminals | 127,107 | 128,613 | 131,383 | 141,070 | 140,703 |
| Approved Premises | 6,585 | 5,725 | 5,930 | 6,660 | 6,170 |

Note: Permitted gaming revenue by game type as at 30 June 2003 (including comparative figures for the previous years). The application fee for a permit to conduct a continuing lottery was reduced following the introduction of the continuing lottery levy on 1 July 2000.

Statistics - Community Gaming

Community Gaming Regulatory Function

Table 4: Type of Gaming Regulatory Function

| TYPE OF GAMING REGULATORY FUNCTION | YEAR | | | |
|------------------------------------|-----------|-----------|-----------|-----------|
| | 2002-2003 | 2001-2002 | 2000-2001 | 1999-2000 |
| Inspections | 514 | 461 | 427 | 654 |
| Audits | 657 | 761 | 1,114 | 1,994 |
| Cautions Issued | 52 | 57 | 15 | 36 |
| Infringement Notices issued | 33 | 35 | 39 | 173 |
| Prosecutions initiated | 1 | 3 | 2 | 15 |
| Permits revoked | 0 | 0 | 0 | 0 |
| Lotteries Commission Audits | 994 | 991 | 761 | 666 |

Note: Summary of gaming regulatory functions as at 30 June 2003 (and comparative figures for previous years).

Statistics - Casino

Casino Gaming Revenue

Casino gaming revenue of \$252,940,208 was generated by the casino during 2002-2003 compared to \$291,659,919 in 2001-2002. The following table displays the breakdown of revenue by game type.

Table 5: Casino Revenue by Game Type

| GAME TYPE | YEAR | |
|--------------------------|--------------------|--------------------|
| | 2002-2003 | 2001-2002 |
| | \$ | \$ |
| Keno | 4,125,445 | 4,037,254 |
| Video Machines | 96,228,025 | 95,873,408 |
| Other Games | 12,382,702 | 14,438,463 |
| American Roulette | 36,243,822 | 37,464,050 |
| Baccarat & Mini Baccarat | 58,594,187 | 97,418,597 |
| Blackjack | 39,520,720 | 36,756,129 |
| Caribbean Stud Poker | 5,845,307 | 5,672,018 |
| Total | 252,940,208 | 291,659,919 |

Note: Casino revenue by game type as at 30 June 2003 (and comparative figures for the previous year).

Casino Tax

Casino tax of \$37,941,031 was collected in respect of 2002-2003, compared to \$43,748,988 in 2001-2002. The following table provides a comparison of casino gaming revenue and casino tax since the casino opened in 1985.

Table 6: Casino Tax

| FINANCIAL YEAR | TAX | GROSS CASINO |
|----------------|------------|--------------|
| | PAYABLE | REVENUE |
| | \$ | \$ |
| 2002-03 | 37,941,031 | 252,940,208 |
| 2001-02 | 43,748,988 | 291,659,919 |
| 2000-01 | 42,159,682 | 281,178,111 |
| 1999-00 | 43,283,655 | 288,615,921 |
| 1998-99 | 42,863,833 | 298,781,350 |
| 1997-98 | 54,834,954 | 358,828,073 |
| 1996-97 | 56,388,187 | 375,921,246 |
| 1995-96 | 64,434,805 | 429,565,366 |
| 1994-95 | 58,879,000 | 392,526,666 |
| 1993-94 | 51,533,000 | 343,553,333 |
| 1992-93 | 39,259,224 | 261,728,165 |
| 1991-92 | 30,345,840 | 202,305,602 |
| 1990-91 | 28,279,154 | 188,527,694 |
| 1989-90 | 22,138,656 | 147,591,040 |
| 1988-89 | 17,002,811 | 113,352,077 |
| 1987-88 | 11,519,420 | 76,796,137 |
| 1986-87 | 10,934,059 | 72,893,728 |
| 1985-86 | 5,349,819 | 35,665,463 |

Note: Comparison of casino revenue and tax.

Casino Attendance Figures

The following table shows the number of persons who attended the casino in the year under review.

Table 7: Casino Attendance

| ATTENDANCE FIGURES PER YEAR | | | | |
|-----------------------------|------------------|------------------|------------------|------------------|
| MONTH | 2002-2003 | 2001-2002 | 2000-2001 | 1999-2000 |
| July | 373,104 | 385,704 | 394,989 | 408,734 |
| August | 395,881 | 386,203 | 387,848 | 382,598 |
| September | 384,212 | 361,830 | 389,059 | 380,842 |
| October | 357,346 | 371,593 | 372,472 | 400,410 |
| November | 363,603 | 345,933 | 358,816 | 375,658 |
| December | 392,768 | 413,844 | 423,030 | 420,431 |
| January | 387,262 | 402,053 | 388,380 | 407,104 |
| February | 361,100 | 362,272 | 324,560 | 366,495 |
| March | 384,054 | 390,151 | 413,248 | 425,924 |
| April | 374,309 | 383,586 | 367,592 | 416,529 |
| May | 399,646 | 385,067 | 373,186 | 378,197 |
| June | 384,006 | 363,070 | 396,611 | 404,305 |
| Total | 4,557,291 | 4,551,306 | 4,589,791 | 4,767,227 |

Note: Casino attendance figures per month for the year under review (and comparative figures for previous years).

Gaming Community Trust

The Gaming Community Trust was established pursuant to section 109D of the *Gaming Commission Act 1987* (the Act). Section 109D(2) provides that the function of the Trust is to give advice and make recommendations to the Minister, on its own initiative or at the request of the Minister, on the application of moneys standing to the credit of the Trust Fund for the benefit of the community.

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

- the conduct of gaming or betting that is authorised by the Gaming Commission Act, or
- the conduct of a gaming operation at a licensed casino,

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

As at 30 June 2003, the balance of the Trust Fund was approximately \$807,000.

The Trust consists of 5 members as follows.

- A person holding or acting in the office of the Chairman of the Gaming Commission, who is an *ex-officio* Chairman of the Trust;
- One person appointed by the Minister on the nomination of Burswood Nominees Ltd, and
- Three persons nominated by the Minister who have, in the opinion of the Minister, experience or expertise relevant to the function of the Trust.

The membership of the Trust as at 30 June 2003, was as follows.

- Mr Barry Sargeant (Chairman), Director General, Department of Racing, Gaming and Liquor.
- Ms Julie Cameron (appointed by the Minister), Burswood International Resort Casino.
- Mr Joseph (Ted) Karasek (appointed by the Minister), former Chairman, WA Greyhound Authority.
- Mr John Schaap (appointed by the Minister on the nomination of Burswood Nominees Ltd), Burswood International Resort Casino.
- Mrs Wendy Silver (appointed by the Minister), General Manager Operations, Southern Cross Care (WA) Inc.

Applications for Gaming Community Trust Grants

The inaugural round of the Gaming Community Trust Grants Program was advertised in *The West Australian* newspaper on Saturday 8 March 2003, with applications closing on 11 April 2003.

The Trust received 50 applications that collectively sought funding in excess of \$5 million. In this regard the number of projects clearly exceeded the financial resources that were available for this round.

The Gaming Community Trust invited applications from registered charities, community based organisations and local governments in Western Australia for funding to undertake projects or initiatives that would benefit the Western Australian community. The target priorities for this round were:

- family;
- homelessness, and
- rural and remote locations.

In this regard, preference was given to those projects that are based on a sound strategy and demonstrate a clear community benefit, which:

- contributes to and maintains strong, committed family links;
- addresses homelessness in Western Australia, or
- increases community spirit and participation in rural and remote locations.

It is expected that funding will be made available to those applications that were successful during the third quarter of 2003.

Problem Gambling Support Services Committee

The Problem Gambling Support Services Committee (PGSSC) was formed in 1995, under the auspices of the Gaming Commission of Western Australia, and brings together representatives from the gambling industry and government to address the social and economic issues that result from problem gambling in Western Australia.

As at 30 June 2003, the Committee comprised the following representatives:

- Mr Barry Sargeant (Chairman), Director General, Department of Racing, Gaming and Liquor.
- Mr Bruce Atkinson, Licensed Bookmaker, WA Bookmakers Association.
- Mr Ray Bennett, Chief Executive Officer, Western Australian Totalisator Agency Board.
- Ms Vanessa Harvey, Acting Senior Non-Government Planning Officer, Department for Community Development.
- Mr John Schaap, Managing Director and Chief Executive Officer, Burswood International Resort Casino.
- Ms Jan Stewart, Chief Executive Officer, Lotterywest.

Each agency, other than the Department for Community Development, contributes a voluntary amount to the Gambling Support Services Fund, which is managed by the Committee in association with the Gaming Commission of Western Australia. In 2002-03, the budget of the Committee was approximately \$230,000.

The objectives of the Problem Gambling Support Services Committee are:

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

The Committee funds a specialist, toll-free, telephone counselling and referral service. The aim of the helpline service is to provide free confidential telephone assistance 24 hours a day seven days a week, offering both counselling and referral services for people experiencing gambling problems and their families, accessible to all residents of Western Australia. McKesson Asia Pacific Pty Ltd (McKesson) was appointed on 2 July 2001, to operate the helpline.

To complement the helpline, the Committee also funds a Problem Gambling Counselling Service. The helpline and the counselling service continues to provide services to people who are experiencing difficulties relating to problem gambling.

Problem Gambling Helpline

The number of calls received by the helpline during the reporting period 1 July 2002 to 30 June 2003, was 598. Of these, 485 were target calls¹ and 113 were non-target calls². This compares with 456 target calls and 148 non-target calls during 2001-02 (total 604). On average, the helpline received 40 target calls per month during 2002-03, which is an increase of two calls per day from 2001-02.

¹ Target group calls are those received from gamblers, the family members, friends or colleagues of a gambler, or professional advisors or counsellors, regarding problem gambling.

² Non-target calls are those that are not related to problem gambling.

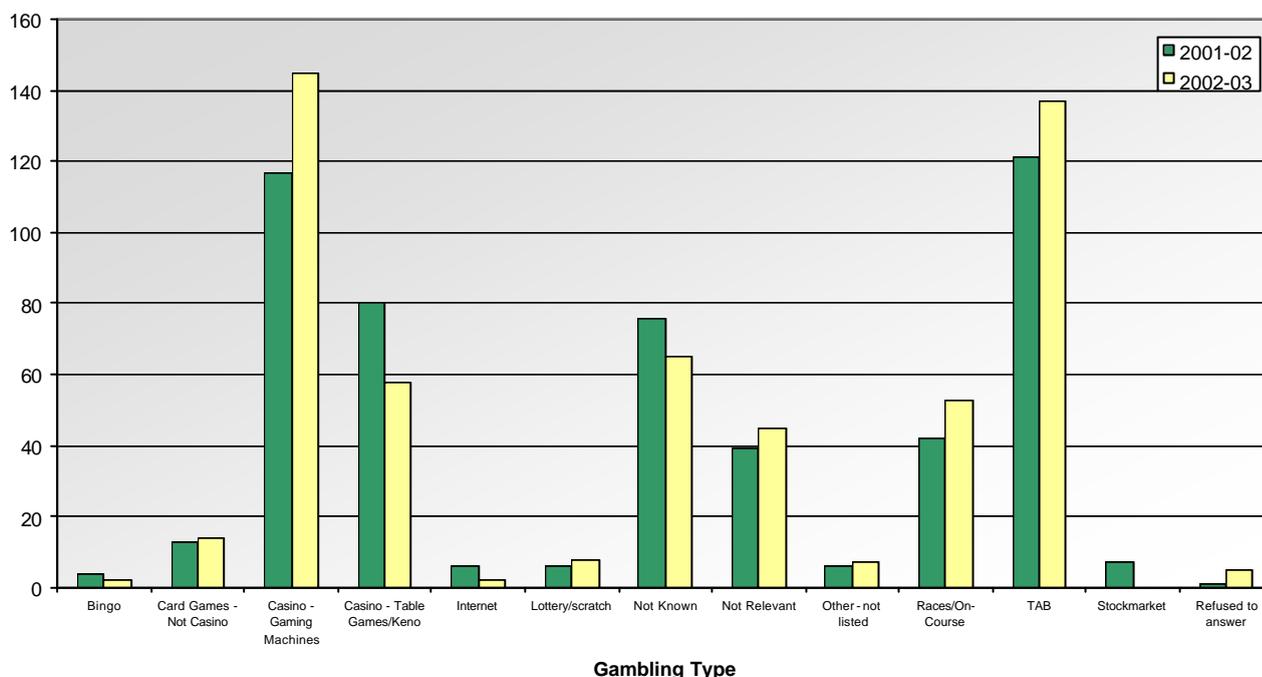
The majority of the target group calls received during the reporting period were from first time callers (73 per cent), which is again consistent with the previous period. This, in conjunction with other statistics, indicates that the Problem Gambling Helpline continues to be utilised as a first attempt at seeking help.

The majority of the target group calls were from gamblers, who represent 60 per cent of the target group calls.

The “TAB” and “Casino – Gaming Machines” continue to be the most reported gambling activity types, with callers being recorded on 137 and 145 occasions respectively. Females more commonly report on “Casino – Gaming Machines”, whereas, significantly more males than females report on the “TAB”. “Casino – Table Games and Keno” was reported on 58 occasions and “Races/On-course Betting” was identified as a preferred gambling type on 53 occasions.

The following graph provides a comparison between the reporting periods for 2001-2002 and 2002-2003 in respect of the total calls received by gambling type.

