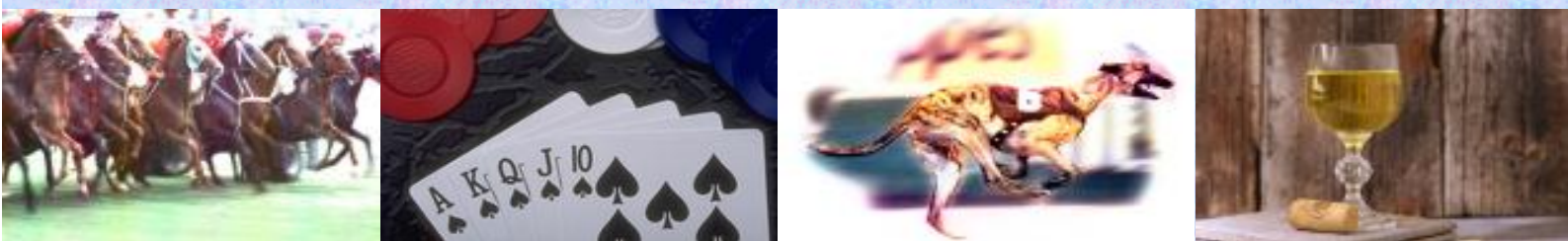




Department of Racing, Gaming and Liquor

Annual Report
FOR THE YEAR ENDED 30 JUNE 2002



DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

**STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2002**

HON NICK GRIFFITHS LLB MLC
MINISTER FOR RACING AND GAMING

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 2002.

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', followed by a large, stylized star-like flourish.

Barry A. Sargeant
ACCOUNTABLE OFFICER

18 September 2002

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

TABLE OF CONTENTS

STATEMENT OF COMPLIANCE	2
TABLE OF CONTENTS	3
DIRECTOR GENERAL'S OVERVIEW	6
REPORT ON OPERATIONS	8
RELEVANT LEGISLATION	8
Enabling Legislation	8
Legislation Administered by the Department	8
Betting Control Act 1954	8
Bookmakers Betting Levy Act 1954.....	8
Casino (Burswood Island) Agreement Act 1985	8
Casino Control Act 1984	8
Gaming and Betting (Contracts and Securities) Act 1985	8
Gaming Commission Act 1987.....	8
Gaming Commission (Continuing Lotteries Levy) Act 2000	9
Liquor Licensing Act 1988.....	9
Racecourse Development Act 1976.....	9
Racing Penalties (Appeals) Act 1990	9
Racing Restriction Acts 1917 and 1927.....	9
Totalisator Agency Board Betting Act 1960.....	9
Totalisator Agency Board Betting Tax Act 1960	9
Totalisator Agency Board Betting (Modification of Operation) Act 2000	9
Legislation Impacting on the Department's Activities.....	10
RACING CODE LEGISLATION	11
ASSOCIATED AGENCIES	11
Gaming Commission of Western Australia	11
Gaming Community Trust	11
Betting Control Board.....	11
Racecourse Development Trust	11
Racing Penalties Appeal Tribunal.....	12
RESPONSIBLE MINISTER.....	12
MISSION	12
OBJECTIVE AND DESIRED OUTCOMES	12
Objective.....	12
Outcome	12
NATURE AND RANGE OF ACTIVITIES UNDERTAKEN.....	12
ADMINISTRATIVE STRUCTURE OF THE DEPARTMENT OF RACING, GAMING AND LIQUOR.....	13
Organisational Structure	13
Senior Officers.....	13
Senior Officers – Declaration of Interests.....	14
Staff Profile.....	14
DECISION-MAKING POWERS AFFECTING THE WESTERN AUSTRALIAN COMMUNITY	15
Decisions Relating to Betting	15
Decisions Relating to Community Gaming	15
Decisions Relating to Casino Gaming	15
Decisions Relating to Liquor Licensing.....	15
OPERATIONS DIVISION.....	16
LICENSING	16
Highlights for the Year	16
Permits Issued in Respect of a Major Sporting Event, Special Occasion or Other Exceptional Circumstance	17
Licensing Function Performed on Behalf of the Gaming Commission of Western Australia	17
Licensing Function Performed on Behalf of the Director of Liquor Licensing	17
Conferences Attended	18
Training.....	18
Statistics	18
Future Issues and Initiatives for 2002-2003	21

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

INSPECTIONS/COMPLIANCE	22
Highlights for the Year	22
Functions Performed on Behalf of the Gaming Commission of Western Australia	23
Community Gaming	23
Casino Gaming Operations	24
Functions Performed on Behalf of the Director of Liquor Licensing	25
Functions Performed on Behalf of the Betting Control Board	25
Audit Functions Performed on Behalf of the Lotteries Commission of Western Australia	26
Conferences Attended	26
Training	26
Statistics	27
Future Issues and Initiatives for 2002-2003	28
LIQUOR LICENSING DIRECTORATE	29
Highlights for the Year	29
Significant Decisions	30
Section 64 Inquiries	35
Section 95 Complaints	35
Section 117 Complaints	36
Conference Attendances	36
Future Issues and Initiatives for 2002-2003	36
POLICY AND EXECUTIVE SUPPORT	37
Highlights for the Year	37
Conference Attendances	43
Changes to Legislation	43
Executive Support	47
Betting Control Board	47
Gaming Commission of Western Australia	47
Gaming Community Trust	47
Racing Penalties Appeal Tribunal	47
Racecourse Development Trust	47
Problem Gambling Support Services Committee	48
Bookmakers Statistics	51
Future Issues and Initiatives for 2002-2003	52
CORPORATE SERVICES	53
Highlights of the Year	53
Report on Equity, Access and Customer Focus	53
Freedom of Information	53
Compliance with Public Sector Standards	54
Breach of Standards	54
Statement by Accountable Officer - Compliance with Section 31(1) of the Public Sector Management Act 1994	54
Disability Services Plan	55
Equal Employment Opportunity Outcomes	55
Cultural Diversity and Language Services Outcomes	55
Government Advertising Expenditure - Compliance with section 175ZE of the Electoral Act 1907	55
Industrial Relations	55
Workers' Compensation	56
Capital Works Projects	56
Implementation of Disaster Recovery and Business Continuity Plan	56
Government Purchasing Charter	56
Major Promotional, Public Relations or Marketing Activities	57
Pricing Policy on Outputs	59
Future Issues and Initiatives for 2002-2003	59
FINANCIAL STATEMENTS	60
STATEMENT OF CERTIFICATION	82
OPINION OF AUDITOR GENERAL	83

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

OUTCOMES, OUTPUTS AND PERFORMANCE INFORMATION	85
OUTCOMES AND OUTPUTS	85
Outcome: To promote, monitor and enforce responsible and lawful gambling and liquor services in accordance with the legislation.	85
Output 1: Licensing - Evaluation and determination of applications	85
Output Measures.....	85
Output 2: Compliance audits and inspections.....	86
Output Measures.....	86
KEY PERFORMANCE INDICATORS.....	87
Government Desired Outcome.....	87
Audited Effectiveness Indicator.....	87
Audited Efficiency Indicators.....	88
STATEMENT OF CERTIFICATION	89
OPINION OF AUDITOR GENERAL	90
CONTACTING THE DEPARTMENT OF RACING, GAMING AND LIQUOR.....	91
LIST OF EMPLOYEES AS AT 30 JUNE 2002	92

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

DIRECTOR GENERAL'S OVERVIEW

It is with pleasure that I present the report for the Department of Racing, Gaming and Liquor, for the period 1 July 2001 to 30 June 2002. The events, initiatives and achievements for 2001-02 are detailed in the body of this year's report.

Through the licensing of suppliers and the provision of industry support services, the Department has continued to promote and maintain the integrity of lawful racing, gambling and liquor activities for Western Australians throughout 2001-2002.

During the reporting period, over 3,000 applications were processed on behalf of the Gaming Commission. This resulted in a net revenue of \$13,774,791 being raised by permit holders for community related purposes.

In addition, 7,500 applications were processed on behalf of the Director of Liquor Licensing and the total number of active liquor licences as at 30 June 2002, increased by 91 to 3,769. When determining liquor licence applications, the licensing authority considers the primary objects of the *Liquor Licensing Act 1988*, which are 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. Regard is also given to the secondary objects of the Act under section 5(2). Where conflict arises between these objectives, a weighing and balancing exercise is undertaken. In this regard, each of the relevant factors of a particular application is assessed in the public interest and ultimately a decision made regarding whether or not the application should be granted.

The Inspectorate conducted 3,515 inspections and audits during the reporting year. These included 1,082 on behalf of the Director of Liquor Licensing, 1,305 on behalf of the Gaming Commission, 137 on behalf of the Betting Control Board and 991 for the Lotteries Commission.

During 2001-2002, the Director of Liquor Licensing lodged seven section 95 complaints with the Liquor Licensing Court, seeking disciplinary action against licensees. The Director also heard seven section 117 complaints regarding noise and/or behaviour associated with licensed premises.