Calls by Gambling Type (2001-02 and 2002-03)



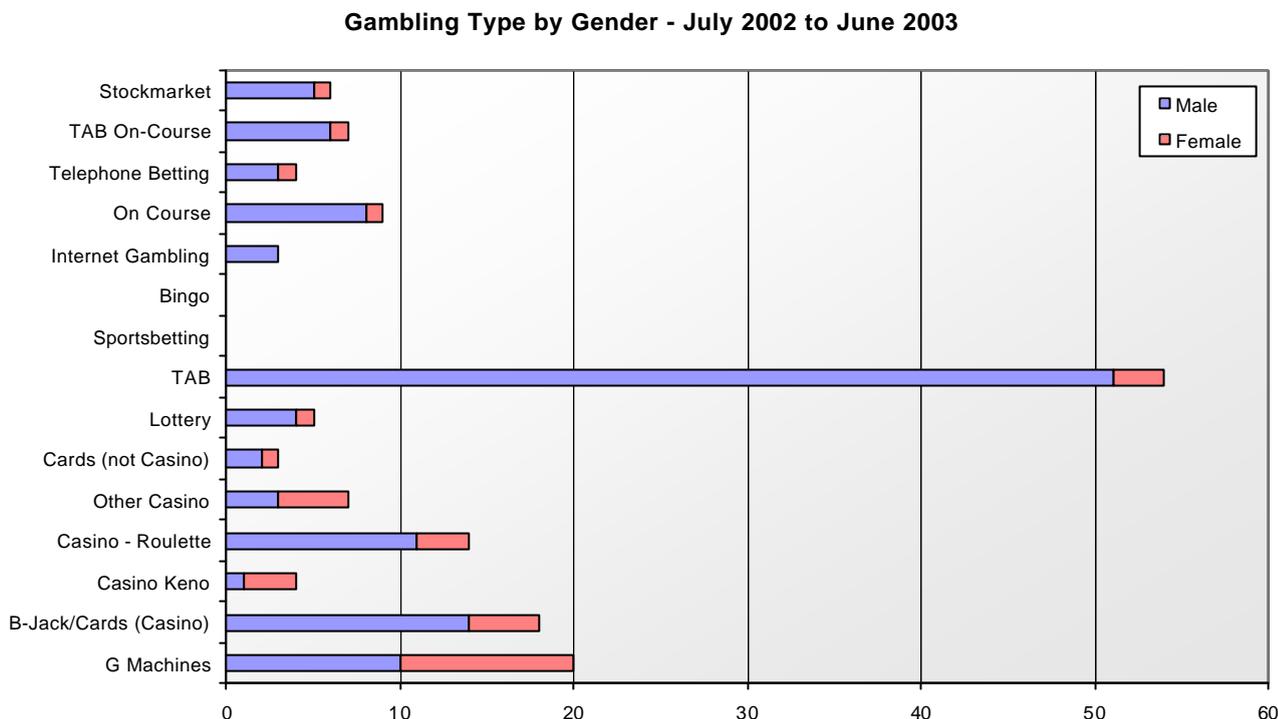
Note: The number of calls reported during 2002-03 for the TAB includes approximately 20 calls from a single repeat caller which were received during September/October 2002.

BreakEven Counselling Service

During the reporting period (July 02 to June 03), BreakEven received 119 new clients (an average of 10 per month).

The number of “booked” and “actual” client counselling sessions during 2002-03 was 932 and 678 respectively. This compares with 844 booked sessions and 610 actual sessions during 2001-02 and represents a nine per cent increase in booked sessions, and a 10 per cent increase in actual sessions.

The following graph provides details of the presenting problem gambler by gender for the 12-month period, July 2002 to June 2003.



This year saw the introduction of additional counselling sites which enables clients to attend appointments at Cannington, Mirrabooka and Joondalup as an alternative to East Perth. The ability to provide clients with the option of being able to attend counselling sessions at other locations is a significant improvement to the service delivery, which will continue to expand with the implementation of the new contract.

The counselling team continues to work with the training providers at both the Burswood International Resort Casino and the TAB. During the current reporting period, BreakEven has conducted 12 training sessions for the TAB involving 56 staff and two sessions for Burswood involving 30 staff.

Other Initiatives

During the reporting year the Committee undertook a number of initiatives including a market research project and a public tender for the Counselling Service.

Market Research Project

During 2002-03, the Problem Gambling Support Services Committee undertook a market research project to assist in the development and placement of future campaign material, to raise awareness amongst gamblers, their families and their friends about the signs of problem gambling and more specifically, the existence of the services that are available to assist those people who have, or are affected by, a gambling problem.

The project was undertaken by NFO Donovan Research and broadly targeted the following groups³:

- regular gamblers;
- regular gamblers exhibiting signs of problem gambling – not in treatment;
- problem gamblers – in treatment, and
- family and friends of problem gamblers.

The research conducted by NFO Donovan Research highlighted a number of important factors to consider when undertaking a campaign to raise awareness amongst gamblers, their families and their friends about the signs of problem gambling and more specifically, the existence of the services that are available to assist those people who have, or are affected by, a gambling problem.

In particular, the research revealed that:

- gamblers are not generally interested in or aware of messages while they are gambling;
- most of the gamblers in treatment are there because of a family member or friend, and
- the distribution of campaign material needs to be wide to reach the target group.

Accordingly, an 'outdoor media' campaign (e.g. print based materials on taxis, buses, bus stops), which would provide the required exposure to a wider audience, was recommended.

The PGSSC will consider the development of an appropriate awareness campaign during 2003-04.

A full copy of the research report is available on the Department's website at www.rgl.wa.gov.au.

Tender – Counselling Service

During the reporting year the problem gambling counselling service was put out to tender.

The tender was advertised in the *The West Australian* newspaper on 14 December 2002, and closed on 5 February 2003. Five submissions were received.

Centrecare Incorporated was selected to deliver the Problem Gambling Counselling Service under a three-year contract with two one-year extension options.

The primary purpose of the service will be:

- the provision of a range of therapeutic interventions that are effective, accessible and culturally appropriate for clients who are adversely affected by gambling, and
- the establishment of collaborative links with non-specialist service providers (including Aboriginal, culturally and linguistically diverse (CALD) and regional), which have clients that are adversely affected by gambling, in order to provide training and support and to act as a point of reference and referral.

³ NFO Donovan Research 2003, Problem Gambling Campaign Development Research Report, page 8

A secondary purpose of the service will be to undertake a range of community education and harm minimisation activities, including industry training, to increase awareness in the community about problem gambling behaviours and services for people with gambling problems.

Lotterywest

Through contractual arrangements between the Department and Lotterywest, inspectors supervise the nightly Cash 3 draw at Lotterywest and verify ticket sales and prize winners in that product. Inspectors also verify WA turnover and prize winners for Saturday Lotto, Oz Lotto, Powerball and Soccer Pools, and attest to the winning numbers for Soccer Pools from game results provided by the Lotteries Commission of South Australia.

Statistics

During the year under review inspectors conducted 994 audits/draw supervision as follows:

| TYPE | Number |
|--|---------------|
| Cash 3 Draw Verification (daily) | 365 |
| Cash 3 Turnover/Prizes Verification (daily) | 365 |
| Oz Lotto Turnover/Prizes Verification (every Tuesday) | 52 |
| Powerball Turnover/Prizes Verification (every Thursday) | 52 |
| Saturday Lotto Turnover/Prizes Verification (every Saturday) | 52 |
| Soccer Pools Winning Numbers Verification (every Saturday) | 52 |
| Soccer Pools Turnover/Prizes Verification (every Sunday) | 52 |
| Lotterywest Trade Promotion Lotteries Draw Verification | 4 |

Liquor Licensing Authority

The *Liquor Licensing Act 1988* ("the Act") provides the legislative framework for the liquor licensing authority to regulate the sale, supply and consumption of liquor, the use of premises on which liquor is sold, and the services and facilities provided in conjunction with the sale of liquor. One of the primary objects of the Act is to minimise harm or ill-health caused to people, or any group of people due to the use of liquor.

Under section 7 of the Act, the licensing authority comprises:

- (a) the Liquor Licensing Court (administered by the Department of Justice), and
- (b) the Director of Liquor Licensing,

and may be constituted by either, but the jurisdiction which may be exercised depends upon the powers conferred by the Act.

Pursuant to section 13 of the Act, the Director of Liquor Licensing is responsible for the administration of the Act (other than those aspects of administration that relate to the Court) to the Director General of the Department of Racing, Gaming and Liquor.

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

To assist the Director, a Liquor Licensing Directorate has been established, with delegated authority, to:

- determine applications in accordance with the Act;
- monitor the standards of licensed premises;
- ensure compliance with the requirements of the Act;
- facilitate various Liquor Accords and community alcohol agreements;
- develop and implement policy consistent with Government objectives;
- provide policy advice;
- negotiate and liaise with industry groups on high level matters eg Accords, Industry Training etc;
- consider section 117 complaints and be responsive to such complaints, and
- expeditiously determine any other matters arising from the administration of the Act.

Significant Liquor Licensing Decisions

Port Hedland and South Hedland

On 15 August 2002, the Director of Liquor Licensing handed down his decision in respect of a section 64 inquiry into alcohol related harm in Port Hedland and South Hedland. After hearing evidence from a number of stakeholders, the Director determined that the level of alcohol-related harm in that community was such that it was necessary to impose restrictive conditions on the licensed premises in the area. The conditions imposed by the Director in that decision related to:

- restricted trading hours;
- the prohibition of certain types of liquor;
- the prohibition of certain liquor promotions;
- collection of liquor sales data, and
- cultural awareness training for the approved managers.

The Director's decision was subsequently reviewed by the Judge of the Liquor Licensing Court who upheld the decision of the Director. The Judge's decision has now been appealed to the Supreme Court.

While His Honour Judge Greaves' decision has been appealed to the Supreme Court, the Director of Liquor Licensing, in response to increasing interest from communities, particularly those communities in remote locations, continues his focus on alcohol-related harm throughout the State, with the emphasis to minimize harm or ill-health caused to people, or to any group of people, due to the use of liquor. For example, similar inquiries by the Director have been completed for Nullagine, Roebourne and Onslow.

In April 2003, the Director also commenced inquiries into the communities of Meekatharra and Newman.

Section 64 Inquiries

Section 64 of the Liquor Licensing Act provides that, in relation to any licence, or to any permit, the licensing authority may, at its discretion, impose conditions in addition to the conditions specifically imposed by the Act, or in such a manner as to make more restrictive a condition specifically imposed by the Act.

In the year under review, eight section 64 inquiries were conducted by the licensing authority in relation to alcohol related harm and suspected breaches of the Act by licensees. In a number of cases, conditions were imposed on the licence restricting the manner in which the business was conducted under the licence.

Section 95 Complaints

The Act provides that the Court may, on receipt of a complaint lodged under section 95, take disciplinary action. Such a complaint must allege that proper cause for disciplinary action exists and clearly set out the grounds on which the allegations are based.

Section 95(4) prescribes the grounds upon which there is proper cause for disciplinary action and subsection (5) prescribes the persons who may make those complaints. Under this subsection, the Director of Liquor Licensing is able to make a section 95 complaint on any ground listed in section 95(4).

During 2002-2003, the Director lodged six section 95 complaints before the Liquor Licensing Court. Of particular interest was a complaint lodged against the licensee of The Clink situated in Fremantle. The grounds of the complaint were that proper cause for disciplinary action existed because the licensee had been convicted of a number of offences under the Health Act 1911, for overcrowding.

After hearing the complaint, His Honour Judge Greaves upheld the section 95 complaint against the licensee and imposed a penalty requiring the licensee and approved manager to enter into a bond giving security for the future conduct of the premises and the business under the licence. The bond amount is \$20,000 and will remain in place for a period of two years.

Section 117 Complaints

Section 117 of the Act provides for complaints to be made to the Director of Liquor Licensing about noise or behaviour related to licensed premises.

During the year under review, 33 complaints were lodged: seven of those were heard before the Director of Liquor Licensing. The remaining 26 have been resolved by way of conciliation, or are still being conciliated.

Statistics

Table 8: Summary of Liquor Licensing Applications

| Type of Application | 2002-2003 | 2001-2002 | 2000-2001 | 1999-2000 | 1998-1999 |
|---|--------------|--------------|--------------|--------------|--------------|
| Transfer of Licence | 343 | 352 | 349 | 467 | 333 |
| Change of Manager | 947 | 1,014 | 978 | 1,095 | 1,011 |
| Grant and Removal of Licence | 248 | 275 | 270 | 238 | 245 |
| Alteration/Redefinition of licensed premises | 243 | 248 | 229 | 271 | 299 |
| Variations to licence conditions | 128 | 144 | 107 | 185 | 276 |
| Extended Trading Permits (long term extended hours) | 88 | 79 | 113 | 102 | 132 |
| Extended Trading Permits (other long term) | 105 | 106 | 97 | 65 | 84 |
| Protection Orders* | 114 | 79 | 85 | | |
| Change of premises name* | 90 | 216 | 137 | | |
| Person in a position of authority or shareholding* | 72 | 87 | 84 | | |
| Arrangement or Agreement* | 14 | 22 | 6 | | |
| One-off variation of licensed area* | 68 | 41 | 35 | | |
| One-off variation of licence hours* | 119 | 108 | 95 | | |
| One-off variation of licensed hours and area* | 34 | 42 | 17 | | |
| TOTAL | 2,613 | 2,813 | 2,602 | 2,423 | 2,380 |

Note: Comparison of the number of liquor licensing applications lodged at 30 June 2003 (and comparative numbers for previous years). These figures represent applications lodged, but not necessarily determined during the period specified. * Note prior to the 2000/2001 reporting year, these types of applications were not reported.

Table 9: Numbers of Occasional Liquor Licences and Extended Trading Permits/One-Off Variations Granted by Year

| | 2002-2003 | 2001-2002 | 2000-2001 | 1999-2000 | 1998-1999 |
|--|-----------|-----------|-----------|-----------|-----------|
| Occasional Licences | 3,772 | 3,375 | 3,320 | 3,221 | 3,409 |
| Extended Trading Permits/One Off Variations (for functions or special occasions) | 1,753 | 1,729 | 1,713 | 1,543 | 1,049 |

Note: Numbers of occasional licences and extended trading permits granted as at 30 June 2003 (and comparative numbers for previous years)

Table 10: Number of Liquor Licence Types by Category and Year as at June 30

| Licence Type | 2002-2003 | 2001-2002 | 2000-2001 | 1999-2000 | 1998-1999 |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| Hotel | 316 | 323 | 330 | 333 | 336 |
| Tavern | 299 | 289 | 289 | 291 | 290 |
| Hotel Restricted | 40 | 38 | 37 | 38 | 38 |
| Liquor Store | 471 | 471 | 472 | 467 | 460 |
| Club | 421 | 417 | 414 | 410 | 406 |
| Club restricted | 523 | 524 | 529 | 523 | 520 |
| Restaurant | 715 | 704 | 692 | 678 | 657 |
| Cabaret | 57 | 58 | 61 | 61 | 62 |
| Special facility | 446 | 414 | 391 | 368 | 339 |
| Casino liquor | 1 | 1 | 1 | 1 | 1 |
| Producer's licence | 440 | 386 | 330 | 285 | 254 |
| Wholesaler's licence | 153 | 144 | 132 | 132 | 129 |
| TOTAL | 3,882 | 3,769 | 3,678 | 3,587 | 3,492 |

Note: Number of licences and certificates as 30 June 2003 (and comparative figures for previous years). Please note that a review of the Department's reporting program is scheduled for the 2003/2004 financial year, which may result in amendments to these figures in next year's annual report.