The Department's commitment to customer service has been demonstrated through the improvements made to the website, which now offers searching capabilities in respect of advertised liquor licence applications and existing licensed premises. This year also saw the publication of the *Guide for Local Governments*, which is now available on the website.

One of the most significant events during the reporting year was the submission of the Western Australian Racing Industry Review Committee's report on the future of the racing industry in Western Australia to the Minister for Racing and Gaming. Cabinet approved the drafting of legislative amendments that included the –

- establishment of a single controlling authority of thoroughbred, harness and greyhound racing in Western Australia to be known as *Racing and Wagering Western Australia*;
- transfer of responsibility for the conduct of off-course totalisator betting from the Totalisator Agency Board (TAB) to *Racing and Wagering Western Australia*;
- transfer of the principal club functions currently exercised by the Western Australian Turf Club, the Western Australian Trotting Association, and the Western Australian Greyhound Racing Authority with respect to their respective racing industries to *Racing and Wagering Western Australia*;
- abolition of the Racecourse Development Trust and transfer of the Trust's assets and obligations to *Racing and Wagering Western Australia*; and
- amalgamation of the Betting Control Board and the Gaming Commission of Western Australia to form the Gaming and Wagering Commission of Western Australia.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

The appointment of members to the Gaming Community Trust for the first time was also a significant event during the reporting year. In this regard, the Minister for Racing and Gaming appointed Mr John Schaap, Ms Laura Lewis, Mrs Wendy Silver and Mr Ted Karasek, each for one-year terms.

The year in review has seen the completion of another major legislative program. The most significant legislative amendments arose from the Liquor Licensing Amendment Act 2001, which came into effect on 7 January 2002. The amendments have reinforced the intent of the special facility licence classification and restricted the establishment of non-contiguous licensed premises.

Other significant legislative amendments have included –

- the passing of the Betting Legislation Amendment Bill 2001, 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; and.
- a further extension of the operation of the Totalisator Agency Board Betting (Modification of Operation) Act 1960, until 31 July 2003.

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 604 calls of which 75 per cent were considered to be target group calls. The BreakEven team at Centrecare Marriage and Family Services conducted 610 "face to face" counselling sessions.

The Department of Racing, Gaming and Liquor 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.

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

A handwritten signature in black ink, appearing to read 'BA Sargeant' followed by a stylized star or flourish.

Barry A. Sargeant
ACCOUNTABLE OFFICER

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

REPORT ON OPERATIONS

Relevant Legislation

Enabling Legislation

The Department 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 reverted 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

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

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

Casino (Burswood Island) Agreement Act 1985

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

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

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

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.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Gaming Commission (Continuing Lotteries Levy) Act 2000

Provides for a levy on the sale of continuing lottery tickets.

Liquor Licensing Act 1988

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

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

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

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

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.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

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;*
- *Financial Administration and Audit Act 1985;*
- *Freedom of Information Act 1992;*
- *Industrial Relations Act 1979;*
- *Library Board of Western Australia Act 1951;*
- *Minimum Conditions of Employment Act 1993;*
- *Occupational Safety and Health Act 1984;*
- *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
- *Workplace Agreement Act 1993.*

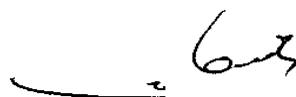
In the financial administration of the Department of Racing, Gaming and Liquor, we have complied with the requirements of the *Financial Administration and Audit Act 1985*, and every other relevant written law. We have exercised controls, which provide reasonable assurance that the receipt and expenditure of money 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

18 September 2002



Terry Ng
PRINCIPAL ACCOUNTING OFFICER

18 September 2002

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

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.

Associated Agencies

The Department provides support services to a number of Government agencies and assists these bodies in administering their legislation. The following agencies 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.

Gaming Community Trust

The Gaming Community Trust is established pursuant to section 109D of the *Gaming Commission Act 1987* and is responsible for giving advice and making recommendations to the Minister on the application of monies standing to the credit of the Trust Fund.

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

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.

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

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

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.

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.

Responsible Minister

The Hon. Nick Griffiths LLB MLC, Minister for Racing and Gaming.

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 expectations on harm minimisation."

Objective and Desired Outcomes

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.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

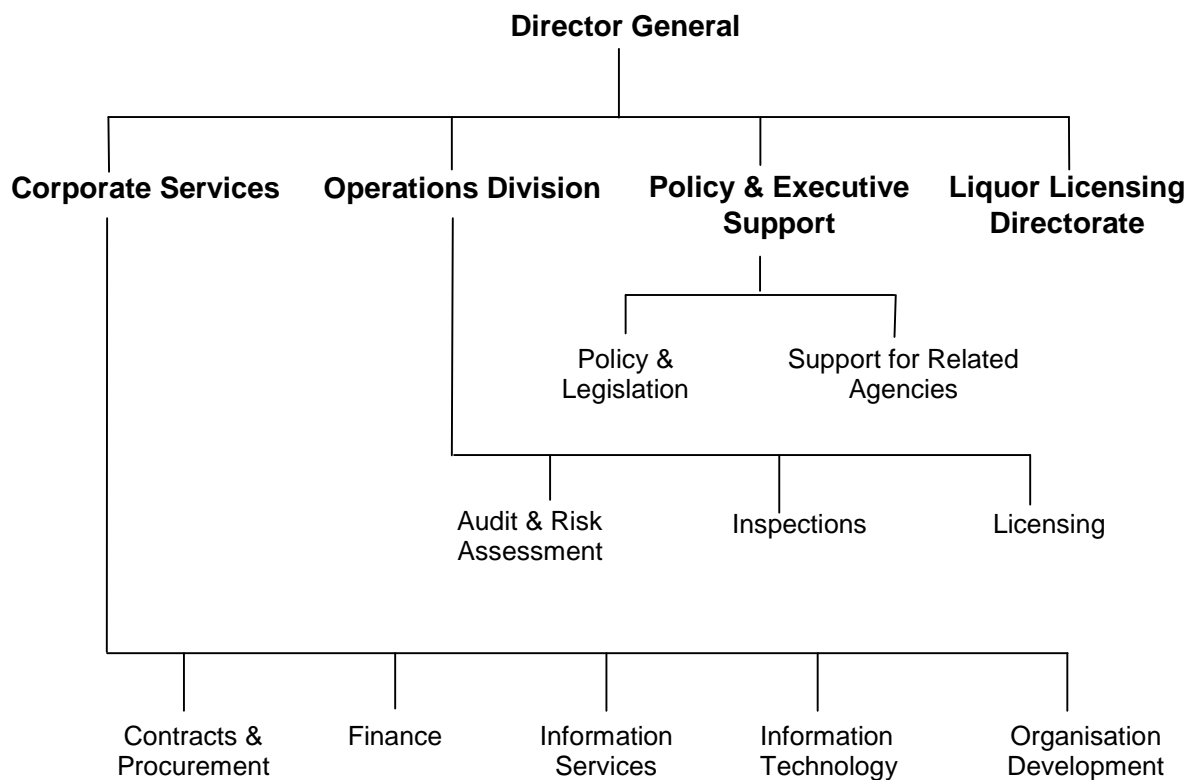
- Executive Support to the Gaming Commission of Western Australia, Gaming Community Trust, Betting Control Board, Racecourse Development Trust, Racing Penalties Appeal Tribunal and Problem Gambling Support Services Committee.
- Policy and legislation function.

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

Administrative Structure of the Department of Racing, Gaming and Liquor

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

Organisational Structure



Senior Officers

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

As at 1 July 2001, Mr Sargeant was the Accountable Officer for the Department of Racing, Gaming and Liquor. Mr Sargeant was appointed as Executive Director of the previously named Office of Racing, Gaming and Liquor on 16 November 1992 following normal Public Sector Senior Executive Service procedures. Mr Sargeant's position also holds office as Chairman of the Gaming Commission 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 senior level in the gaming industry.

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 12 years.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Ms Janine Belling BA (Distinction) (Assistant Director Liquor Licensing Directorate)

Ms Belling has 14 years experience in the public sector throughout Australia. She also has had experience in the private sector working in the tourism industry.

Mr Eric Romato (Assistant Director Liquor Licensing Directorate)

Mr Romato has over 30 years experience in public sector management with over 20 years experience in liquor licensing administration.

Mr Ray Younger (Manager Inspections)

Mr Younger has 14 years experience in public sector management in regulatory roles. He also has extensive experience in law enforcement.

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 27 years experience in the judicial and regulatory arms of government, the last 15 years in senior policy positions within the Department of Racing, Gaming and Liquor.

Ms Dorothy McLauchlin (Manager Corporate Services)

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

Mr Santo Mannino (Senior Inspector Compliance)

Mr Mannino has 25 years experience in the public service as an auditor, police officer and regulator in the racing, gaming and liquor industries.

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.

Staff Profile

A summary of the Department's employees, by category follows —

CATEGORY OF EMPLOYEE	YEAR	
	As at 30 June 2002	As at 30 June 2001
Full-time permanent	75	68
Full-time contract	3	3
Part-time measured on a FTE basis	15	17
On secondment	0	0
TOTAL	93	88

Table 1: Number of employees of the Department of Racing, Gaming and Liquor by category

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

The Department of Racing, Gaming and Liquor has a commitment to the development of 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 was undertaken in the areas of risk management, staff selection, conduct of investigations, contracts and procurement, Windows XP and PowerPoint.

Decision-Making Powers Affecting the Western Australian Community

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.

Decisions Relating to Community Gaming

Decisions relating to the administration of community 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 to staff acting on behalf of the Director.

Decisions Relating to Casino Gaming

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

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.

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.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

OPERATIONS DIVISION

The Operations Division of the Department of Racing, Gaming and Liquor is responsible for licensing, compliance/inspections and audit/review functions.

Licensing

The Licensing Branch of the Operations Division processes all applications for liquor licensing, community gaming permits and casino employee licensing. The liquor licensing function undertaken by the Licensing Branch is carried out under delegation from the Director of Liquor Licensing, while the gaming permit function is undertaken on behalf of the Gaming Commission of Western Australia.

In total, the Branch has processed in excess of 11,000 applications during the year under review.

Highlights for the Year

Publishing of an Events Management Guide for Use by the Liquor Industry

In conjunction with the Health Department, Police, Liquor Industry Council (WA) and the Road Safety Council, a "Planning Guide for Event Managers" has been developed. The guide has been compiled to assist event managers with all aspects of planning a large public function and has been distributed widely throughout the State.

Updates to the Department's Liquor Licensing Computer System

During the year the Branch facilitated a number of updates to the Liquor Licensing System to improve core functionality of the system and to provide a simpler user interface.

Updates to the Department's Gaming Suite of Computer Applications

On behalf of the Gaming Commission, officers of the Department of Racing, Gaming and Liquor have continued development of all (community) gaming modules. During the year under review, a number of modules became operational, specifically those associated with the processing of applications and generation of permits or certificates relating to standard lotteries, Calcuttas, continuing lotteries, suppliers of gaming equipment, gaming operators and video lottery terminals.

Modules relating to bingo, two-up and gaming functions are currently under development and are scheduled to be implemented in the first half of the 2002-2003 financial year.

The new system provides for an improved user interface and a quicker and more efficient customer service.

Move to Quarterly Returns for Video Lottery Terminal Permits

Historically, Video Lottery Terminal financial returns were required to be submitted monthly. After consultation with the industry and customers, it was decided to introduce quarterly financial returns from 1 April 2002. This change has brought the financial return period in line with the quarterly Business Activity Statement period required to be submitted to the Australian Taxation Office. The change has been welcomed by the industry.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Introduction of EFTPOS Services

In October 2001, an EFTPOS service was introduced. This facility allows for the payment of application fees and other payments electronically. Payments can also be made by telephone, which has greatly assisted customers who are unable to attend the office.

Expansion of Licensing Information on the Department's Website

During the year under review, the Licensing Branch contributed to an expansion on the amount of liquor licensing information available from the Department's website. People can now access the website and search for details of—

- applications lodged (where those applications require advertising);
- licensed premises by either postcode or suburb;
- information on approved applications for transfer of licence, approval of managers and removal of licences;
- changes in the trading names of licensed premises; and
- applications for transfer of licence.

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 2001-2002 to the:

- Kalgoorlie-Boulder Racing Club for the conduct of the Two-Up (World Championship) from Saturday 25 August 2001, to Thursday 13 September 2001; and
- Returned Services League of Australia sub branches for the conduct of Two-Up on Anzac Day 2002.

Licensing Function Performed on Behalf of the Gaming Commission of Western Australia

During the year the Branch processed over 3,000 applications on behalf of the Gaming Commission of Western Australia. This resulted in net revenue of \$13,774,791.01 being raised by permit holders for charitable, sporting and community related purposes.

Additionally, 246 applications were determined for people seeking casino employee or key casino employee licences to enable them to be employed at the Burswood International Resort Casino.

Licensing Function Performed on Behalf of the Director of Liquor Licensing

During the year under review over 7,500 applications were determined by or on behalf of the Director of Liquor Licensing. The total number of licences as at June 30, 2002 was 3,769, a growth of 91 licences over the previous year.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Conferences Attended

The Manager Licensing attended the 2nd Australasian Conference on Drugs Strategy held in Perth from 7 – 9 May 2002.

The object of the forum was to bring to the fore the experience and expertise emanating from an international mix of researchers and practitioners involved in research development, implementation, evaluation and enforcement of alcohol and other drug prevention strategies.

Training

In addition to various external courses attended by members of staff, regular ongoing training is conducted for all staff on liquor and gaming regulation and procedures.

Statistics

Total Number of Community Gaming Permits Issued

TOTAL NUMBER, GROSS AND NET \$ FOR PERMITS BY YEAR						
<i>Type of Community Gaming Permit</i>	<i>No. of Permits</i>		<i>Total Gross \$</i>		<i>Total Net \$</i>	
	<i>2001-2002</i>	<i>2000-2001</i>	<i>2001-2002</i>	<i>2000-2001</i>	<i>2001-2002</i>	<i>2000-2001</i>
Bingo	291	307	7,580,226	8,099,554	943,999	992,262
Continuing Lottery	405	471	11,300,709	11,221,045	2,452,902	2,450,941
Gaming	518	620	719,007	1,035,792	230,814	341,847
Standard Lottery	1,425	1,457	20,430,410	21,174,691	8,955,231	11,349,520
Calcutta	40	38	164,670	200,289	42,519	29,089
Two Up (after race/community)	296	288	143,779	152,995	98,431	105,567
Two Up (Kalgoorlie Bush)	0	2	0	79,186	0	22,486
Video Lottery Terminals	516	626	9,790,089*	11,880,149	1,058,129*	1,265,789
TOTAL	3,491	3,804	40,338,801	53,843,701	12,723,896	16,557,501

Table 2: Community Gaming statistics at 30 June

**Please note that following the move to quarterly returns for video lottery terminals this figure does not include figures for the last quarter of the 2001-2002 financial year.*

Following implementation of new modules of the Gaming Application System, 'italicised' figures represent amended totals from those printed in last year's annual report. The amended figures are those derived from the new system.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Revenue Raised by Permit Type and Year

	2001-2002	2000-2001	1999-2000	1998-1999
Bingo	\$79,807	\$86,025	\$87,089	\$98,029
Continuing Lottery	\$9,630	\$9,475*	\$39,615	\$41,065
Continuing Lottery Levy	\$104,741	\$85,479	n/a	N/a
Gaming	\$73,340	\$86,500	\$104,080	\$95,720
Standard Lottery	\$51,835	\$38,970	\$51,690	\$50,335
Calcutta's	\$3,035	\$2,530	\$2,750	\$1,390
Two Up (after race/community)	\$33,395	\$34,850	\$34,180	\$43,600
Two Up (Kalgoorlie bush)	0	\$23,000	\$23,000	\$25,000
Operator Certificate	\$4,495	\$6,900	\$6,700	\$6,200
Suppliers Certificate	\$1,805	\$1,550	\$1,250	\$1,650
Video Lottery Terminals	\$128,613	\$131,383	\$141,070	\$140,703
Approved Premises	\$5,725	\$5,930	\$6,660	\$6,170

Table 3: Community gaming revenue by game type as at 30 June

*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.

Summary of Liquor Licensing Applications

Type of Application	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998	1996-1997
Transfer of Licence	352	349	467	333	336	297
Change of Manager	1,014	978	1,095	1,011	1,212	1,060
Grant and Removal of Licence	275	270	238	245	323	221
Alterations to licensed premises	248	229	271	299	305	237
Variations to licence conditions	144	107	185	276	230	174
Extended Trading Permits (long term extended hours)	79	113	102	132	144	164
Extended Trading Permits (other long term)	106	97	65	84	28	37
Protection Orders*	79	85				
Change of premises name*	216	137				
Person in a position of authority or shareholding*	87	84				
Arrangement or Agreement*	22	6				
One-off variation of licensed area*	41	35				
One-off variation of licence hours*	108	95				
One-off variation of licensed hours and area*	42	17				
TOTAL	2,813	2602	2,423	2,380	2,578	2,190

Table 4: Comparison of the number of liquor licensing applications lodged at 30 June.

Note these figures represent applications lodged, but not necessarily determined during the period specified.

* Prior to the 2000/2001 reporting year, these types of applications were not reported.