Table 11: Summary of Licences Granted by Type and Financial Year

| Licence Type | 2002-2003 | 2001-2002 | 2000-2001 | 1999-2000 | 1998-1999 |
|--------------------------|-----------|-----------|-----------|-----------|-----------|
| Hotel licence | 0 | 0 | 1 | 5 | 3 |
| Tavern licence | 7 | 2 | 1 | 9 | 7 |
| Hotel restricted licence | 4 | 1 | 1 | 1 | 1 |
| Liquor store licence | 3 | 1 | 5 | 14 | 17 |
| Club licence | 3 | 3 | 1 | 11 | 8 |
| Club restricted licence | 16 | 8 | 18 | 14 | 26 |
| Restaurant licence | 53 | 57 | 49 | 67 | 62 |
| Cabaret licence | 0 | 0 | 1 | 3 | 2 |
| Special facility licence | 38 | 32 | 37 | 51 | 37 |
| Casino liquor licence | 0 | 0 | 0 | 0 | 0 |
| Producer's licence | 61 | 66 | 55 | 37 | 22 |
| Wholesaler's licence | 19 | 20 | 13 | 13 | 18 |

Note: Number of liquor licences granted by licence type as at 30 June 2003 (and comparative numbers for previous years)

Betting Control Board

The Betting Control Board is established under the *Betting Control Act 1954*, and is responsible for regulating on and off-course betting conducted pursuant to that Act and *Totalisator Agency Board Betting Act 1960*.

The Director General of the Department of Racing, Gaming and Liquor is an *ex-officio* member, and appointed by the Minister as Chairman of the Betting Control Board.

Executive support provided to the Betting Control Board takes the form of policy advice and a secretarial service for meetings of the Board.

The Secretary to the Betting Control Board performs the licensing function in accordance with the provisions of the *Betting Control Act 1954*.

Statistics

The total number of bookmaking operations in Western Australia as at 31 July 2003*, was 49. This compares with 50, as at 31 July 2002 (**Note:** *The racing industry's financial year is from 1 August to 31 July). Three new licences were issued during the racing year, whilst four licenses were surrendered.

To accommodate corporate licensing provisions of the *Betting Control Act 1954*, the Board issued during the year three bookmaker's manager licences.

The Board issued 35 new bookmaker's employee licences during the year compared with 25 in 2001-02. A total of 17 licences were renewed during the year and 42 were terminated.

Racecourse Development Trust

The Racecourse Development Trust is established under the *Racecourse Development Act 1976*. The Trust assists racing and trotting clubs and training establishments to improve their facilities through the provision of grants and loans. The Racecourse Development Trust is funded from unclaimed dividends and refunds from the Totalisator Agency Board.

The Director General of the Department of Racing, Gaming and Liquor is an *ex-officio* member of the Racecourse Development Trust.

Executive support provided to the Racecourse Development Trust takes the form of policy advice and a secretarial service. The Secretary of the Racecourse Development Trust:

- receives applications for Trust funding and ensures applications comply with the Trust's guidelines;
- prepares agenda papers for the bi-monthly meetings of the Trust and prepares minutes of those meetings, and
- manages the payment of monies in accordance with grants and loans approved.

Legislation assented to on 26 June 2003, to establish Racing and Wagering Western Australia will result in the Trust being abolished on 1 August 2003. From this date, racecourse development will become the responsibility of Racing and Wagering Western Australia.

Racing Penalties Appeal Tribunal

The Racing Penalties Appeal Tribunal is established under the *Racing Penalties (Appeals) Act 1990*. The Tribunal was established to confer jurisdiction in respect of appeals against penalties imposed in disciplinary proceedings arising from, or in relation to, the conduct of thoroughbred racing, harness racing and greyhound racing, and for related purposes.

Executive support provided to the Racing Penalties Appeal Tribunal is in the form of a registry service. The Registrar of the Racing Penalties Appeal Tribunal accepts Notices of Appeal, arranges the listing and hearing of matters before the Tribunal and acts as the Tribunal's bench clerk during hearings. The Registrar also maintains a comprehensive index of all matters heard by the Tribunal.

Decision-Making Powers Affecting the Western Australian Community

Decisions Relating to Gaming

Decisions relating to the administration of community and casino gaming are made by the Gaming Commission of Western Australia, or are delegated to the Chairman of the Gaming Commission, the Director of Operations or the Chief Casino Officer. Officers of the Operations Division carry out detailed reviews and make recommendations to the Gaming Commission for its consideration.

Permits Issued in Respect of a Major Sporting Event, Special Occasion or Other Exceptional Circumstance

Section 48 of the *Gaming Commission Act 1987* provides for the Minister, after consultation with the Gaming 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 Commission Act. In this regard, as in past years, permits were issued in 2002-2003 to:

- the Kalgoorlie-Boulder Racing Club for the conduct of the Two-Up (World Championship) from Saturday 24 August 2002, to Thursday 12 September 2002, and
- the Returned Services League of Australia sub branches for the conduct of Two-Up on Anzac Day 2003.

Decisions Relating to Liquor Licensing

The Liquor Licensing Act provides for a licensing authority to determine applications and other matters under that Act. The Authority comprises:

- the Director of Liquor Licensing, and
- the Liquor Licensing Court (administered by the Department of Justice).

Each has independent jurisdiction to hear and determine matters under the Liquor Licensing Act. The division of responsibility between the Director and the Court is outlined under section 30 of the Liquor Licensing Act.

The Liquor Licensing Court hears and determines:

- any application or matter requiring, or relating to the imposition, variation or cancellation of a condition in respect of a Category A licence, where that application or matter would be inconsistent with a condition previously imposed by the Court or which the Court has previously refused to impose;
- any complaint under section 95;
- any matter referred to the Court by the Director, and
- any application for the review of a decision by the Director.

The Director of Liquor Licensing hears and determines all other applications, including the grant, removal or transfer of a Category A or Category B licence, regardless of whether the application is contested or not.

Decisions Relating to Betting

Decisions relating to the administration of betting are made by the Betting Control Board or are delegated to the chairman of the Board, or to the Board's Secretary.

Significant Issues and Trends for the Department of Racing, Gaming and Liquor

- The rate of casino tax of 15 per cent of casino gross revenue specified in clause 23(1)(a) of the Agreement scheduled to the *Casino (Burswood Island) Agreement Act 1985*, is to be replaced with a three-tier taxation system for electronic gaming machines, table games including keno, and international commission business generated by all international players on incentive programs, including junkets and premium and privileged players.

With effect from the specified anniversary dates of the granting of the casino gaming licence the following casino taxation rates will apply:

- Electronic gaming machines
17 per cent from 24 December 2002, 18 per cent from 24 December 2003 and 20 per cent from 24 December 2004;
 - Table games including keno
16 per cent from 24 December 2002, 17 per cent from 24 December 2004, and 18 per cent from 24 December 2006, and
 - International commission business
13 per cent from 24 December 2002, 12 per cent from 24 December 2004, and 11 per cent from 24 December 2006.
- From September 2003, it is proposed to remove the existing individual shareholding limitation of 10 per cent of the aggregate number of issued shares in Burswood Limited, from the mandatory articles set out in Schedule B to the Agreement. A person will not become entitled to a number of shares exceeding 10 per cent of the total number on issue at any time without the prior written approval of the Gaming Commission of Western Australia.
 - Burswood Casino's intention to seek the approval of the Gaming Commission of Western Australia to increase the number of gaming machines from 1,318 to 1,500 by 2005. The Gaming Commission of Western Australia's approval will have regard to security, surveillance and harm minimization matters.
 - Establishment of Racing and Wagering Western Australia together with the amalgamation of the Betting Control Board and Gaming Commission of Western Australia to form the Gaming and Wagering Commission of Western Australia as part of the restructure of the Western Australian racing industry. The principal changes are:
 - Racing and Wagering Western Australia will be established as the controlling authority for thoroughbred, harness and greyhound racing in Western Australia;
 - the Western Australian Turf Club, the Western Australian Trotting Association, and the Western Australian Greyhound Racing Authority will each remain as racing clubs, responsible for the conduct of racing activities at their respective venues;
 - the Totalisator Agency Board will be abolished and Racing and Wagering Western Australia will assume responsibility for the conduct of off-course betting, and
 - the Racecourse Development Trust will be abolished and the development of the racing and training infrastructure will become a function of Racing and Wagering Western Australia. The Trust's obligations, unallocated funds and funding source (unclaimed Totalisator Agency Board dividends and refunds) will be transferred to Racing and Wagering Western Australia.
 - The expiration of the *Totalisator Agency Board Betting (Modification of Operation) Act 2000* on 31 July 2003.

- Proposal to transfer the Racing Penalties Appeal Tribunal to the State Administrative Tribunal.
- Reduction in the minimum betting levels for telephone and Internet betting with bookmakers, aimed at achieving uniformity with other jurisdictions.
- The National Taskforce, established by the Australasian Racing Ministers, reported to Ministers at the November 2002 Conference on the issue of cross border betting. Issues considered by the Taskforce included product fees for bookmakers, uniform minimum telephone bet limits, national prohibition on race bookmakers basing payouts on totalisator dividends and betting exchanges. The Ministers established a National Taskforce to examine the issue of the operation of betting exchanges on Australasian racing.
- Finalisation of the National Competition Policy review of the *Liquor Licensing Act 1988*.
- The review of the structure and operation of the liquor licensing authority, which is constituted by the Liquor Licensing Court or the Director of Liquor Licensing.
- An increasing interest by communities, particularly in remote locations, in seeking the assistance of the Director of Liquor Licensing in addressing alcohol related harm in the local community.
- In the determination of liquor licensing applications, the licensing authority continues to conduct a weighing and balancing exercise with respect to:

The primary objects of the *Liquor Licensing Act 1988* under section 5(1), which are:

- to regulate the sale, supply and consumption of liquor, and
- to minimize harm or ill-health caused to people, or any group of people, due to the use of liquor,

and the secondary objects under section 5(2) of the Act:

- to regulate, and to contribute to the proper development of, the liquor, hospitality and related industries in the State;
 - to cater for the requirements of the tourism industry;
 - to facilitate the use and development of licensed facilities reflecting the diversity of consumer demand;
 - to provide adequate controls over, and over the persons directly or indirectly involved in, the sale, disposal and consumption of liquor, and
 - to provide a flexible system, with as little formality or technicality as may be practicable, for the administration of the Act.
- From 1 July 2002, the abolition of the subsidy for low-alcohol beer with the Commonwealth assuming responsibility for the subsidisation of low-alcohol beer through the introduction of lower excise rates.

Major Achievements for 2002-03

- Progressive updating of all computerised gaming systems. All modules have now been rewritten and implemented.
- Launching of the Gaming Community Trust's inaugural funding round to provide for grants for the benefit of the community.
- Drafting and introduction into the Parliament of legislation to establish Racing and Wagering Western Australia and the Gaming and Wagering Commission of Western Australia.
- Drafting and introduction into the Parliament of the Racing Restriction Bill 2003, which is principally a re-draft of the *Racing Restriction Act 1917*, and provides that no thoroughbred, harness or greyhound race for a stake or prize, or for the purpose of betting, may be held unless the race is licensed by Racing and Wagering Western Australia and is held at a racecourse that is licensed by Racing and Wagering Western Australia. The Racing Restriction Bill 2003 also implements a National Competition Policy Review recommendation to provide for the establishment, with the approval of the Minister, of an "approved racing organisation" as the controlling authority for horse racing that is not thoroughbred racing or harness racing.
- Amendments to the *Betting Control Act 1954* came into operation in September 2002, providing for:
 - corporate licensing provisions for bookmakers, and
 - removal of restrictions relating to bookmaker fielding times in accordance with National Competition Policy.

The first licence to conduct sports betting operations was issued to a corporate body on 12 February 2003.

- Amendments to the *Liquor Licensing Regulations 1989*:
 - to increase the period from one to two years for which producers can submit subsidy claims;
 - allow the licensing authority to consider an application for alteration or redefinition of premises of a hotel restricted licence, where that alteration or redefinition will result in an area not being contiguous to the existing premises, and
 - exempt bed and breakfast facilities from the requirement to obtain a liquor licence for the sale or supply of liquor under certain circumstances.
- Drafting and introduction into the Parliament of amendments to the Agreement scheduled to the *Casino (Burswood Island) Agreement Act 1985*, in accordance with Government's announcement regarding the three-tiered casino taxation system and new approval requirements for ownership of more than 10 per cent of shares in Burswood Limited.
- Review recommendations regarding accredited training courses in respect to mandatory knowledge have been incorporated into the training programs. A monitoring program has also been established.

- Inquiry into alcohol-related harm in Port Hedland and South Hedland. The Director of Liquor Licensing's decision was reviewed by the Judge of the Liquor Licensing Court who upheld the decision of the Director. The Judge's decision has been appealed to the Supreme Court. Similar inquiries have been completed for Nullagine, Roebourne and Onslow.
- Review of the 'Security at Licensed Premises' Policy and its associated Policy, 'Minimum Standards Closed Circuit Television CCTV Security Systems' issued by the Director of Liquor Licensing.
- Amendments to the Directions, issued by the Gaming Commission of Western Australia, that permit Burswood Casino to move gaming tables and electronic gaming machines, within the defined gaming footprint, without seeking prior approval from the Commission.
- Approval by the Gaming Commission of Western Australia on 17 December 2002, of a gaming floor layout to accommodate 1,355 gaming machine player stations, as part of Burswood Casino's strategy towards a phased implementation of increasing the number of gaming machines from 1,318 to 1,500 by 2005.
- Amendments to the *Betting Control Regulations 1978* took effect from 1 April 2003, to reduce telephone and Internet betting limits to:
 - \$100 or a bet to win \$1000 for Metropolitan Races, and
 - \$50 or a bet to win \$500 for Country Races.
- Other amendments to the *Betting Control Regulations 1978*:
 - to require a bookmaker to record the ticket number in the betting ledger and deliver a betting ticket when placing a bet-back with another bookmaker, and
 - to increase the minimum bond of surety requirements for licensed bookmakers.