Numbers of Occasional Liquor Licences and Extended Trading Permits Granted by Year

	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998
Occasional Licences	3,375	3,320	3,221	3,409	2,974
Extended Trading Permits (for functions or special occasions)	1,729	1,713	1,543	1,049	1,789

Table 5: Numbers of occasional licences and extended trading permits granted as at 30 June

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

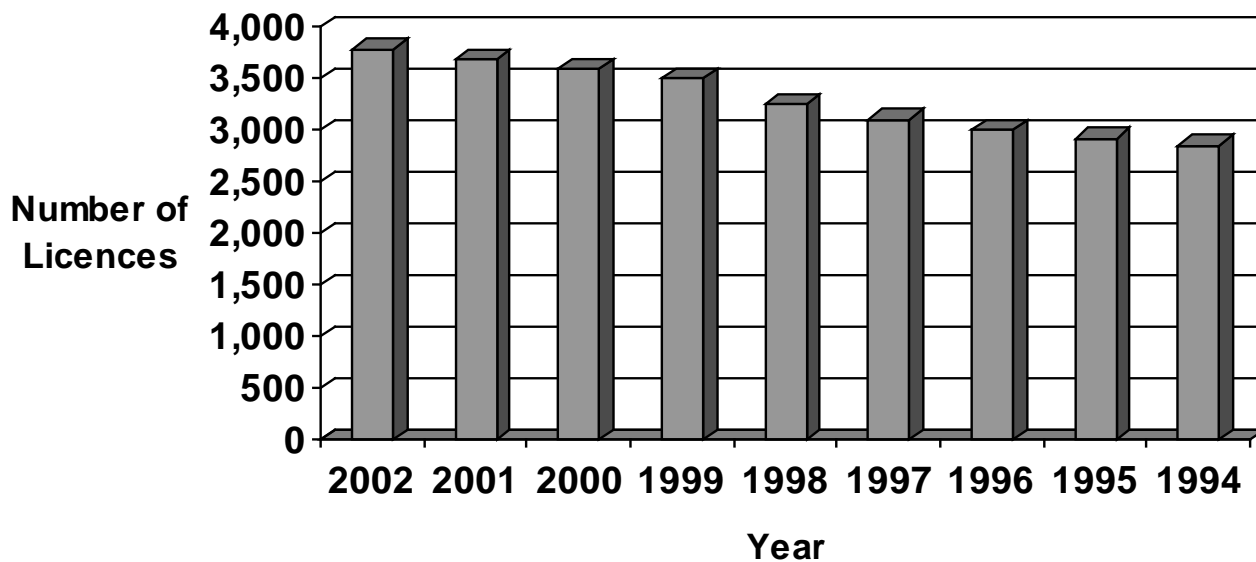
Number of Liquor Licence Types by Category and Year

Licence Type	2002	2001	2000	1999	1998	1997	1996	1995	1994
Hotel	323	330	333	336	335	338	340	346	353
Tavern	289	289	291	290	279	269	268	265	256
Hotel Restricted	38	37	38	38	38	36	35	36	36
Liquor Store	471	472	467	460	441	407	395	392	377
Club	417	414	410	406	389	389	385	384	390
Club restricted	524	529	523	520	505	495	492	490	486
Restaurant	704	692	678	657	590	565	538	490	486
Cabaret	58	61	61	62	55	55	55	54	46
Special facility	414	391	368	339	282	263	232	236	224
Casino liquor	1	1	1	1	1	1	1	1	1
Producer's licence	386	330	285	254	234	80	78	78	77
Wholesaler's licence	144	132	132	129	102	98	96	86	88
Certificate of Exemption	0	0	0	0	0	99	83	62	51
TOTAL	3769	3,678	3,587	3,492	3,251	3,095	2,998	2,920	2,853

Table 6: Number of licences and certificates as 30 June

**Note under the transitional provisions of the Liquor Licensing Amendment Act 1998 Certificates of Exemption became Producer's Licences.*

Number of liquor licences at 30 June



DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Summary of Licences Granted by Type and Financial Year

Licence Type	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998
Hotel licence	0	1	5	3	2
Tavern licence	2	1	9	7	11
Hotel restricted licence	1	1	1	1	2
Liquor store licence	1	5	14	17	33
Club licence	3	1	11	8	3
Club restricted licence	8	18	14	26	22
Restaurant licence	57	49	67	62	63
Cabaret licence	0	1	3	2	0
Special facility licence	32	37	51	37	37
Casino liquor licence	0	0	0	0	0
Producer's* licence	66	55	37	22	157
Wholesaler's licence	20	13	13	18	15
Certificate of Exemption	0	0	0	0	17

Table 7: Number of liquor licences granted by licence type as at 30 June

Please note that due to implementation of the new liquor licensing system the figures for the year 2000 are indicative only.

Future Issues and Initiatives for 2002-2003

The Licensing Branch is planning to participate in the trial of an electronic document management system in respect of certain applications. It is anticipated that the electronic document management system will assist in reducing storage costs, improve security and protection, alleviate access problems and promote accountability within the Department for these types of applications/records.

The Branch has also identified a number of further enhancements to the Liquor Licensing System to provide for better functionality of the system and for the delivery of expanded management information. However, this initiative will be subject to sufficient funding being made available to carry out the enhancements.

* The figure for 1997-1998 includes the conversion of certificates of exemption as part of the transitional provisions associated with the Liquor Licensing Amendment Act.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Inspections/Compliance

The Inspections Branch undertakes inspections, investigations and regulatory reviews of casino gaming operations, community gaming activities, licensed premises and on-course and off-course gambling to assess whether the activities being conducted comply with requirements of the relevant legislation, regulations, rules or conditions. These functions are performed on behalf of the Gaming Commission of Western Australia, the Director of Liquor Licensing and the Betting Control Board, respectively.

Other functions of the Inspections Branch are the supervision of the nightly Cash 3 draw conducted by the Lotteries Commission of Western Australia, and the verification of the turnover and prize winners of Cash 3, Oz Lotto, Powerball, Saturday Lotto and Soccer Pools on behalf of the Lotteries Commission.

The Branch investigates complaints in relation to liquor, gaming and racing matters and also undertakes the assessment of applications for liquor licences in respect to the suitability of premises. The Inspections Branch is staffed by a Manager, Senior Inspector and 15 Inspectors of which 13 work regular shifts. A further four inspectors hold qualifications in relation to the inspection of licensed premises to ensure premises conform to proper standards. There are also two administration officers attached to the Branch who are involved in processing applications relating to liquor licensed premises.

Due to the loss of approximately 16 man months caused by the extended illness of some inspectors, the transfer of inspectors to other positions and other inspectors performing higher duties, the community gaming inspections and audits were lower than in previous years.

Highlights for the Year

Closure of Kalgoorlie Bush Two-Up

In July 2001, the Bush Two-Up, which had been conducted under permits issued by the Gaming Commission since 1992, closed due to a lack of patronage.

In August 2001, the Gaming Commission approved the relocation of the Bush Two-Up to premises in Kalgoorlie at a site where the ambience and character of Bush Two-Up can be replicated.

To date the Gaming Commission has not received a submission for relocation of the Bush Two-Up.

Prosecution of the Burswood International Resort Casino

The Gaming Commission prosecuted the casino licensee, Burswood Nominees Pty Ltd, for failure to ensure a juvenile was not permitted to enter the casino.

The Magistrate imposed a fine of \$500 on the casino licensee with costs of \$2,365.

The Magistrate based the fine on the penalty provided under section 27(1) of the *Casino Control Act 1984*, which is \$5,000. The Gaming Commission appealed the sentence on the grounds that section 27(1) of the *Casino Control Act 1984* does not expressly provide for a penalty for a corporate body and, therefore, the provisions of section 40(5) of the *Sentencing Act 1995* applied in that the maximum penalty for a corporate body for an offence under section 27(1) of the *Casino Control Act 1984* is \$25,000.

The appeal was upheld and the matter referred back to the Court of Petty Sessions to be dealt with in accordance with the instructions of the appeal court. As a consequence, the fine imposed on the casino licensee was increased to \$1,500.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Redefinition of the Area of the Gaming Licence of the Burswood International Resort Casino

The area of the gaming licence was redefined following the refurbishment of the Burswood International Resort Casino to include –

- The establishment of one keno outstation in the food emporium and two keno outstations in the Champions bar.
- A redefinition of the main gaming floor to accommodate a maximum of 135 gaming tables and 1318 gaming machine playing stations.
- The relocation of the hard count room.

Casino Games Information

In association with the Burswood International Resort Casino, player information pamphlets for gaming machines and table games have been developed and distributed within the casino. In addition, harm minimisation brochures have been posted in the casino encouraging patrons to “bet with their head” and providing contact details of problem gambling counselling services.

Working Party on National Standards for Electronic Gaming Machines

Mr Chris Rowles, a Senior Regulatory Officer represented the Department at three meetings of the Working Party on National Standards for Electronic Gaming Machines. The working party is responsible for the development and maintenance of uniform manufacturing standards for electronic gaming machines in Australia and New Zealand. It is also responsible for the accreditation of the independent testing laboratories, which verify that new machines comply with the standard.

Development of Procedures for Electronic Lodgement of Plans for Licensed Premises

Procedures have been developed to enable the electronic lodgement of plans to compliment the electronic storage and retrieval of plans of licensed premises implemented in 2000-2001. The procedures set out the format in which the plans are to be submitted and drafting standards in relation to production of Computer Aided Design Drawing (CADD) drawings. It is envisaged that this initiative will result in a reduction in the lodgement of hard copy plans, which in turn need to be scanned into the electronic storage system.

Functions Performed on Behalf of the Gaming Commission of Western Australia

The Branch's compliance programs, which includes target inspections and audits of community gaming activities and casino gaming operations assists the Gaming Commission of Western Australia in the regulation of gaming.

Inspectors also conduct investigations into illegal gaming activities including the detection and seizure of prohibited gaming machines.

Community Gaming

In 2001-2002, inspectors undertook 461 inspections of various gaming activities conducted, or purporting to be conducted under the authority of a permit. The activities included bingo, two-up, continuing lotteries, video lottery terminals, card and dice games and the drawing of standard lotteries.

Inspectors issued 27 infringement notices in relation to breaches of permit conditions and eight in respect to the conduct of gaming without a valid permit. Inspectors also issued a total of 57 cautions in relation to minor breaches, which did not warrant prosecution.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

During the year inspectors also conducted audits of 761 financial statements associated with gaming activities to verify the declared gross income and expenses and to assess that the net funds raised were used for the purpose stated in the application for permit. Twelve per cent of the audits were conducted as desk audits.

One organisation was required to show cause to the Gaming Commission as to why disciplinary action should not be taken in regard to discrepancies in funds raised through the conduct of bingo and continuing lotteries.

Three persons were successfully prosecuted for possession of unlawful gaming machines following the investigation of complaints.

Casino Gaming Operations

During 2001-2002, a review of the 12-hour shift, four days on four days off roster for inspectors was completed. The review took into consideration:

- inspectors' safety after having worked a 12 hour nightshift;
- the removal over the years of inspectors from casino operational procedures based on a risk analysis of the activities that are considered to be the primary role of the casino operator;
- the new Public Sector General Agreement core terms and conditions;
- the broadening role of the inspectorate; and
- the number of inspectors.

A new roster was negotiated with inspectors based on a 10-hour shift and implemented on 1 April 2002. As a result, a 24-hour presence of Government Inspectors is no longer maintained at the casino. Inspectors are not on duty at the casino between the following hours:

- 3.00 am to 7.00 am Monday to Friday inclusive;
- 5.00 pm to 6.00 pm Friday and Saturday; and
- 4.00 am to 7.00 am Saturday and Sunday.

If there is an incident that requires the presence of a Government Inspector during hours when a government representative is not present at the casino, arrangements have been put in place for officers of the Department (other than inspectors) to be contacted to attend the casino, or advise staff of the casino licensee of what course of action, if any, to take. Since implementing the new rosters there have been no incidents that have necessitated contact with a nominated officer.

Two telephones have been installed in the casino to enable patrons to contact officers of the Gaming Commission at the Department of Racing, Gaming and Liquor. The telephones operate on a direct dial mechanism with a message bank for calls made outside normal business hours.

A total of 83 audits of casino operations were conducted during the year. The audits ranged from game reviews, revenue collection, surveillance and security operations, cage and chip bank functions, junket operations, equipment checks and verification of 90 per cent return to the player in respect of gaming machines.

Two violation reports were issued against the casino operator during the year for breaches of internal control procedures, which resulted in the Gaming Commission conducting a show cause hearing, and issuing letters of censure against the licensed casino staff involved.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

During the year, inspectors issued 62 infringement notices in instances where persons re-entered the casino in breach of a direction issued by the casino licensee under section 26(2) of the Casino Control Act prohibiting that person from entering the casino.

In addition to those offences, inspectors issued seven infringement notices to persons detected cheating, three to juveniles found in the casino and five to persons producing false identification to gain entry to the casino.

The Police issued nine infringement notices of which six were to persons who entered the casino whilst barred, one to a juvenile found in the casino, and two to persons for producing false identification.

Patrons lodged eight written complaints relating to the conduct of gaming in the casino. The complaints ranged from blurred printing on Keno tickets, alleged breaches of game rules and payment disputes. Investigations by inspectors resolved two complaints in favour of the patrons.

Functions Performed on Behalf of the Director of Liquor Licensing

In 2001-2002, the Inspections Branch assisted the Director of Liquor Licensing in carrying out the Director's statutory functions as set out in the Liquor Licensing Act 1988.

Inspectors hold appointment under section 14(1)(a) of the Liquor Licensing Act and are authorised officers for the purposes of that Act.

A total of 1082 inspections of licensed premises were conducted during the year resulting in the issue of 345 work orders where premises did not conform to standards. Inspectors also reported on the extent to which licensees complied with the terms and conditions of the licence and the Director's guidelines for responsible promotion of liquor. The majority of work orders related to glass washing machines not operating in accordance with health regulations. Twenty-three infringement notices were issued by inspectors for offences for not having approved plans on the licensed premises and failing to appoint an approved manager.

Inspectors also reported on 599 applications in relation to licensed premises, an increase of 40 per cent from the previous year.

During the year inspectors investigated 22 section 117 complaints about noise or behaviour related to licensed premises of which 15 were resolved to the satisfaction of the complainants by inspectors assisting in the conciliation process. In addition, 137 general complaints against licensed premises were investigated.

The inspectorate prepared seven section 95 complaints on behalf of the Director for the institution of disciplinary proceedings against licensees. The grounds for the complaint varied from breaches of licence conditions, overcrowding and suitability to continue to hold the licence.

Functions Performed on Behalf of the Betting Control Board

During the year the Inspections Branch carried out inspection and audit programs of on-course and off-course wagering operations on behalf of the Betting Control Board to determine compliance with the Betting Control Act and Regulations.

Inspectors visited racecourses and TAB agencies throughout the metropolitan and country regions in undertaking 137 inspections and audits that involved:

- financial audits of TAB agencies to identify whether credit betting had taken place;

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

- audits of the bookmakers telephone betting system and verification that bets taken had been recorded on betting ledgers;
- inspections of bookmaker on-course betting operations;
- audits of on-course non-totalisator betting to verify that the correct dividends were paid.

In 2001-2002, one person was successfully prosecuted on seven charges for permitting credit betting. Prosecution is pending against another person on 51 charges for allowing credit betting.

Audit Functions Performed on Behalf of the Lotteries Commission of Western Australia

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

During the year under review inspectors conducted 991 audits/draw supervision as follows:

TYPE	Number
Cash 3 Draw Supervision	365
Cash 3 Turnover & Prize audits	365
Oz Lotto Audits	52
Powerball Audits	52
Saturday Lotto Audits	52
Soccer Pool Numbers Verification	52
Soccer Pool Turnover & Prize Audits	53

Note: Soccer Pool Turnover & Prize audits are conducted on Sunday. There were 53 Sundays in the year.

Conferences Attended

The Manager Inspections attended the 16th Annual Casino Security Surveillance and Governmental Agencies Conference held in Cairns from 11 – 14 September 2001, which provided an opportunity for the exchange of ideas with operational officers from other jurisdictions.

The Conference involved workshops, which included discussion on money laundering controls, measures to identify cheats, barring of persons and risk management.

Training

The on-going training of inspectors continued throughout the year by way of monthly in-house training sessions.

Three Inspectors also completed the five-day Police Alcohol and Crime Investigators Course (nationally accredited) conducted by the Police Alcohol and Drug Co-ordination Unit. All bar three inspectors have now successfully completed the course. It is anticipated that those three inspectors will undertake the training in 2002-2003.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Statistics

Casino Gaming Revenue

Casino gaming revenue of \$291,659,919 was generated by the casino during 2001-2002 compared to \$281,178,111 in 2000-2001. The chart below displays the breakdown of revenue by game type.

NAME OF CASINO GAME	YEAR	
	2001-2002	2000-2001
	\$	\$
Keno	4,037,254	4,740,396
Video Machines	95,873,408	95,429,839
Other Games	14,438,463	24,731,217
American Roulette	37,464,050	42,465,251
Baccarat & Mini Baccarat	97,418,597	74,212,865
Blackjack	36,756,129	34,365,881
Caribbean Stud Poker	5,672,018	5,232,882
Total	291,659,919	281,178,331

Table 8: Casino revenue by game type as at 30 June

Casino Tax

Casino tax of \$43,748,988 was collected in respect of 2001-2002, compared to \$42,159,682 in 2000-2001. The following table provides a comparison of casino gaming revenue and casino tax since the casino opened in 1985.