Changes to Legislation

Betting Legislation Amendment Act 2002

On 21 September 2002, the *Betting Legislation Amendment Act 2002* came into operation. The purpose of the Act was to implement recommendations arising from the National Competition Policy review of the *Betting Control Act 1954* to enable:

- a bookmaker's licence to be issued to a partnership or body corporate, and
- bookmaking to occur on a racecourse at times other than during the conduct of a race meeting at the racecourse, subject to approval from the Betting Control Board and the relevant racecourse controlling authority.

Specifically, the amendments:

1. prohibit a person, a member of a partnership or a body corporate, from holding or having a defined interest in more than one bookmaker's licence at any one time;
2. require a member of a partnership and persons who occupy positions of authority or have a controlling interest in a body corporate applying for a bookmaker's licence to satisfy the Board that they are fit and proper to hold a bookmaker's licence;

3. require at least one person involved in the partnership or body corporate to have demonstrated knowledge of bookmaking and the obligations of a bookmaker under the Act;
4. require a partnership or body corporate that holds a bookmaker's licence to appoint a person holding a bookmaker's manager licence to manage the operations;
5. prohibit a bookmaker's licence held by a partnership or body corporate being transferable;
6. extend the provision of a security bond to a partnership or body corporate that holds a bookmaker's licence and, at the Board's discretion, to individual directors of a body corporate that holds a bookmaker's licence, and
7. allow country racing clubs to conduct betting on a day when inclement weather has forced the cancellation of a race meeting, and allow the conduct of bookmaking operations at a major racecourse at times other than during the course of a scheduled race meeting, provided permission of both the racecourse controlling authority and the Betting Control Board is obtained.

Additionally, the Bill also amends the *Totalisator Agency Board (Betting) Act 1960*, to ensure that no claim may be made against the TAB in relation to a bet that has been made with, or accepted by the TAB. The Bill also intends to validate certain acts of the manager of the Totalisator Agency Board.

Totalisator Agency Board Betting (Modification of Operation) Amendment Act 2002

On 8 July 2002, the *Totalisator Agency Board Betting (Modification of Operation) Amendment Act 2002* received Royal Assent to extend the operation of the *Totalisator Agency Board Betting (Modification of Operation) Amendment Act 2000* to 31 July 2003.

The Totalisator Agency Board Betting (Modification of Operation) Amendment Act fixes the distribution of TAB profits amongst the three racing codes. The amendment arises from the need to extend the term of the Act to provide time to allow the establishment of Racing and Wagering Western Australia as the controlling authority of thoroughbred, harness and greyhound racing in Western Australia.

Racing and Wagering Western Australia Act 2003

On 26 June 2003, the *Racing and Wagering Western Australia Act 2003* received Royal Assent.

The purpose of the Act is to implement the restructure of the racing industry governance system in Western Australia by merging the principal club functions of the Western Australian Turf Club, Western Australian Trotting Association and Western Australian Greyhound Racing Authority, together with the off-course betting activities of the TAB, into a single controlling authority to be known as Racing and Wagering Western Australia (RWWA).

It is expected that the Act will come into operation on 1 August 2003.

Specifically, to achieve the restructure the following changes will occur:

- RWWA will be established as the controlling authority for thoroughbred, harness and greyhound racing in Western Australia;

- the Western Australian Turf Club, the Western Australian Trotting Association, and the Western Australian Greyhound Racing Authority will each remain as racing clubs, responsible for the conduct of racing activities at their respective venues;
- the TAB will be abolished and RWWA will assume responsibility for the conduct of off-course betting, and
- the Racecourse Development Trust will be abolished and the development of racing and training infrastructure will become a function of RWWA. The Trust's obligations, unallocated funds and funding source (unclaimed TAB dividends and refunds) will be transferred to RWWA.

To complement the restructure, the Betting Control Board and the Gaming Commission of Western Australia will be merged to form the Gaming and Wagering Commission of Western Australia.

In addition, the Act includes the following initiatives:

- recommendations emanating from the National Competition Policy Reviews of racing and gambling legislation;
- provisions to establish controls over the activities of unlicensed offshore gambling operators betting into Western Australia, and
- the transfer of provisions relating to the conduct and advertising of gambling from the Police Act to dedicated gambling legislation.

To manage these changes, in addition to Racing and Wagering Western Australia Act, the following Acts have also been assented to:

- *Racing and Gambling Legislation Amendment and Repeal Act 2003*;
- *Racing Restriction Act 2003*, and
- *Racing and Wagering Western Australia Tax Act 2003*.

Racing and Gambling Legislation Amendment and Repeal Act 2003

On 26 June 2003, the *Racing and Wagering Western Australia Act 2003* received Royal Assent. The purpose of the Bill is to provide the transitional provisions needed to manage the establishment of RWWA and the consequential amendments needed to other Acts to recognise RWWA and to achieve the complementary aspects of the governance structure.

Racing Restriction Act 2003

On 26 June 2003, the *Racing Restriction Act 2003* received Royal Assent. The Act is essentially a re-draft of the *Racing Restriction Act 1917*, and stipulates that no thoroughbred, harness or greyhound race for a stake or prize, or for the purposes of betting, may be used unless the race is licensed by Racing and Wagering Western Australia (RWWA) and is held at a racecourse that is licensed by RWWA.

The Act will maintain the present authority for the Minister to issue a direction to the relevant controlling authority arising from a dispute over any proposed change to the program of thoroughbred or harness racing meetings conducted in the metropolitan area that may necessitate a reduction in the number of race meetings conducted outside the metropolitan area.

The Act will also implement a National Competition Policy Review recommendation to provide for the establishment, with the approval of the Minister, of an “approved racing organisation” as the controlling authority for horse racing that is not thoroughbred or harness racing.

The Act is expected to be proclaimed on 1 August 2003.

Racing and Wagering Western Australia Tax Act 2003

On 26 June 2003, the *Racing and Wagering Western Australia Tax Act 2003* received Royal Assent. The purpose of the Act is to apply the taxation regime that is currently in place in respect of the TAB under the *Totalisator Agency Board Betting Tax Act 1960* to RWWA’s off-course wagering turnover.

Under this, off-course totalisator wagering on racing and sporting events attracts a five per cent tax on turnover, while fixed odds racing betting and sports betting turnover is taxed at two per cent and one half of one per cent respectively.

This Act is expected to come into operation on the repeal of the *Totalisator Agency Board Betting Tax Act 1960*.

Totalisator Agency Board (Betting) Amendment Regulations (No. 2) 2002

These amendment regulations enabled:

- exemption from the bet cancellation restrictions on major race days as approved by the Betting Control Board, and
- a new bet type called a Quaddie and defined the rules applicable to that bet type.

Totalisator Agency Board (Betting) Amendment Regulations (No. 3) 2002

These amendment regulations provided for a refund of a bet on a scratched runner to be obtained prior to the close of betting on the relevant race.

Totalisator Agency Board (Betting) Amendment Regulations (No. 4) 2002

These amendment regulations:

- (i) included the following international racing venues in the list of racecourses prescribed for the purposes of betting by the TAB:
 - Kranji Racecourse, Kranji, Singapore;
 - Ashburton Racecourse, Ashburton, New Zealand;
 - Te Rapa Racecourse, Hamilton, New Zealand;
 - Hawkes Bay Racecourse, Hastings, New Zealand;
 - Egmont Racecourse, Hawera, New Zealand;
 - Otaki Racecourse, Otaki, New Zealand;
 - Awapuni Racecourse, Palmerston North, New Zealand;
 - Counties Racecourse, Pukekohe, New Zealand;
 - Rotorua Racecourse, Rotorua, New Zealand;
 - Whakatane Racecourse, Tauranga, New Zealand;
 - Wanganui Racecourse, Wanganui, New Zealand;
 - Wyndham Racecourse, Wyndham, New Zealand, and
 - Aintree Racecourse, Aintree, United Kingdom.

(ii) deleted the following international racing venue in the list of racecourses prescribed for the purposes of betting by the TAB:

- Aintree, New Zealand.

Totalisator Agency Board Amendment Rules 2002

These amendments to the *Totalisator Agency Board Rules 1961* established a new rule governing the acceptance of cheques by TAB agents by limiting the value of cheques that an agency may accept during a prescribed period, and ensuring that a new cheque is tendered each time a bet is placed to prevent customers altering the value of cheques already issued as payment for bets.

Betting Control Amendment Regulation 2002

These amendment regulations:

- established fees payable in conjunction with applications that may be made under the new corporate licensing provisions;
- stipulated bonding requirements for bookmaker licences held other than a sole natural person;
- relaxed the requirement placed on bookmakers when confirming telephone betting transactions, and
- reduced the minimum bet requirements for bookmakers accepting bets on horse and greyhound racing via the internet to establish parity with the same restrictions applying to telephone bets.

Betting Control Amendment Regulations (No. 2) 2002

These amendment regulations:

- clarified the powers of authorised officers to conduct audits/cash counts of TAB agencies in respect of betting records and systems in order to establish compliance with statutory obligations;
- prescribed requirements for bookmakers to record the full details of a bet back transaction and issue and accept betting tickets in respect of a bet back, and
- amended the minimum security requirements for licensed bookmakers.

Betting Control Amendment Regulations 2003

These amendment regulations were the first phase of a two stage approach to reduce the minimum bet requirements for bookmakers accepting bets via telephone or internet, to bring Western Australia into line with Victoria, South Australia and Tasmania.

The first phase reduced betting limits from:

Metropolitan Races

\$200 or a bet to win \$2,000 to \$100 or a bet to win \$1,000, and

Country Races

\$100 or a bet to win \$1,000 to \$50 or a bet to win \$500.

Betting Control Amendment Regulations (No 2) 2003

These amendment regulations were the second phase to reduce the minimum bet requirements for bookmakers accepting bets via telephone or internet. Betting limits were reduced from:

Metropolitan Races

\$100 or a bet to win \$1,000 to \$50 or a bet to win \$500; and

Country Races

\$50 or a bet to win \$500 to no limit.

Gaming Commission Amendment Regulations (No. 2) 2002

These amendment regulations enabled the conduct of multiple sessions of bingo under the authority of a single permit, subject to the approval of the Gaming Commission.

Gaming Commission Amendment Regulations (No. 3) 2002

These amendment regulations increased the Gaming Commission's prescribed fees and charges (following a review in accordance with the provisions of section 55(b) of the *Financial Administration and Audit Act 1985*).

Liquor Licensing Amendment Regulations (No. 2) 2002

These amendment regulations extended the period for submitting liquor subsidy claims from one year, to two years.

Liquor Licensing Amendment Regulations (No. 3) 2002

These amendment regulations increased a number of licence and application fees under the *Liquor Licensing Act 1988* (following a review in accordance with the provisions of section 55(b) of the *Financial Administration and Audit Act 1985*).

Liquor Licensing Amendment Regulations 2003

These amendment regulations allow the licensing authority to consider an application for alteration or redefinition in respect of premises the subject of a hotel restricted licence, where that alteration or redefinition will result in an area that is not contiguous to the existing premises.

Liquor Licensing Amendment Regulations (No 2) 2003

These amendment regulations provide an exemption from the *Liquor Licensing Act 1988* for bed and breakfast facilities that cater for not more than eight guests where liquor is purchased from a retail outlet and supplied gratuitously in a quantity of less than 1.5 litres.

Corporate Governance

This part of the Annual Report contains compliance information which the Department is required to report on, as a consequence of legislative or Ministerial instruction.

Reports on Customer Outcomes

Disability Service Plan Outcomes

The Department continues to strive:

- to deliver its services in a way that meets the needs of people with disabilities;
- to improve access to its building and facilities for those with disabilities;
- to provide information about services and programs in formats that enhance the communication needs of people with disabilities;
- to provide advice and services by employees who are aware of and understand the needs of people with disabilities, and
- to improve opportunities for people with disabilities to participate in public consultation and grievance mechanisms.

During the reporting year, the Disability Service Plan was reviewed, several changes were made to facilities and equipment to accommodate the needs of those with disabilities and to provide better access. In addition, further information has been made available on the website further reducing the need for customers to attend the Department to conduct business.

Equal Employment Opportunity Outcomes

The Department continues to actively support the principles and practice of equal employment opportunity in the workplace and to develop staff awareness. Family friendly work practices, including part time employment and flexible working hours are provided.

Harassment and grievance policies and procedures consistent with the Public Sector Standards are in place. In addition to an in-house grievance officer, external support is available to employees for counselling and for resolving disputes.

The Department has in place a five year Equity and Diversity Plan, and is progressing the implementation of the Plan.

All employees attended a half-day workshop designed to educate attendees on the requirements of the Department's Equal Employment Opportunity Policy, and the most recent additions to the grounds under the *Equal Opportunity Act 1984*, on which discrimination can be claimed.

Cultural Diversity and Language Services Outcomes

In preparation for the Departments participation in the Indigenous Employment Program, a number of key employees were selected to attend a workshop to explore cultural differences and issues. Two trainees have since been employed.

Interpreter services continue to be offered to customers who are unable to communicate in English, or who have a hearing impairment.

Customer service employees have been instructed in the options available to customers requiring interpreter services.

Youth Outcomes

The Department has recruited a number of young people under the age of 25 years and has exceeded the Equity and Diversity target in this area.

Reports on Other Accountability Issues

Freedom of Information

The *Freedom of Information Act 1992* requires agencies to publish an annual information statement in a manner approved by the Attorney General. The Attorney General has approved the publication of the statement either as a stand alone document or in agencies' annual reports. We have chosen to incorporate our Freedom of Information data in our Annual Report.

Where possible, information we hold will be made available on an informal basis and at no charge. Where a formal application is made to the Department, upon payment of a prescribed fee, a number of specific searches are available.

Individuals may make a formal application under the Freedom of Information Act for access to documents that are not publicly available. Most of our corporate information is managed in paper format in departmental files of which there are in excess of 10,000 files held on-site.

A formal application for information must be:

- in writing;
- give enough information to enable the requested documents to be identified;
- give an Australian address to which notices can be sent;
- accompanied by a \$30 application fee, unless the information relates to a personal matter which is free of charge. An additional charge may apply for the processing of non-personal information. The fee is reduced by 25 per cent for pensioners and disadvantaged persons, and
- addressed to:
FOI Coordinator
Level 1, Hyatt Centre
87 Adelaide Terrace
EAST PERTH WA 6004

Before lodging a formal application we suggest you discuss the matter with our Freedom of Information Coordinator, who can be contacted by telephoning (08) 9425 1886.