	TAX PAYABLE	GROSS CASINO REVENUE
	\$	\$
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

Table 9: Comparison of casino revenue and tax.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Casino Attendance Figures

The table below shows the number of persons that attended the casino in the year under review.

ATTENDANCE FIGURES PER YEAR					
		2001-2002	2000-2001	1999-2000	1998-1999
MONTH	July 2001	385,704	394,989	408,734	407,513
	August	386,203	387,848	382,598	409,179
	September	361,830	389,059	380,842	371,251
	October	371,593	372,472	400,410	397,321
	November	345,933	358,816	375,658	374,188
	December	413,844	423,030	420,431	439,306
	January 2002	402,053	388,380	407,104	413,600
	February	362,272	324,560	366,495	354,377
	March	390,151	413,248	425,924	391,913
	April	383,586	367,592	416,529	399,469
	May	385,067	373,186	378,197	417,096
	June	363,070	396,611	404,305	389,376

Table 10: Casino attendance figures per month

Community Gaming Regulatory Function

TYPE OF GAMING REGULATORY FUNCTION	YEAR			
	2001-2002	2000-2001	1999-2000	1998-1999
Inspections	461	427	654	791
Audits	761	1114	1994	2102
Cautions Issued	57	15	36	36
Infringement Notices issued	35	39	173	105
Prosecutions initiated	3	2	15	3
Permits revoked	0	0	0	4
Lotteries Commission Audits	991	761	666	376

Table 11: Summary of gaming regulatory functions as at 30 June

Future Issues and Initiatives for 2002-2003

During 2002-2003, an audit and inspection reporting database will be developed and implemented to provide an electronic management system in relation to inspections and audits of community gaming activities and casino gaming operations. The system will have the ability to generate reports as to when an activity was last inspected or audited, the findings and to track follow-up action. In addition, the system will show the frequency of when a particular activity is to be audited or inspected, which will assist in planning and scheduling of such tasks.

The coming year will also see strategies being initiated with the metropolitan and country Police Alcohol and Drug Units, to develop closer links to identify and resolve issues of concern with licensed premises.

Responsibility for outstanding casino and gaming infringements will be transferred from the Department of Racing, Gaming and Liquor to the Fines Enforcement Registry during 2002-03. This initiative was originally planned for the 2001-2002 financial year, however due to technical difficulties in obtaining reports from the database, the project was delayed.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

LIQUOR LICENSING DIRECTORATE

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; 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 being responsive to such complaints; and
- expeditiously determine any other matters arising from the administration of the Act.

Highlights for the Year

Emphasis on Harm Minimisation and the Documentation of Responsible Service Strategies

During the year, the Director of Liquor Licensing provided an increased focus on alcohol-related harm issues, particularly in respect to the more remote rural regions of the State. For example, inquiries were conducted into the sale and supply of liquor on credit and the impact that this practice has had on the health and well-being of communities in the Kimberley region and in the North Eastern Goldfields. The most noteworthy of these inquiries included the prohibition of the sale of liquor on credit in Mount Magnet and Leonora; and the imposition of restrictive licence conditions in Halls Creek.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

In the Perth Metropolitan area, priority was also given to reviewing liquor promotions and advertisements to ensure that liquor is being promoted responsibly by licensees.

Implementation of the Recommendations from the Review of the Mandatory Knowledge Initiative

The review of the mandatory knowledge initiative commenced in early 2001, and was completed in November 2001. The review was based on an audit of the three accredited training providers and a survey of 278 trainees. In general, the courses were found to be well run, responsive and clear, and resulted in an increased level of knowledge about responsible service of liquor, and the provisions of the Liquor Licensing Act. A number of recommendations were made as a result of the review and those relate primarily to the administration of the training program. The majority of the recommendations have now been implemented and the remaining improvements will be finalised during 2002-2003.

Implementation of the Precedent Decision Database

The development and implementation of a Precedent Decision database was an administrative priority in 2001-2002. This database now provides the licensing authority with a timely and efficient tool for researching significant precedent decisions made by the Director, the Liquor Licensing Court and the Supreme Court of Western Australia.

Development of Policy Relating to Security and Surveillance in Late Night Venues

On 8 November 2001, the Director of Liquor Licensing released a policy entitled *Security at Licensed Premises*. Under this policy, certain licensees of late night venues are required to ensure various security measures are in place at their licensed premises. In effect, where licensed premises are permitted to trade beyond 1am, the licensee may be required to ensure a minimum number of licensed crowd controllers and security personnel are engaged, and that a closed circuit television (CCTV) surveillance system is in place. In accordance with section 64 of the Act, these requirements are introduced by way of the imposition of conditions on the licence.

The feedback from the Police regarding this initiative has been most encouraging.

Development of Taxi Industry Code of Practice

Concerns were raised that some taxi drivers in Port Hedland were purchasing liquor on behalf of, and then delivering large quantities of liquor to, "at-risk" indigenous people. In response, the Director of Liquor Licensing, in consultation with the WA Alcohol Abuse Reduction Committee, developed a Code of Practice for taxi drivers in Port Hedland. The Code of Practice asks taxi drivers for a commitment in ensuring that alcohol-related harm is minimised by refusing to purchase or deliver liquor on any person's behalf, or to carry large quantities of liquor.

With the assistance of the WA Department of Transport, the Port Hedland Local Drug Action Group, and the WA Police Service, the Taxi Code of Practice was officially launched in March 2002 in Port Hedland.

Significant Decisions

Kimberley Hotel

On 16 August 2001, the Director of Liquor Licensing handed down his decision in relation to two complaints under section 117 of the Act about noise or behaviour in respect to the Kimberley Hotel, situated at Halls Creek. The complainants in this case were the Commissioner of Police and two local residents. The complaints related principally to the levels of intoxication of persons at the licensed premises; the resultant undue noise and disturbance; and the impact of alcohol-related harm in the Halls Creek community.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

In upholding the complaints, the Director commented that:

After considering all the evidence before me, I am satisfied that there was sufficient evidence presented to show that a significant proportion of persons who resort to the Kimberley Hotel are heavily intoxicated, are regularly committing offences and are causing noise and disturbance which would be unduly offensive to people residing in the proximity of the hotel.

However, in view of the willingness of the licensee to conciliate on this matter, restrictive conditions were not imposed on the licence. Instead, the licensee introduced voluntary changes to serving practices and trading conditions at the licensed premises.

Civic Hotel

On 19 September 2001, the Full Court of the Supreme Court of Western Australia delivered its judgement on the application for a writ of *certiorari* and a writ of *Mandamus* by Mitchell James Holdings Pty Ltd ("the applicant") against the then Acting Deputy Director of Liquor Licensing, in relation to an application for an extended trading permit for the premises known as the Civic Hotel and situated in Inglewood. The matter related to an application for an extended trading permit under section 60(4)(g) of the *Liquor Licensing Act 1988* ("the Act") and whether the policy relating to permits for Sundays was inconsistent with the Act.

The writ of *certiorari* sought to quash the decision of the Acting Deputy Director in which he refused the application for extended trading on Sunday evenings, 10 pm to 12 midnight. The writ of *mandamus* sought an order commanding the Acting Deputy Director to grant the permit.

Both the writ of *certiorari* and writ of *mandamus* were unanimously discharged.

In reaching its findings, the Full Court confirmed the notion of a decision-maker's authority to develop policy which structure the exercise of discretion. However, the Full Court commented that while decision-makers may have regard to policy, that policy cannot be treated as fixed, regardless of the merits of a particular application. In this regard, the Honourable Justice McLure stated that:

...a policy which fetters all or part of a discretion is unlawful. However, where a decision-maker adopts a policy, it is entitled to apply that policy provided applicants are given an opportunity to show that there are exceptional reasons why it should not be applied in their case.

The Full Court found that while the Acting Deputy Director had given great weight to the existence of the Director's policy, as a decision-maker, he was entitled to do so and that on the evidence, the Full Court was not persuaded that the Director's policy was unlawful.

Roebuck Bay Hotel

The Full Court of the Supreme Court of Western Australia delivered its reserved decision on 14 November 2001 in respect of an application for a writ of *certiorari* by Hermal Pty Ltd ("the applicant") against the decision of the Director of Liquor Licensing, in respect of an application for an extended trading permit for the premises known as the Roebuck Bay Hotel, situated in Broome.

The matter related to an application for an extended trading permit under section 60(4)(g) of the *Liquor Licensing Act 1988* ("the Act"), in which the applicant sought approval to trade additional hours on Saturday and Sunday evenings. The Director had refused that application.

The Full Court quashed the Director's decision on the grounds that procedural fairness had not been appropriately observed. The application was subsequently remitted back to the Director of Liquor Licensing to be dealt with according to law.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

In handing down this finding, the Full Court confirmed the concept that the discretion to grant or refuse an application under the Act is an absolute discretion taking into consideration public interest issues. The public interest may be discerned by reference to section 5 of the Act.

The Full Court further determined that although the Government has not formulated any specific policy for communities such as Broome, it has formulated a general policy for the implementation of the Act. In this regard, Justice Wallwork commented that:

That policy is contained in s 5, in which the objects of the legislation are set out. These are the considerations which the Director must take into account when exercising the very broad discretions arising under s 60, on an application for an extended trading permit.

In confirming Justice Wallwork's decision, the Honourable Justice Templeman stated that:

...In my view, the crucial point here is that the Act does not require an applicant for an extended trading permit to demonstrate that there are exceptional circumstances which warrant a departure from the normal trading hours.

...The only question is whether, having regard to all the circumstances and the legislative intention, an extended trading permit is justified. In answering that question the Director has a wide discretion: it is a matter for him to decide what weight he will give to the competing interests and other relevant considerations.

Lily Creek International Pty Ltd

On 1 December 1997, Lily Creek International Pty Ltd lodged an application with the Director Liquor Licensing for a Category A hotel restricted licence to be situated in Kununurra.

Pursuant to section 69(8a) of the *Liquor Licensing Act 1988*, the Executive Director of Public Health lodged an intervention against the application on the grounds of expert evidence illustrating the potential harm that could be caused through the sale of packaged liquor to the Aboriginal community in the vicinity of Kununurra, if the Lily Creek Hotel licence was granted.

On 9 December 1999, His Honour Judge Greaves delivered his judgement on the grant of a Category A hotel restricted licence for Lily Creek International Pty Ltd.

His Honour Judge Greaves found that the evidence of the applicant was sufficient to establish on the balance of probabilities that –

“...the subjective requirements of the public for liquor, accommodation and related services in this affected area are objectively reasonable.”

With respect to the intervention of the Executive Director of Public Health, His Honour Judge Greaves found that –

“...the sale of packaged to and the consumption of packaged liquor by the group of people of Aboriginal descent in question in this case has caused and continues to cause harm and ill health to members of their community and third parties. In accordance with the laws as I have explained it, it is no more than mere conjecture, guesswork or surmise to infer from this evidence, however, that the grant of this application may cause harm or ill health to this group of people which is undue, when considered against the weight of the evidence in support of the grant of a further hotel licence in this affected area. To refuse this application on the evidence before the court in the belief that the refusal will more likely than not minimise harm or ill health to this group of people, would in my opinion likewise be no more than conjecture.”

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Following the grant of an unrestricted hotel licence, on 4th January 2000 the Executive Director of Public Health lodged a Notice of Appeal to the Supreme Court of Western Australia. The appeal was heard on 7 August 2000.

As part of the successful appeal, the Supreme Court found that His Honour Judge Greaves had misconstrued the Act, when he concluded that he was only required to take into account harm if it was proved on the balance of probabilities that such a group would suffer undue harm should a licence be granted. The Supreme Court ruled that the licensing authority must undertake a weighing and balancing exercise when conflict arises between the primary 'harm minimisation' object and the secondary objects under section 5(2) of the Act. The Supreme Court also found that the public interest considerations that underlie section 5(1)(b), indicate that the potential of harm or ill-health is to be taken into consideration, irrespective of whether the prospect of harm or ill-health is a possibility or a probability.

The Supreme Court also found that His Honour Judge Greaves should not have rejected the evidence tendered by the Executive Director of Public Health and that he misapplied the laws of evidence insofar as they concern expert testimony. The Supreme Court held that the matters that may have influenced or actually contributed to opinion evidence, are innumerable.

At the conclusion of the decision, the Supreme Court ordered that the application be remitted back to the Liquor Licensing Court to be dealt with according to law.

Upon re-hearing the evidence from the Executive Director of Public Health, on 19 April 2001 His Honour Judge Greaves again found that the application should be granted. On 8 May 2001, the Executive Director of Public Health subsequently lodged a further Notice of Appeal to the Supreme Court of Western Australia.

On 14 December 2001, the Full Court of the Supreme Court of Western Australia delivered its judgement on the second appeal against the conditional grant of a hotel licence to Lily Creek International Pty Ltd in respect of premises to be known as the Lily Creek International and situated in Kununurra.

The appeal was allowed on the basis that the conclusions reached by His Honour Judge Greaves in respect of an increase in harm or ill-health as a consequence of the grant of the application, were inconsistent with all the evidence, including expert testimony.

In considering the second appeal, the Honourable Justice Wallwork commented:

...in my opinion, his Honour erred in downgrading, without sufficient reasons, the expert evidence which was not contradicted in its over effect.

The Full Court determined that the Act specifically directs attention to the minimisation of alcohol related harm and that the relevant question to be considered is the level of alcohol related harm, due to the use of liquor, which is likely to result from the grant of an application. In this regard, the Honourable Justice Wheeler commented that:

...where there is already a very high and serious level of alcohol related harm in a community, it may be that the court would find a relatively small risk of increase in that level of harm to be unacceptable. In other words, it is not the "risk" of harm in some abstract sense which is relevant, but rather the risk having regard to the proved circumstances of the particular area in relation to which the application is made.

The decision to grant the hotel licence was quashed and the respondent was instead granted a hotel restricted licence with additional restrictive conditions.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Grand Hotel, Kookynie

On 1 March 2002, the Director of Liquor Licensing delivered his decision in respect of an inquiry conducted under section 64 of the Act, into management practices of the licensees of the Grand Hotel, Kookynie. The inquiry was undertaken in response to submissions made by the Commissioner of Police and a complaint by an interstate visitor.

The issue on which this inquiry was predicated related to the practice of the licensee whereby the hotel would supply liquor to patrons on the understanding that the hotel retains patron bank access cards and Personal Identification Numbers (PIN). When funds become available in each access account, the hotel management would withdraw the money owed via the hotel's EFTPOS system.

The Director was satisfied on the evidence before him, that:

...this practice is clearly contrary to the public interest. I am satisfied that the practice contributes to alcohol-related harm and violence in the North East Goldfields Region. Furthermore, the simple fact that a PIN number is provided to a third party, along with a credit card, places that third party in an extreme position of trust. As such, the system is open to abuse by an unscrupulous operator, especially where more than one person has access to those cards and the corresponding PIN number.

What is also significant, is that the practice of retaining bank access cards can effectively remove responsibility and the ability of the cardholder to manage their funds. In a very short period of time the practice can lead to the cardholder entering into a continual cycle of credit debt. That situation, combined with the serious addictive nature of alcohol and its potential harm, is clearly against the public interest.

As a consequence, restrictive conditions were imposed not only on the Grand Hotel, Kookynie licence, but also on all seven other Category A licences in the North Eastern Goldfields Region. That condition prohibited the retention of key access cards or credit cards as collateral for payment for liquor.

The Director also commented that:

...I am concerned with the apparent practice of some licensees in supplying large quantities of alcohol, which I understand is often transported to a dry Aboriginal Community for on-sale and consumption within that community. Apart from the significant harm that can be caused, this practice is illegal (section 109(3) of the Act refers) and is known as "sly grogging". Any person or licensee apprehended for undertaking such an activity, or knowingly selling or supplying liquor for this purpose, can attract substantial fines, together with a possible confiscation of the liquor and the vehicle used for transporting that liquor (section 109(8) of the Act refers). In addition, if there is evidence of complicity in this type of offence, a restriction could be imposed pursuant to section 64(3)(ba) of the Liquor Licensing Act 1988 on a licence to ensure compliance with the by-laws of an Aboriginal community under the Aboriginal Communities Act 1979.

Leisure Inn Rockingham

On 20 March 2002, His Honour Judge Greaves in the Liquor Licensing Court delivered his findings on an application for an extended trading permit by Minora Investments Pty Ltd ("the applicant"), in respect of premises known as the Leisure Inn Rockingham. The application for an extended trading permit was made under section 60(4)(g) of the *Liquor Licensing Act 1988* ("the Act"), and sought

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

approval to trade additional hours on Friday and Saturday evenings from 12 midnight until 2.00am the following morning, and from 10.00pm to 10.30pm on Sunday evenings.

The application was opposed by a number of local residents and Midchime Pty Ltd (licensee of Zelda's Night Club). Further, both the City of Rockingham and the Executive Director of Public Health submitted Notices of Intervention.

His Honour Judge Greaves refused the application in the public interest, on the basis that:

...In my opinion, the findings of fact which I have made on the evidence lead as a matter of prediction to the conclusion that the grant of this application is very likely to result in higher levels of intoxication and violence after midnight than before midnight, as it has done in the past. As a result, it is very likely the grant of the application would cause harm or ill-health to the consumers and third parties, due to the use of liquor.

...The unacceptable levels of intoxication of customers at the premises after midnight have in the recent past occurred through the failure of management to control the sale and supply of liquor for consumption on the premises in accordance with the Act.