Under the *Freedom of Information Act 1992*, we are required to respond to applications for information within 45 days of receipt, unless an extension of time is granted. The average time to process applications during 2002-03 was 20 days.

The Act encourages open government through the release of documents and information. However, it contains provisions allowing agencies to refuse to deal with applications, or to refuse access to documents, on a range of grounds. Where we refuse access to documents, in part or in full, we will notify the applicant of the reasons for our decision.

Applicants have the right of appeal and may ask us to reconsider a decision to refuse access by lodging an Internal Review. Further appeal rights to the Information Commissioner are also available. The Decision Maker for all matters relating to gaming, liquor and racing is the Director of Operations and for all matters relating to the Corporate Services Division is the Director Corporate Services.

During 2002-03, the Department received seven applications for information under the Freedom of Information Act.

Full access to information was granted in respect to one of the applications, with edited access allowed for three of the applications. Access was denied for two applications and one application was under consideration as at 30 June 2003.

Compliance with Public Sector Standards

The Department complied with the Public Sector Code of Ethics and has in place a Code of Conduct, which provides guidance to all employees in matters relating to their work and relationships with other employees and customers.

Policies and procedures to support public sector standards in human resources management are in place. The policies are available in hard copy and through the Department's Intranet.

The Department employed a number of methods for monitoring and assessing the extent of compliance with Public Sector Standards.

Methods of assessment include:

- recruitment selection reports are assessed for compliance by the Director Corporate Services;
- requests for Higher Duties Allowance (HDA) are assessed by the Director Corporate Services against departmental policy;
- conduct of an audit during the financial year by the internal auditors, and
- monthly generation and review of reports by the Director Corporate Services concerning outstanding performance management action.

No instances of non-compliance with the Public Sector Standards were identified.

To assess the extent of compliance with the ethical codes, the Department conducted a number of workshops with consultants regarding the values and behaviours endorsed by the Department.

Two complaints were received alleging non-compliance with the Code of Ethics and the Code of Conduct. Further information is provided below under the heading "*Disciplinary Investigations*".

Disciplinary Investigations

The Department conducted investigations into two alleged breaches of discipline. In one case the allegation was substantiated. The employee was found to have committed a breach of discipline and appropriate action taken. As at 30 June 2003, the second allegation was still being investigated by an external agency.

In each case, the matters were reported to the Anti-Corruption Commission (ACC), as required under section 14 of the *Anti-Corruption Commission Act 1988*.

Statement by Accountable Officer - Compliance with section 31(1) of the Public Sector Management Act 1994

1. In the administration of the Department of Racing, Gaming and Liquor, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and the Department's Code of Conduct.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in 1. is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

| | |
|--|-----|
| Number lodged: | nil |
| Number of breaches found, Including details of multiple breaches per application: | nil |
| Number still under review: | nil |



Barry A. Sargeant
ACCOUNTABLE OFFICER
25 September 2003

Postal Address

Department of Racing, Gaming and Liquor
PO Box 6119
East Perth WA 6892

Street Address

Level 1, Hyatt Centre
87 Adelaide Terrace
East Perth WA 6004

Records Management

The Department of Racing, Gaming and Liquor in keeping with the State Records Principles and Standards 2002, set out under the *State Records Act 2000*, is currently establishing a Record Keeping Plan to be approved by the State Records Commission.

Government Advertising and Sponsorship Expenditure - Compliance with section 175ZE of the Electoral Act 1907

In compliance with section 175ZE of the *Electoral Act 1907*, the Department of Racing, Gaming and Liquor is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

The details of the report are as follows:

| | |
|--|-----------------|
| <u>Expenditure with Advertising Agencies</u> | \$3,403 |
| Marketforce Productions | |
| <u>Expenditure with Direct Mail Agencies</u> | Nil |
| <u>Expenditure with Government Agencies</u> | \$9,962 |
| State Law Publisher | |
| Department of the Premier and Cabinet | |
| <u>Expenditure with Market Research Agencies</u> | Nil |
| <u>Expenditure with Media Advertising Agencies</u> | Nil |
| <u>Expenditure with Polling Agencies</u> | Nil |
| TOTAL EXPENDITURE | \$13,365 |

Waste Paper Recycling

The Department's paper recycling program includes:

- central recycling bins;
- workstations having access to recycling bins;
- collection of recycling bins by Paper Recycling Industries and Specialist Security Shredding as required, and
- use of obsolete paper (e.g., letterhead) for draft documents.

Energy Smart Government Policy

In accordance with the Energy Smart Government Policy, the Department of Racing, Gaming and Liquor has committed to achieving a 12 per cent reduction in non-transport related energy use by 2006-07, with a five per cent reduction targeted for 2002-03.

The Department has exceeded the 2002-03 target by 5.9 per cent.

During the year, the following energy saving initiatives were undertaken:

- Energy Executive appointed;
- Sustainable Energy Working Group set up;
- staff awareness raised by communication through internal channels, e.g., use of 'reminder stickers' for lights and power;
- monitoring of energy usage on a monthly basis;
- program to re-tube the office with energy efficient lighting, and
- Light Meter Reading Report for workstations in accordance with Australian Standards commissioned and acted upon.

Table 12: Energy Smart Government Program

| | Baseline | 2002-03 | Variation % |
|---|-----------------|----------------|--------------------|
| Energy Consumption (MJ) | 757,148 | 674,521 | 10.9 |
| Energy Cost (\$) | 33,399 | 30,219 | 9.5 |
| Greenhouse Gas Emissions (tonnes of CO ₂) | 194 | 172 | 11.3 |
| Performance indicators | | | |
| MJ/sqm | 380 | 339 | 10.9 |
| MJ/FTE | 8,804 | 7,843 | 10.9 |
| (The actual PI varies depending on agency functions) | | | |

Evaluations

In July 2002, the Minister announced a review of the operation of the liquor licensing authority which was to include an assessment of the manner in which applications are determined under the *Liquor Licensing Act 1988*, and the relationship between the Liquor Licensing Court and the Director of Liquor Licensing.

A discussion paper was prepared by the Department to facilitate the review, and to provide an opportunity for stakeholders to make submissions in relation to the review. This will also assist Government in determining what, if any, amendments are necessary.

The paper discusses the current process for determining applications and considers the recommendations of the 1990 Review of the Liquor Licensing Act, the 1994 Review of the Liquor Licensing Act (the Mattingley Report), and the National Competition Policy Review of the Liquor Licensing Act. It also reviews the structure of the liquor licensing authorities of a number of other jurisdictions.

Eighteen submissions addressing the issues identified in the discussion paper were received at the Office of the Minister for Housing and Works; Racing and Gaming; Government Enterprises; Land Information.

As at 30 June 2003, the submissions are currently under review.

Capital Works Projects

The Department's Capital Works Program for 2002-2003, comprised the purchase of computer hardware and software as part of the replacement and upgrade of desktop and server equipment. The upgrade will facilitate progression towards e-business initiatives.

Government Purchasing Charter

The Department complies with the Government Purchasing Charter while operating within a partial exemption from the Supply Commission for the purchase of goods and services of a general nature.

Major Promotional, Public Relations or Marketing Activities

The Department of Racing, Gaming and Liquor does not have a public relations unit within its structure. However, the Director General and other senior officers are regularly required to liaise with the media. They have also been required to represent the agency at a number of formal and social functions.

The Department's Licensing Staff attend the Burswood International Resort Casino to address trainees at the casino's croupier training schools.

The Inspections Branch of the Operations Division provides lectures to Police Officers attached to the Alcohol and Drug Advisory Branch of the Western Australian Police Service on liquor and gaming issues.

Members of the Liquor Licensing Directorate lecture to hospitality students at various TAFE Colleges on the areas of harm minimisation, responsible serving of alcohol and the requirements of the Liquor Licensing Act 1988.

Workers' Compensation

For ease of reference, details of workers' compensation claims for the year under review, and a number of preceding years, is presented in the following table.

Table 13: *Comparison of Workers' Compensation Claims*

| | | 2002-03 | 2001-02 | 2000-01 | 1999-00 | 1998-99 |
|---|---|---------|---------|---------|---------|---------|
| WORKERS' COMPENSATION CLAIMS | Claims lodged | 1 | 1 | 0 | 2 | 2 |
| | Estimated average number of days lost per claim | 44 | 6 | 0 | 70 | 1.06 |
| | Estimated cost of claims incurred per \$100 per payroll | 0.9955 | 0.0065 | 0 | 1.24 | 0.88 |
| | Premium rate as % of total salaries | .94 | 1.17 | 1.29 | 1.02 | 1.02 |

Note: Comparative statistics for workers' compensation claims

Pricing Policy on Outputs

The pricing policy on outputs provided by the Department of Racing, Gaming and Liquor is based on the premise that:

1. industries that are determined by Government to require regulation should meet the full costs of that regulation through appropriate licence fees^(a);
2. the primary purpose for the imposition of fees should be regulatory^(b);
3. provisions to allow the imposition of a fee should be contained in legislation with the level of fees being established by regulation^(c);
4. the liquor, racing and gaming industries should perceive that they receive value for money in the context of the regulation of those industries^(d), and
5. the fee structures should be simple.

Notes on Pricing Policies:

- (a) This policy is consistent with the principle of net appropriations. The Department is working towards full cost recovery for services provided.
- (b) This is consistent with advice from the Solicitor General regarding the desirability for fees raised at State level to be regulatory in nature.
- (c) This policy has been adopted to ensure that the Parliament has the opportunity to scrutinise any changes to the level of fees, while allowing some flexibility to adjust levels of fees according to the current economic situation. As the opportunity occurs, legislation will be amended to reflect this approach.
- (d) The Department will be responsible for ensuring that its regulatory services are efficient, effective and appropriate.

Summary of Publications Available to the Public

The Department of Racing, Gaming and Liquor provides a number of publications to assist the public of Western Australia and the industries regulated by the Department. A summary of publications available from the Department follow:

General Publications

Annual Report of the Department of Racing, Gaming and Liquor.

Customer Service Charter.

Department of Racing, Gaming and Liquor's Website.

Publications relating to Gambling

Annual Report of the Gaming Commission of Western Australia.

Rules of authorised games played at the Burswood International Resort Casino⁴.

Rules —

- of *Bingo*.
- for the conduct a *Standard Lottery*.
- for the conduct of a *Continuing Lottery*.
- of authorised games in respect of community gaming.

Gambling Industry Status Report (statistical publication on the status of the gambling industry in Western Australia).

Publications relating to Liquor Licensing

Liquor Licensing Bulletin.

Guide on *Transactions covered by the Liquor Licensing Act 1988*.

Policy Statements issued by the Director of Liquor Licensing on a range of matters including harm minimisation, the responsible promotion of liquor, and extended trading permits.

Guides for lodging applications for the —

- *Grant of a Licence;*
- *Transfer of a Licence;*
- *Removal of a Licence.*

Guides on —

- *Alterations to Licensed Premises.*
- *Protection Orders and Interim Authorisations.*
- *Objections to Applications.*
- *Occasional Licences.*
- *Extended Trading Permits.*
- *Restaurant Licences.*
- *Producer's Licences.*
- *Wholesaler's Licences.*
- *Hotel, Tavern and Hotel Restricted Licences.*
- *Cabaret Licences.*
- *Liquor Store Licences.*
- *Club and Club Restricted Licences.*
- *Conversion from a Club Restricted Licence to a Club Licence.*
- *Special Facility Licences.*
- *Complaints about Licensed Premises.*
- *Plans and Specifications.*

Publications relating to the Racing and Betting Industries

Racing Industry Status Report (statistical publication on the status of the racing industry in Western Australia).

Betting Control Board Bulletin.

Annual Report of the Racing Penalties Appeal Tribunal.

Annual Report of the Racecourse Development Trust.

Annual Report of the Betting Control Board.

⁴ **Note:** although the Department of Racing, Gaming and Liquor does not publish rules of games, they are available for inspection by members of the public.

Financial Statements

The aim of these Financial Statements is to present to the Parliament details of revenue and expenditure for the Department of Racing, Gaming and Liquor in the format determined by the document *Statement of Accounting Standard AAS29: Financial Reporting by Government Departments*. It should be noted that:

- the Department of Racing, Gaming and Liquor is a department as defined under the *Public Sector Management Act 1994*;
- an appropriation was made from the Consolidated Fund for 2002-2003 to cover the expenditure of the Department;
- in accordance with section 23A of the *Financial Administration and Audit Act 1985*, the Department may retain revenues which may only be applied to the Outputs specified in the 2002-2003 Budget Statements;
- these Financial Statements have been prepared on an accrual accounting basis in accordance with the provisions of the *Financial Administration and Audit Act 1985*, and
- the Department provides financial management and other corporate services to the following agencies:
 - Gaming Commission of Western Australia;
 - Racing Penalties Appeal Tribunal;
 - Racecourse Development Trust, and
 - Betting Control Board.

Expenditure in relation to the services provided to these agencies is included in these Financial Statements. However, as those agencies are all statutory authorities, separate annual reports and, therefore, financial statements, are prepared for each agency.

DEPARTMENT OF RACING, GAMING AND LIQUOR

Statement of Financial Performance

for the year ended 30 June 2003

| | Note | 2002/03 \$000 | 2001/02 \$000 |
|--|--------|------------------|------------------|
| COST OF SERVICES | | | |
| Expenses from ordinary activities | | | |
| Employee expenses | 4 | 4,973 | 4,570 |
| Depreciation | 5 | 463 | 438 |
| Administration expenses | 6 | 1,160 | 1,157 |
| Capital user charge | 7 | 186 | 179 |
| Accommodation expenses | 8 | 488 | 520 |
| Other expenses from ordinary activities | 9 | 11 | 33 |
| Total cost of services | | <u>7,281</u> | <u>6,897</u> |
| Revenues from ordinary activities | | | |
| <i>Revenue from operating activities</i> | | | |
| User charges and fees | 10 | 4,654 | 4,428 |
| <i>Revenue from non-operating activities</i> | | | |
| Proceeds from disposal of non-current assets | | <u>0</u> | <u>3</u> |
| Total revenues from ordinary activities | | <u>4,654</u> | <u>4,431</u> |
| NET COST OF SERVICES | 25 (b) | <u>2,627</u> | <u>2,466</u> |
| REVENUES FROM STATE GOVERNMENT | | | |
| Output Appropriations | 12 | 2,584 | 2,452 |
| Liabilities assumed by the Treasurer | 12 | 61 | 0 |
| Resources received free of charge | 13 | 143 | 120 |
| Total revenues from State Government | | <u>2,788</u> | <u>2,572</u> |
| CHANGE IN NET ASSETS RESULTING FROM OPERATIONS | | <u>161</u> | <u>106</u> |
| TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS | | <u>161</u> | <u>106</u> |

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

DEPARTMENT OF RACING, GAMING AND LIQUOR

Statement of Financial Position

as at 30 June 2003

| | Note | 2002/03 \$000 | 2001/02 \$000 |
|--------------------------------------|------------|------------------|------------------|
| Current Assets | | | |
| Cash assets | 14, 29 (a) | 1,087 | 566 |
| Trust account | 24 | 32 | 25 |
| Receivables | 15, 29 (a) | 215 | 260 |
| Amounts receivable for outputs | 17 | 449 | 395 |
| Prepayments | 18 | 71 | 123 |
| Total Current Assets | | 1,854 | 1,369 |
| Non-Current Assets | | | |
| Restricted cash assets | 16, 29 (a) | 194 | 178 |
| Plant and equipment | 19 | 1,452 | 1,752 |
| Amounts receivable for outputs | 17 | 43 | 27 |
| Total Non-Current Assets | | 1,689 | 1,957 |
| TOTAL ASSETS | | 3,543 | 3,326 |
| Current Liabilities | | | |
| Payables | 20, 29 (a) | 101 | 164 |
| Provisions | 2 (i), 22 | 527 | 475 |
| Accrued salaries | 21 | 121 | 95 |
| Trust account | 24 | 32 | 25 |
| Fees in trust | 29 (a) | 14 | 4 |
| Total Current Liabilities | | 795 | 763 |
| Non-Current Liabilities | | | |
| Payables | 20, 29 (a) | 3 | 0 |
| Provisions | 2 (i), 22 | 346 | 325 |
| Total Non-Current Liabilities | | 349 | 325 |
| TOTAL LIABILITIES | | 1,144 | 1,088 |
| EQUITY | | | |
| Contributed equity | 23 | 454 | 454 |
| Accumulated surplus | | 1,945 | 1,784 |
| Total Equity | | 2,399 | 2,238 |
| TOTAL LIABILITIES AND EQUITY | | 3,543 | 3,326 |

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

DEPARTMENT OF RACING, GAMING AND LIQUOR

Statement of Cash Flows

for the year ended 30 June 2003

| | Note | 2002/03 \$000 Inflows (Outflows) | 2001/02 \$000 Inflows (Outflows) |
|---|--------|---|---|
| CASH FLOWS FROM STATE GOVERNMENT | | | |
| Output appropriations | | 2,119 | 2,030 |
| Capital contributions | | 0 | 454 |
| Holding account drawdowns | | 395 | 0 |
| Net cash provided by State Government | | <u>2,514</u> | <u>2,484</u> |
| Utilised as follows: | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments | | | |
| Salaries and related costs | | (4,362) | (4,018) |
| Superannuation | | (447) | (402) |
| Administration expenses | | (1,038) | (1,057) |
| Capital user charge | | (182) | (182) |
| Accommodation expenses | | (443) | (521) |
| GST payments on purchases | | (162) | (202) |
| Receipts | | | |
| User charges and fees | | 4,643 | 4,456 |
| Other revenues | | 0 | 1 |
| GST receipts on sales | | 3 | 12 |
| GST receipts from taxation authority | | 193 | 178 |
| Net cash used in operating activities | 25 (b) | <u>(1,795)</u> | <u>(1,735)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of non-current assets | | 0 | 3 |
| Purchase of non-current assets | | (201) | (421) |
| Proceeds from fees in trust | | 12 | 2 |
| Proceeds/(payments) from Trust Fund | | 7 | (6) |
| Net cash used in investing activities | | <u>(182)</u> | <u>(422)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | | 7 | 0 |
| Net cash provided by financing activities | | <u>7</u> | <u>0</u> |
| Net increase in cash held | | 544 | 327 |
| Cash assets at the beginning of the financial year | | 769 | 442 |
| CASH ASSETS AT THE END OF THE FINANCIAL YEAR | 25 (a) | <u>1,313</u> | <u>769</u> |

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

DEPARTMENT OF RACING, GAMING AND LIQUOR

Output Schedule of Expenses and Revenues

for the year ended 30 June 2003

| | Output 1 | | Output 2 | | TOTAL | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2002/03 | 2001/02 | 2002/03 | 2001/02 | 2002/03 | 2001/02 |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| COST OF SERVICES | | | | | | |
| Expenses from ordinary activities | | | | | | |
| Employee expenses | 2,294 | 2,092 | 2,679 | 2,478 | 4,973 | 4,570 |
| Depreciation | 252 | 239 | 211 | 199 | 463 | 438 |
| Administration expenses | 584 | 598 | 576 | 559 | 1,160 | 1,157 |
| Capital user charge | 93 | 90 | 93 | 89 | 186 | 179 |
| Accommodation expenses | 281 | 290 | 207 | 230 | 488 | 520 |
| Other expenses from ordinary activities | 11 | 33 | 0 | 0 | 11 | 33 |
| Total cost of services | 3,515 | 3,342 | 3,766 | 3,555 | 7,281 | 6,897 |
| Revenues from ordinary activities | | | | | | |
| User charges and fees | 2,570 | 2,434 | 2,084 | 1,994 | 4,654 | 4,428 |
| Proceeds from disposal of non-current assets | 0 | 1 | 0 | 2 | 0 | 3 |
| Total revenues from ordinary activities | 2,570 | 2,435 | 2,084 | 1,996 | 4,654 | 4,431 |
| NET COST OF SERVICES | 945 | 907 | 1,682 | 1,559 | 2,627 | 2,466 |
| REVENUES FROM STATE GOVERNMENT | | | | | | |
| Output appropriations | 1,060 | 947 | 1,524 | 1,505 | 2,584 | 2,452 |
| Liabilities assumed by the Treasurer | 28 | 0 | 33 | 0 | 61 | 0 |
| Resources received free of charge | 56 | 56 | 87 | 64 | 143 | 120 |
| Total revenues from State Government | 1,144 | 1,003 | 1,644 | 1,569 | 2,788 | 2,572 |
| CHANGE IN NET ASSETS RESULTING FROM OPERATIONS | 199 | 96 | (38) | 10 | 161 | 106 |

Output 1: Licensing - Evaluation and determination of applications

Output 2: Compliance audits and inspections

The Output Schedule of Expenses and Revenues should be read in conjunction with the accompanying notes.

| DEPARTMENT OF RACING, GAMING AND LIQUOR | | | | | | |
|--|---------------------------------------|-------------------------------------|---------------------------|-------------------------------------|-------------------------------------|---------------------------|
| Summary of Consolidated Fund Appropriations and Revenue Estimates | | | | | | |
| <i>for the year ended 30 June 2003</i> | | | | | | |
| | 2002/03 Estimate \$000 | 2002/03 Actual \$000 | Variance \$000 | 2002/03 Actual \$000 | 2001/02 Actual \$000 | Variance \$000 |
| PURCHASE OF OUTPUTS | | | | | | |
| Item 116 Net amount appropriated to purchase outputs | 2,465 | 2,452 | 13 | 2,452 | 2,333 | 119 |
| Amount Authorised by Other Statutes - Salaries and Allowances Act 1975 | 119 | 132 | (13) | 132 | 119 | 13 |
| Total appropriations provided to purchase outputs | 2,584 | 2,584 | 0 | 2,584 | 2,452 | 132 |
| CAPITAL | | | | | | |
| Capital Contribution | 0 | 0 | 0 | 0 | 454 | (454) |
| ADMINISTERED | | | | | | |
| Item 117 Administered grants, subsidies and other transfer payments | 65,500 | 61,446 | 4,054 | 61,446 | 63,921 | (2,475) |
| Amount Authorised by Other Statutes - Liquor Licensing Act 1988 | 2,700 | 4,980 | (2,280) | 4,980 | 11,111 | (6,131) |
| Total administered appropriations | 68,200 | 66,426 | 1,774 | 66,426 | 75,032 | (8,606) |
| GRAND TOTAL OF APPROPRIATIONS | 70,784 | 69,010 | 1,774 | 69,010 | 77,938 | (8,928) |
| Details of Expenses by Outputs | | | | | | |
| Output 1 : Licensing - Evaluation and determination of applications | 3,518 | 3,515 | 3 | 3,515 | 3,342 | 173 |
| Output 2 : Compliance audits and inspections | 3,743 | 3,766 | (23) | 3,766 | 3,555 | 211 |
| Total Cost of Outputs | 7,261 | 7,281 | (20) | 7,281 | 6,897 | 384 |
| Less total revenues from ordinary activities | (4,772) | (4,654) | (118) | (4,654) | (4,431) | (223) |
| Net Cost of Outputs | 2,489 | 2,627 | (138) | 2,627 | 2,466 | 161 |
| Adjustments (I) | 95 | (43) | 138 | (43) | (14) | (29) |
| Total appropriations provided to purchase outputs | 2,584 | 2,584 | 0 | 2,584 | 2,452 | 132 |
| Capital Expenditure | | | | | | |
| Purchase of non-current physical assets | 395 | 201 | 194 | 201 | 421 | (220) |
| Adjustments for other funding sources | (395) | (201) | (194) | (201) | 33 | (234) |
| Capital Contribution (appropriation) | 0 | 0 | 0 | 0 | 454 | (454) |
| DETAILS OF REVENUE ESTIMATES | | | | | | |
| Revenues disclosed as Administered Revenues | | | | | | |
| Taxes and licences | | | | | | |
| Casino Tax | 46,000 | 37,941 | (8,059) | 37,941 | 43,749 | (5,808) |

(I) Adjustments are related to movements in cash balances and other accrual items such as receivables, payables and superannuation.

The Summary of Consolidated Fund Appropriations, Variance to Budget and Actual should be read in conjunction with the accompanying notes.

This Summary provides the basis for the Explanatory Statement information requirements of TI 945, set out in Note 28.

DEPARTMENT OF RACING, GAMING AND LIQUOR

Notes to the Financial Statements

for the year ended 30 June 2003

1. Departmental Mission and Funding

The Department's mission is to promote and maintain the integrity of lawful racing, gambling and liquor activities.

The Department of Racing, Gaming and Liquor is partly funded by Parliamentary appropriations. The Department provides financial management and other corporate support services to the following agencies on a cost recovery basis:

- Gaming Commission of Western Australia
- Racing Penalties Appeal Tribunal
- Racecourse Development Trust
- Betting Control Board.

In accordance with Section 23A of the Financial Administration and Audit Act 1985, the Department may retain moneys received for services provided by the Department for:

- functions performed for the Racing and Gaming Industries
- functions performed for the Commonwealth Government on Christmas and Cocos Islands (administered through the Indian Ocean Territories Reimbursement Trust Fund).

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

In the process of reporting on the Department as a single entity, all intra-entity transactions and balances have been eliminated.

2. Significant Accounting Policies

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

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views 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 Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

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

(b) Basis of Accounting

The financial statements have been prepared in accordance with Accounting Standard AAS 29.

The statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at fair value.

Administered assets, liabilities, expenses and revenues are not integral to the Department in carrying out its functions and are disclosed in the notes to the financial statements, forming part of the general purpose financial report of the Department. The administered items are disclosed on the same basis as is described above for the financial statements of the Department. The administered assets, liabilities, expenses and revenues are those which the Government requires the Department to administer on its behalf. The assets do not render any service potential or future economic benefits to the Department, the liabilities do not require the future sacrifice of service potential or future economic benefits of the Department, and the expenses and revenues are not attributable to the Department.

As the administered assets, liabilities, expenses and revenues are not recognised in the principal financial statements of the Department, the disclosure requirements of Accounting Standard AAS 33, Presentation and Disclosure of Financial Instruments, are not applied to administered transactions.

(c) Output Appropriations

Output Appropriations are recognised as revenues in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's bank account or credited to the holding account held at the Department of Treasury and Finance.

(d) Contributed Equity

Under UIG 38 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position. Capital appropriations which are repayable to the Treasurer are recognised as liabilities.

(e) Net Appropriation Determination

Pursuant to Section 23A of the Financial Administration and Audit Act, the net appropriation determination by the Treasurer provides for retention of the following moneys received by the Department:

The net appropriation determination allows all prescribed revenues to be retained by the Department:

- * proceeds from the provision of services to the Racing and Gaming Industries
- * proceeds from the provision of services to the Commonwealth in respect of Indian Ocean Territories
- * liquor fees and other revenue.

In accordance with the determination, the Department retained \$4.65m in 2002/03 (2001/02: \$4.43m).

Retained revenues may only be applied to the outputs specified in the 2002-2003 Budget Statements.

(f) Revenue Recognition

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Department has passed control of the goods or other assets or delivery of the service to the customer.

(g) Acquisitions of Assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

(h) Depreciation of Non-Current Assets

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

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

| | |
|--------------------|----------|
| Wood furniture | 10 years |
| Metal furniture | 15 years |
| Office equipment | 5 years |
| Computer equipment | 3 years |
| Computer software | 5 years |

Computer equipment purchases are depreciated over three years with the exception of servers which are depreciated over 5 years and client server software which is depreciated over 10 years.

(i) Employee Benefits

Annual leave

This benefit is recognised at the reporting date in respect to employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long service leave

Leave benefits are calculated at remuneration rates expected to be paid when the liabilities are settled. A liability for long service leave is recognised after an employee has completed four years of service. An actuarial assessment of long service leave undertaken by PricewaterhouseCoopers Actuaries in 2001/02 determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

This method of measurement of the liability is consistent with the requirements of Accounting Standard AASB 1028 "Employee Benefits".

Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The superannuation expense comprises the following elements:

- (i) change in the unfunded employer's liability in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and
- (ii) employer contributions paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided by the Department in the current year.

A revenue "Liabilities assumed by the Treasurer" equivalent to (i) is recognised under Revenues from State Government in the Statement of Financial Performance as the unfunded liability is assumed by the Treasurer. The GESB makes the benefit payments and is recouped by the Treasurer.

The Department is funded for employer contributions in respect of the Gold State Superannuation Scheme and West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund.

Employee benefit on-costs

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses (see notes 4 and 22).

(j) Leases

The Department has entered into operating lease arrangements for motor vehicles and office accommodation where the lessors effectively retain all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased properties.

(k) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets.

(l) Receivables, Payables and Accrued Salaries

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

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

Payables, including accruals not yet billed, are recognised when the Department becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

The accrued salaries suspense account (refer to Note 16) consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (refer to Note 21) represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(m) Net Fair Values of Financial Assets and Liabilities

Net fair values of financial instruments are determined on the basis of carrying amounts of current assets, current liabilities and non-current liabilities as those amounts are considered to approximate net market value.

(n) Resources Received Free of Charge or For Nominal Value

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(o) Comparative Figures

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

(p) Rounding of Amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

3. Outputs of the Department

Information about the Department's outputs and, the expenses and revenues which are reliably attributable to those outputs is set out in the Output Schedule. Information about expenses, revenues, assets and liabilities administered by the Department are given in the Notes 35 and 36.

The two outputs of the Department and their purposes are :

Output 1 - Licensing - Evaluation and determination of applications

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

Output 2 - Compliance audits and inspections

Conduct audits and inspections to ensure that the service of gambling and liquor is conducted in a responsible and lawful manner.

| | 2002/03 \$000 | 2001/02 \$000 |
|---|---------------------|---------------------|
| 4. Employee Expenses | | |
| Salaries | 4,390 | 4,037 |
| Superannuation | 510 | 412 |
| Change in annual and long service leave entitlements | 64 | 109 |
| Other related expenses (I) | <u>9</u> | <u>12</u> |
| | <u><u>4,973</u></u> | <u><u>4,570</u></u> |
| (I) These employee expenses include superannuation, workers compensation premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee benefit liabilities at Note 22. | | |
| 5. Depreciation | | |
| Furniture equipment | 44 | 44 |
| Computing equipment | <u>419</u> | <u>394</u> |
| | <u><u>463</u></u> | <u><u>438</u></u> |
| 6. Administration Expenses | | |
| Expenses incurred during the year | 1,018 | 1,038 |
| Resources received free of charge | <u>142</u> | <u>119</u> |
| | <u><u>1,160</u></u> | <u><u>1,157</u></u> |
| 7. Capital User Charge | <u><u>186</u></u> | <u><u>179</u></u> |
| A capital user charge rate of 8% has been set by the Government and represents the opportunity cost of capital invested in the net assets of the Department used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis. | | |
| 8. Accommodation Expenses | | |
| Expenses incurred during the year | 487 | 519 |
| Resources received free of charge | <u>1</u> | <u>1</u> |
| | <u><u>488</u></u> | <u><u>520</u></u> |
| 9. Other Expenses from Ordinary Activities | | |
| Bad debts expense | 10 | 32 |
| Carrying amount of non-current assets disposed of | <u>1</u> | <u>1</u> |
| | <u><u>11</u></u> | <u><u>33</u></u> |

| | 2002/03 \$000 | 2001/02 \$000 |
|---|------------------|------------------|
| 10. User Charges and Fees | | |
| Recoups for services provided: | | |
| <u>Net Appropriation Revenues</u> | | |
| Gaming Commission of Western Australia | 2,700 | 2,491 |
| Racing Penalties Appeal Tribunal | 94 | 87 |
| Racecourse Development Trust | 80 | 77 |
| Betting Control Board | 49 | 42 |
| Commonwealth Government | 193 | 243 |
| Liquor fees and other charges | 1,538 | 1,488 |
| | <u>4,654</u> | <u>4,428</u> |
| 11. Net Gain/(Loss) on Disposal of Non-Current Assets | | |
| <u>Gain on disposal of non-current assets</u> | | |
| Furniture equipment | 0 | 2 |
| | <u>0</u> | <u>2</u> |
| <u>Loss on disposal of non-current assets</u> | | |
| Furniture equipment | (1) | 0 |
| | <u>(1)</u> | <u>0</u> |
| Net gain/(loss) | <u>(1)</u> | <u>2</u> |
| 12. Revenues from State Government | | |
| Appropriation revenue received during the year: | | |
| Output appropriations (I) | 2,584 | 2,452 |
| | <u>2,584</u> | <u>2,452</u> |
| The following liabilities have been assumed by the Treasurer during the financial year: | | |
| - Superannuation (II) | 61 | 0 |
| Total liabilities assumed by the Treasurer | <u>61</u> | <u>0</u> |

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

(II) The assumption of the superannuation liability by the Treasurer is only a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the pension scheme and current employees who have a transfer benefit entitlement under the Gold State scheme.

| | 2002/03 \$000 | 2001/02 \$000 |
|--|------------------|------------------|
| 13. Resources Received Free of Charge | | |
| Administration expenses | 142 | 119 |
| Accommodation expenses | <u>1</u> | <u>1</u> |
| | <u>143</u> | <u>120</u> |
| Resources received free of charge (I) Determined on the basis of the following estimates provided by agencies: | | |
| Office of the Auditor General | | |
| - audit services | 33 | 33 |
| Department of Housing and Works | | |
| - property management services | 1 | 1 |
| Department of Justice | | |
| - legal services | 109 | 86 |
| | <u>143</u> | <u>120</u> |

(I) Where assets or services have been received free of charge or for nominal consideration, the Department recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Department shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

| | | |
|------------------------|--------------|------------|
| 14. Cash Assets | | |
| Operating account | 1,081 | 560 |
| Cash on hand | <u>6</u> | <u>6</u> |
| | <u>1,087</u> | <u>566</u> |

| | | |
|---|------------|------------|
| 15. Receivables | | |
| Receivables for goods and services supplied | 201 | 208 |
| GST receivable | <u>14</u> | <u>52</u> |
| | <u>215</u> | <u>260</u> |

The Department has a significant exposure to the Gaming Commission of Western Australia. The Gaming Commission is expected to settle its debt of \$137,158 (2001/02: \$137,983) in due course.

| | | |
|-----------------------------------|------------|------------|
| 16. Restricted Cash Assets | | |
| Non-current | | |
| Accrued salaries suspense account | <u>194</u> | <u>178</u> |

Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

| | | |
|---|------------|------------|
| 17. Amounts Receivable for Outputs | | |
| Current | 449 | 395 |
| Non-current | <u>43</u> | <u>27</u> |
| | <u>492</u> | <u>422</u> |

This asset represents the non-cash component of output appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

| | 2002/03 \$000 | 2001/02 \$000 |
|--------------------------------|------------------|------------------|
| 18. Prepayment | | |
| Prepayment | <u>71</u> | <u>123</u> |
| 19. Plant and Equipment | | |
| Furniture equipment | | |
| At cost | 478 | 501 |
| Less Accumulated depreciation | <u>231</u> | <u>209</u> |
| | <u>247</u> | <u>292</u> |
| Computing equipment | | |
| At cost | 3,313 | 3,179 |
| Less Accumulated depreciation | <u>2,171</u> | <u>2,002</u> |
| | <u>1,142</u> | <u>1,177</u> |
| Sub-total | <u>1,389</u> | <u>1,469</u> |
| Add: Work in progress | <u>63</u> | <u>283</u> |
| Total | <u>1,452</u> | <u>1,752</u> |

Reconciliations

Reconciliations of the carrying amounts of furniture and computing equipment at the beginning and end of the current financial year are set out below.

| | Furniture equipment \$000 | Computing equipment \$000 | Total \$000 |
|-------------------------------------|---------------------------------|---------------------------------|----------------|
| Carrying amount at start of 2002/03 | 292 | 1,177 | 1,469 |
| Additions | 0 | 383 | 383 |
| Disposals | (24) | (250) | (274) |
| Depreciation | (21) | (168) | (189) |
| Carrying amount at end of 2002/03 | <u>247</u> | <u>1,142</u> | <u>1,389</u> |

| | 2002/03 \$000 | 2001/02 \$000 |
|--|------------------|------------------|
| 20. Payables | | |
| Current | | |
| Trade payables | 98 | 164 |
| Other payables | <u>3</u> | <u>0</u> |
| | <u>101</u> | <u>164</u> |
| Non-Current | | |
| Other payables | <u>3</u> | <u>0</u> |
| | <u>3</u> | <u>0</u> |
| 21. Accrued Salaries | | |
| Amounts owing for the six working days from 23 to 30 June 2003 (2001/02: six working days, 22 to 28 June 2002). | <u>121</u> | <u>95</u> |

| | 2002/03 \$000 | 2001/02 \$000 |
|-------------------------|------------------|------------------|
| 22. Provisions | | |
| Current | | |
| Annual leave | 146 | 112 |
| Long service leave | 327 | 315 |
| Employment on-costs (I) | <u>54</u> | <u>48</u> |
| | <u>527</u> | <u>475</u> |
| Non-current | | |
| Long service leave | 310 | 292 |
| Employment on-costs (I) | <u>36</u> | <u>33</u> |
| | <u>346</u> | <u>325</u> |

(I) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and workers compensation premiums. The liability for such on-costs is included here. The associated expense is included under Other related expenses (under Employee Expenses) at Note 4.

The Department considers the carrying amount of employee benefits to approximate the net fair value.

Employee Benefit Liabilities

The aggregate employee benefit liability recognised and included in the financial statements is as follows:

Provisions for employee benefits:

| | | |
|-------------|------------|------------|
| Current | 527 | 475 |
| Non-current | <u>346</u> | <u>325</u> |
| | <u>873</u> | <u>800</u> |

23. Equity

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

Contributed equity

| | | |
|---------------------------|------------|------------|
| Opening balance | 454 | 0 |
| Capital contributions (I) | <u>0</u> | <u>454</u> |
| Closing balance | <u>454</u> | <u>454</u> |

(I) Capital Contributions have been designated as contributions by owners and are credited directly to equity in the Statement of Financial Position.

Accumulated surplus

| | | |
|--|--------------|--------------|
| Opening balance | 1,784 | 1,678 |
| Change in net assets resulting from operations | <u>161</u> | <u>106</u> |
| Closing balance | <u>1,945</u> | <u>1,784</u> |

24. Indian Ocean Territories Reimbursement Trust Fund

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

The purpose of this trust fund is to hold monies received from the Commonwealth, for services provided by the Department in relation to the regulation of gaming operations on Christmas Island, pending transfer to the Consolidated Fund. The balance of the trust fund at the end of the financial year is held in the Department's operating account.

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

| | 2002/03 \$000 | 2001/02 \$000 |
|---|------------------|------------------|
| Opening balance | 25 | 31 |
| Receipts from the Commonwealth Government | 200 | 237 |
| Payments from the Trust Fund | (193) | (243) |
| Closing balance | <u>32</u> | <u>25</u> |

The closing balance for the year 2002/03 includes unexpended funds for liquor licensing services (\$20,925), casino and gaming (\$11,240).

25. Notes to the Statement of Cash Flows

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

| | | |
|---|--------------|------------|
| Cash assets | 1,087 | 566 |
| Restricted cash assets (refer to Note 16) | 194 | 178 |
| Trust account | <u>32</u> | <u>25</u> |
| | <u>1,313</u> | <u>769</u> |

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

| | | |
|---|----------------|----------------|
| Net cost of services | (2,627) | (2,466) |
| Non-cash items: | | |
| Depreciation | 463 | 438 |
| Superannuation | 61 | 0 |
| Resources received free of charge | 143 | 120 |
| Net (gain)/loss on sale of non-current assets | 1 | (2) |
| Non-cash work in progress accruals | (2) | (39) |
| (Increase)/decrease in assets: | | |
| Receivables | 8 | 37 |
| Prepayments | 52 | (12) |
| Increase/(decrease) in liabilities: | | |
| Payables | (65) | 61 |
| Current provisions | 52 | 2 |
| Accrued salaries | 26 | 7 |
| Non-current provisions | 21 | 130 |
| Net GST receipts/(payments) | 34 | (12) |
| Change in GST in receivables/payables | <u>38</u> | <u>1</u> |
| Net cash used in operating activities | <u>(1,795)</u> | <u>(1,735)</u> |

| | 2002/03 \$000 | 2001/02 \$000 |
|---|------------------|------------------|
| 26. Commitments for Expenditure | | |
| (a) Capital expenditure commitments | | |
| Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows: | | |
| Within 1 year | 0 | 12 |
| Later than 1 year and not later than 5 years | 0 | 0 |
| Later than 5 years | 0 | 0 |
| | <u>0</u> | <u>12</u> |
| (b) Non-cancellable operating lease commitments | | |
| Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are payable: | | |
| Within 1 year | 543 | 545 |
| Later than 1 year and not later than 5 years | 539 | 1,043 |
| Later than 5 years | 0 | 0 |
| | <u>1,082</u> | <u>1,588</u> |
| (c) Other expenditure commitments | | |
| There were no other material commitments as at 30 June 2003. | | |
| These commitments are all inclusive of GST. | | |

27. Remuneration of Senior Officers

Remuneration

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

| \$ | No. | No. |
|---|--------------------------|--------------------------|
| 0 - 30,000 | 0 | 1 |
| 30,001 - 40,000 | 0 | 0 |
| 40,001 - 50,000 | 0 | 0 |
| 50,001 - 60,000 | 0 | 0 |
| 60,001 - 70,000 | 0 | 0 |
| 70,001 - 80,000 | 0 | 0 |
| 80,001 - 90,000 | 3 | 4 |
| 90,001 - 100,000 | 1 | 0 |
| 100,001 - 110,000 | 0 | 2 |
| 110,001 - 120,000 | 2 | 0 |
| 120,001 - 130,000 | 0 | 0 |
| 130,001 - 140,000 | 0 | 0 |
| 140,001 - 150,000 | 1 | 1 |
| | <u>7</u> | <u>8</u> |
| | <u>725</u> | <u>690</u> |
| | 2002/03 \$000 | 2001/02 \$000 |
| The total remuneration of senior officers is: | <u>725</u> | <u>690</u> |

Senior officers include the third level of management.

The superannuation included here represents the superannuation expense incurred by the Department in respect of senior officers.

No senior officers are members of the Pension Scheme.

28. Explanatory Statement

The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimates, the actual expenditures made and revenue estimates and payments into the Consolidated Fund. Appropriations are now on an accrual basis.

The following explanations are provided in accordance with Treasurer's Instruction 945. Significant variations are considered to be those greater than 10% or \$50,000.

(i) Significant variances between estimate and actual - Total appropriation to purchase outputs:

Although there was no variance in the total appropriation, there was an unfavourable variance of \$118,000 in the total revenues from ordinary activities:

| | 2002/03 Estimate | 2002/03 Actual | Variance |
|---|---------------------|-------------------|----------|
| | \$000 | \$000 | \$000 |
| Total revenues from ordinary activities | (4,772) | (4,654) | (118) |

The variance was mainly due to a reduction in the annual recoupment of \$130,000 from the Gaming Commission of Western Australia as a result of a revision of the number of gaming inspections conducted during the year.

(ii) Significant variances between actual and prior year actual - Total appropriation to purchase outputs.

| | 2002/03 Actual | 2001/02 Actual | Variance |
|---|-------------------|-------------------|----------|
| | \$000 | \$000 | \$000 |
| Total appropriation provided to purchase outputs for the year | 2,584 | 2,452 | 132 |
| Total revenues from ordinary activities | (4,654) | (4,431) | (223) |

Total appropriation provided to purchase outputs for the year

The variance was due to an increase in the funding of capital user charge, superannuation contribution, depreciation, and salaries expenses as a consequence of the general agreement framework.

Total revenue

The variance was primarily due to an increase in liquor fee revenue in the year 2002/03. The balance of the variance was attributable to a general increase in the annual recoupment from the statutory authorities.

The retained revenue does not include the Resources Received Free of Charge. This treatment differs from the Department's published budget statements 2002/03.

Output expenditure

| | 2002/03 Actual | 2001/02 Actual | Variance |
|---|-------------------|-------------------|----------|
| | \$000 | \$000 | \$000 |
| Output 1 - Evaluation and determination of applications | 3,515 | 3,342 | 173 |
| Output 2 - Compliance audits and inspections | 3,766 | 3,555 | 211 |

The increases in the output expenditure for Output 1 (Evaluation and determination of applications) and Output 2 (Compliance audits and inspections) were attributable to the following:

- filling of vacant positions;
- an increase in depreciation expenses; and
- an increase in the notional superannuation expense.

28. Explanatory Statement (con't)

(iii) **Significant variances between estimate and actual - Capital Contribution:** No variances.

(iv) **Significant variances between actual and prior year actual - Capital Contribution:**

| | 2002/03 Actual \$000 | 2001/02 Actual \$000 | Variance \$000 |
|----------------------|----------------------------|----------------------------|-------------------|
| Capital Contribution | 0 | 454 | (454) |

No capital contribution was provided by the Department of Treasury and Finance in the year 2002/03. Funding for capital expenditure was made through the drawdown of the holding account.

(v) **Significant variances between estimate and actual, and actual and prior year actual- Total administered appropriations:**

| | 2002/03 Actual \$000 | 2001/02 Actual \$000 | Variance \$000 |
|--|----------------------------|----------------------------|-------------------|
| Administered grants and transfer payments | 61,446 | 63,921 | (2,475) |
| Amount Authorised by Other Statutes - Liquor Licensing Act 1988 | 4,980 | 11,111 | (6,131) |

Administered Grants and Transfer Payments

The claims lodged were significantly lower than expected.

Amount Authorised by Other Statutes - Liquor Licensing Act 1988

The claims lodged were significantly lower than anticipated.

(vi) **Significant variances between estimate and actual, and actual and prior year actual - Administered revenues:**

| | 2002/03 Actual \$000 | 2001/02 Actual \$000 | Variance \$000 |
|------------|----------------------------|----------------------------|-------------------|
| Casino Tax | 37,941 | 43,749 | (5,808) |

2002/03 casino gross revenue was lower than the 2001/02 revenue.

29. Additional Financial Instruments Disclosures

(a) Interest Rate Risk Exposure

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

| | 2002/03 \$000 | 2001/02 \$000 |
|------------------------------|-------------------------|-------------------------|
| | Non-interest Bearing | Non-interest Bearing |
| Financial Assets | | |
| Cash assets | 1,087 | 566 |
| Receivables | 215 | 260 |
| Restricted cash assets | 194 | 178 |
| Total Financial Assets | <u>1,496</u> | <u>1,004</u> |
| Financial Liabilities | | |
| Payables | 104 | 164 |
| Fees in trust | 14 | 4 |
| Total Financial Liabilities | <u>118</u> | <u>168</u> |

(b) Credit Risk Exposure

All financial assets are unsecured.

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

The following is an analysis of amounts owing by other government agencies:

| | 2002/03 \$000 | 2001/02 \$000 |
|--|------------------|------------------|
| Western Australian Government agencies | <u>148</u> | <u>148</u> |

(c) Net 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, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

30. Contingent Liabilities and Contingent Assets

The Department is not aware of any contingent liabilities and assets as at balance date.

31. Events Occurring After Reporting Date

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

32. Related Bodies

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

33. Affiliated Bodies

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

34. Supplementary Financial Information

(a) 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):

| | 2002/03 | 2001/02 |
|---|---------------|---------------|
| | \$ | \$ |
| Liquor licence penalties written off by the Accountable Officer | 10,140 | 10,975 |
| Uncollectable revenues written off by the Accountable Officer | 275 | 3,970 |
| Uncollectable revenues written off by the Minister | 0 | 17,377 |
| | <u>10,415</u> | <u>32,322</u> |

(b) Losses Through Theft, Defaults and Other Causes

| | | |
|----------------|----------|-----------|
| Cash shortages | <u>5</u> | <u>50</u> |
|----------------|----------|-----------|

| | 2002/03 | 2001/02 |
|---|----------------|----------------|
| | \$000 | \$000 |
| 35. Administered Expenses and Revenues | | |
| Expenses | | |
| Transfer payments for liquor subsidies and gambling tax rebates | 66,426 | 75,032 |
| Receipts paid into Consolidated Fund | <u>38,377</u> | <u>44,297</u> |
| Total administered expenses | <u>104,803</u> | <u>119,329</u> |
| Revenues | | |
| Appropriations for liquor subsidies and gambling tax rebates | 66,426 | 75,032 |
| Taxes collected under the Casino (Burswood Island) Agreement Act 1985 | <u>37,941</u> | <u>43,749</u> |
| Total administered revenues | <u>104,367</u> | <u>118,781</u> |
| 36. Administered Assets and Liabilities | | |
| Assets | | |
| Current | | |
| Cash | 9 | 9 |
| Receivables | <u>1,530</u> | <u>1,966</u> |
| Total Administered Assets | <u>1,539</u> | <u>1,975</u> |
| Liabilities | | |
| Current | | |
| Payables | 0 | 0 |
| Fees in trust | <u>9</u> | <u>9</u> |
| Total Administered Liabilities | <u>9</u> | <u>9</u> |

Financial Statements

Statement of Certification

The accompanying financial statements of the Department of Racing, Gaming and Liquor 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 2003 and the financial position as at 30 June 2003.

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
ACCOUNTABLE OFFICER

14 August 2003



Terry Ng
PRINCIPAL ACCOUNTING OFFICER

14 August 2003

Opinion of Auditor General - Financial Statements



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF RACING, GAMING AND LIQUOR FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

Audit Opinion

In my opinion,

- (i) the controls exercised by the Department of Racing, Gaming and Liquor provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Department at June 30, 2003 and its financial performance and cash flows for the year ended on that date.

Scope

The Director General's Role

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

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Output Schedule of Expenses and Revenues, Summary of Consolidated Fund Appropriations and Revenue Estimates, and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements 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.

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

D D R PEARSON
AUDITOR GENERAL
September 15, 2003

Outcomes, Outputs and Performance Information

Outcomes and Outputs

Outcome: *To promote, monitor and enforce responsible and lawful gambling and liquor services in accordance with the legislation.*

Output 1: Licensing - Evaluation and determination of applications

Output Description: Receive, process and determine applications in accordance with the legislation.

Output Measures ^(a)

| | 2002-2003 Budget | 2002-2003 Actual | Reasons for Significant Variance |
|---|---------------------|---------------------|-------------------------------------|
| Quantity | | | |
| Applications determined. | 11,500 | 11,129 | |
| Quality | | | |
| Applications that complied with the statutory requirements at the time the application was granted. | 100% | 99.8% | |
| Timeliness | | | |
| Applications finalised within the required predetermined timeframe. | 95% | 95% | |
| Cost | | | |
| Average cost of determining applications | \$306 | \$316 | |

Effectiveness

The evaluation and determination of applications contributes to promoting, monitoring and enforcing responsible and lawful gambling and liquor services by ensuring that applications comply with the statutory and policy requirements. Effectiveness can be measured by the percentage of applications granted, that complied.

(a) The Full Time Equivalent (FTE's) employed in this output during 2002-2003 was 46.

Output 2: Compliance - Audits and inspections

Output Description: Conducts audits and inspections to ensure that the service of gambling and liquor is conducted in a responsible and lawful manner.

Output Measures ^(b)

| | 2002-2003 Budget | 2002-2003 Actual | Reasons for Significant Variance |
|---|---------------------|---------------------|--|
| Quantity | | | |
| Inspections/audits undertaken. | 8000 | 7547 | |
| Quality | | | |
| Inspections / audits conducted in accordance with the approved program. | 98% | 99.9% | |
| Timeliness | | | |
| Inspectorial/audit program completed by 30 June each year | 95% | 94% | Reduction in staff availability negatively affected timeliness output. |
| Cost | | | |
| Average cost of conducting inspections. | \$468 | \$499 | |

Effectiveness

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

*This figure is calculated by determining the number of licensees/service providers that complied with audit requirements and statutory criteria as a percentage of the number of audits/inspections conducted during the year

(b) The Full Time Equivalent (FTE's) employed in this output during 2002-2003 was 43.

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 an agency's performance in the production of outputs and the achievement of government desired outcomes. Performance Indicators measure the efficiency and effectiveness of an agency. In this regard efficiency indicators relate outputs to the level of resource inputs required to produce them and the effectiveness indicators detail the extent to which outcomes have been achieved.

Government Desired Outcome

The Government Desired Outcome for the Department of Racing, Gaming and Liquor is:

- to promote, monitor and enforce responsible and lawful gambling and liquor services in accordance with the legislation.

Audited Effectiveness Indicator

Conducting compliance audits and inspections ensure the promotion, monitoring and enforcement of responsible and lawful gambling and liquor services. Effectiveness can be measured by the percentage of licensees and service providers that complied with audit requirements and statutory criteria.⁵ In this regard, the higher the percentage of compliance, the more effective the enforcement programs.

| | 2002-2003 | 2001-2002 | 2000-2001 | 1999-2000 |
|--|-----------|-----------|-----------|-----------|
| Percentage of licensees/service providers that were found to comply with audit requirements and statutory criteria | 96% | 94% | 94.9% | 95.3% |
| Total inspections | 7,547 | 7,768 | 7,681 | 8,327 |

⁵ This figure is calculated by determining the number of licensees/service providers that complied with audit requirements and statutory criteria as a percentage of the number of audits/inspections conducted during the year.

Audited Efficiency Indicators

Output 1: Licensing – Evaluation and determination of applications

Output Description: Receive, process and determine applications in accordance with the legislation.

Efficiency Indicator 1.1

Average cost of processing and determining applications based upon the total expenditure of Output 1 by the number of application determined.

| | 2002-2003 | 2001-2002 | 2000-2001 | 1999-2000 |
|---|------------------|------------------|------------------|------------------|
| Average cost of determining applications. | \$316 | \$291 | \$293 | \$309 |

Output 2: Compliance audits and inspections

Output Description

Conduct audits and inspections to ensure that the service of gambling and liquor is conducted in a responsible and lawful manner.

Efficiency Indicator 1.2

Average cost of conducting inspections based upon the total expenditure of Output 2 by the number of inspections undertaken.

| | 2002-2003 | 2001-2002 | 2000-2001 | 1999-2000 |
|---|------------------|------------------|------------------|------------------|
| Average cost of conducting inspections. | \$499* | \$458 | \$365 | \$418 |

* The increase in average cost of inspections was due to a reduction in the number of inspections conducted from the previous year. This was brought about by a significant reduction in inspectorial hours as a result of extended sick leave and acting arrangements.

PERFORMANCE INDICATORS

Statement of Certification

I hereby certify that the performance indicators presented here are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Department of Racing, Gaming and Liquor, and fairly represent the performance of this Department for the financial year ended 30 June 2003.

A handwritten signature in black ink, appearing to read "BA Sargeant". The signature is stylized with a large, sweeping flourish at the end.

Barry A. Sargeant
ACCOUNTABLE OFFICER

14 August 2003

Opinion of Auditor General - Performance Indicators



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF RACING, GAMING AND LIQUOR PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2003

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Department of Racing, Gaming and Liquor are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended June 30, 2003.

Scope

The Director General's Role

The Director General is responsible for developing and maintaining proper records and systems for preparing performance indicators.

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

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it 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 performance indicators.

Handwritten signature of D D R Pearson in black ink.

D D R PEARSON
AUDITOR GENERAL
September 15, 2003

Contacting the Department of Racing, Gaming and Liquor

Address, e-mail, facsimile and telephone contact details for the Department of Racing, Gaming and Liquor

Street address for customer access

The Department's office is located at -

Level 1, Hyatt Centre
87 Adelaide Terrace
East Perth, 6004
WESTERN AUSTRALIA

Postal address

P.O. Box 6119
East Perth, 6892
WESTERN AUSTRALIA

Telephone and facsimile numbers

Department of Racing, Gaming and Liquor's main switch-board: (08) 9425 1888
Country Callers (Toll-free): 1800 634 541
After hours (Message Bank): (08) 9425 1827
Director General's facsimile number: (08) 9325 1636
Licensing facsimile number: (08) 9325 1041
Inspectorate facsimile number: (08) 9221 7108

Casino Inspectorate
Telephone: (08) 9362 7648
" : (08) 9362 7650
Facsimile: (08) 9362 7798

Public Interest Disclosure Officer

Policy and Planning Officer: 9425 1888

Internet and e-mail service

Application forms and brochures, together with general information on the Department's functions are available on the Department of Racing, Gaming and Liquor's website, which can be found at www.rgl.wa.gov.au. The Department's Annual Report is also available from the website in PDF format.

Customers of the Department can also e-mail any inquiries to rgl@rgl.wa.gov.au.

Acknowledgments

Annual Report Coordination: Wayne Syme
Policy and Planning Officer

Financial Statements: Terry Ng
Principal Accounting Officer