Section 64 Inquiries

Section 64 of the *Liquor Licensing Act 1988* 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, fifteen (15) section 64 inquiries were conducted by the licensing authority in relation to 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 2001-2002, the Director lodged seven (7) section 95 complaints before the Liquor Licensing Court. Of particular interest was a complaint lodged on 19 November 2001 against the licensee of the Kimberley Hotel, situated in Halls Creek. The grounds of the complaint were that proper cause for disciplinary action existed because the licensee had been issued with an infringement notice for allowing an intoxicated juvenile to remain on the licensed premises.

After hearing the complaint, His Honour Judge Greaves upheld the section 95 complaint against the licensee and imposed penalties amounting to \$2,500.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

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, twenty-two (22) complaints were lodged: fifteen (15) were resolved by way of conciliation and the remaining seven (7) complaints were heard before the Director of Liquor Licensing.

Conference Attendances

Australasian Liquor Licensing Conference

In September 2001, the Director of Liquor Licensing attended the annual conference of Australasian Liquor Licensing Authorities in Sydney and hosted by the New South Wales Liquor Licensing Board.

Liquor Licensing Authorities Conference on Indigenous Issues

In March 2002, the Director of Liquor Licensing attended a conference of Australian Liquor Licensing Authorities in Alice Springs and hosted by the Northern Territory Liquor Licensing Commission.

2nd Australasian Conference on Drugs Strategy

In May 2002, the Director of Liquor Licensing and the two Assistant Directors of Liquor Licensing attended the 2nd Australasian Conference on Drugs Strategy in Perth and hosted by the Western Australia Police Service.

Future Issues and Initiatives for 2002-2003

There are a number of issues and trends that will impact upon the operation of Directorate during the coming year.

In relation to the determination of liquor licensing applications, greater emphasis will be placed on ensuring that the objects of the *Liquor Licensing Act 1988* are taken into consideration. In this regard, where a conflict arises between the two primary objects which are: "*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*", the Director of Liquor Licensing will undertake a weighing and balancing exercise in assessing the relevant factors of the application. Furthermore, when considering the public interest, the potential for harm or ill-health will to be taken into consideration regardless of whether the prospect of harm or ill-health is a possibility or probability.

There will also be a continuing emphasis placed on the responsible promotion and responsible consumption of liquor.

During 2002-2003 development will commence on a policy in relation to dance parties conducted on licensed premises post permitted trading hours and the recommendations arising from the review of the accredited training courses in relation to the mandatory knowledge requirements of liquor licences will be implemented.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

POLICY AND EXECUTIVE SUPPORT

The Department of Racing, Gaming and Liquor provides policy advice and administers legislation relating to racing, gambling and liquor activities. It also provides executive support services to the Betting Control Board, the Gaming Commission of Western Australia, the Gaming Community Trust, the Problem Gaming Support Services Committee, the Racing Penalties Appeal Tribunal and the Racecourse Development Trust. These agencies (excepting the Gaming Community Trust and the Problem Gambling Support Services Committee) are statutory authorities and each is required to report separately to Parliament.

Highlights for the Year

Interactive Gambling Act 2001 (Cth)

The Federal Government's *Interactive Gambling Act 2001* (Cth) received Royal Assent on 11 July 2001. The Act places restrictions on interactive gambling and prohibits the provision of interactive gambling to people located in Australia. The prohibition applies to casino-type gaming, betting on a sporting event after it has commenced, and scratch lotteries where these services are offered on a commercial basis over the Internet or through on-line delivery systems such as interactive television and advanced mobile phone technologies.

Interactive wagering on horse and greyhound racing, and on sporting events, which take place before they have commenced, are excluded from the effect of the Act. Non-instant lotteries and similar activities are also excluded from the scope of the interactive gambling ban.

The Act bans the advertising of prohibited interactive gambling services on broadcast media, print media and billboards. Advertising on Internet services aimed at an Australian audience is also banned.

National Competition Policy

Betting Control Act and Regulations

The *Betting Legislation Amendment Act 2002*, which provides for the following amendments to the *Betting Control Act 1954*, was assented to on 8 July 2002. The Amendment Act will come into operation once the supporting regulations have been finalised.

- The establishment of corporate licensing provisions for bookmakers. Currently the Betting Control Act stipulates that only a sole natural person may be granted a bookmaker's licence. This restriction has been relaxed so that a partnership and a body corporate may apply for and be granted a bookmaker's licence.
- The removal of time restrictions on bookmaking operations. Currently the Betting Control Act restricts race bookmakers to operating only when a race meeting is in progress at the racecourse. The amendment removes this restriction thus allowing bookmakers and racing clubs to negotiate the times during which bookmakers may operate.
- The removal of the protection afforded to the Betting Control Board in not having to specify reasons for refusal of licence application.

In terms of the Betting Control Regulations the following amendments have been implemented.

- The restriction which establishes a minimum bet level for bets accepted by bookmakers over the telephone and has been amended to reduce the minimum bet requirement in respect of non-metropolitan races by 50 per cent.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

- The restriction which allowed a racing club (club A) to prevent another racing club (club B) from accepting totalisator bets from patrons in attendance at club B in respect of races conducted at club A, has been removed.
- The restriction that prevents bookmakers from including advertising and other information on betting tickets has been removed.
- The prohibition on the making of betting transactions on licensed premises has been removed.
- Constraints on bookmakers in relation to maximum bet liability limits have been removed.

The following amendment is to be undertaken and drafting instructions have been issued to:

- allow bookmakers to take bets before 12.00 noon on Anzac Day. This restriction prevents bookmaker betting on interstate meetings prior to 12noon (Western Australian time) on ANZAC Day and is to be repealed. The NCP review concluded that if activities on ANZAC day are to be restricted, this should occur by means of dedicated ANZAC Day legislation, as the current situation is inconsistent across other gambling legislation. For example, TAB agencies are not restricted on ANZAC Day.

Totalisator Agency Board Betting Act and Regulations

The following amendment to the Totalisator Agency Board Betting Act has been implemented.

- The restriction that limited TAB customers to paying for bets only by cash or through funds held in a betting account has been amended to allow the TAB to also accept a cheque as payment for a bet.

The following amendments are to be undertaken and drafting instructions have been issued to:

- enable the Betting Control Board to approve sporting events at which the TAB may conduct betting;
- repeal the provision that currently requires the TAB to only conduct betting at races held at prescribed venues;
- repeal the provision that requires the TAB to credit the amount of 1.75 per cent to promote totalisator betting on sporting events.
- repeal the provision that allows the TAB to compulsorily acquire a loan of \$100,000 from WA Turf Club or WA Trotting Association.

Gaming Commission Act 1987 and Casino Control Act 1984

The following amendment will be undertaken and drafting instructions have been issued.

- The Gaming Commission Act is to be amended to incorporate licensing requirements for professional fundraisers.

Racing Restriction Acts 1917 and 1927, Western Australian Greyhound Racing Authority Act 1981

These reviews have been completed and amendments included in an omnibus bill which was introduced into Parliament and progressed to second reading stage before Parliament was prorogued for the February 2001 State election.

The amendments will now be included in the legislation currently being drafted to reform the racing industry governance structure.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

- The Racing Restriction Act 1927, which purports to restrict the conduct of greyhound racing, is to be repealed.
- The Racing Restriction Act 1917 is to be to limit the authority of the Western Australian Turf Club to thoroughbred racing, rather than all horse racing apart from harness racing as is currently the case.
- A provision should be inserted into the Racing Restriction Act 1917 to allow the licensing by the Minister or other authority of alternative forms of horse racing where it can be demonstrated that such action is in the public interest.
- The Western Australian Greyhound Racing Authority Act is to be amended to remove the provisions that place a limit on the number of greyhound race meetings that may be held in any one year.

Liquor Licensing Act 1988

The draft NCP Review Report on the Liquor Licensing Act 1988 was released for public comment during the reporting year and submissions were received from the following organisations.

- | | |
|--|--|
| • Liquor Stores Association of WA Inc. | • Town of Port Hedland |
| • Australian Hotels Association (WA Branch) | • City of Melville |
| • Restaurant and Caterers Industry Association | • City of Rockingham |
| • Clubs WA | • City of Kalgoorlie Boulder |
| • Alcohol Advisory Council | • Shire of Capel |
| • Woolworths | • City of Stirling |
| • Curtin University | • Town of Victoria Park |
| • Hospitality and Tourism Council | • Town of East Fremantle |
| • Geraldton Police | • Shire of Dardanup |
| • Department of Public Health, | • Shire of Katanning |
| • Health Department of Western Australia | • City of Mandurah |
| • Burswood International Resort Casino | • Pilbara Regional Council |
| • City of Bunbury | • Western Australian Municipal Association |
| • Town of Bassendean | • Australian Institute of Environmental Health |
| • Shire of Williams | |
| • Shire of Plantagenet | |

Four hundred and seventy pro-forma letters objecting to the deregulation of the liquor industry were also received.

The determination of the Government's position on the NCP review of the Act, is premised on the fact that –

- (i) pursuant to section 113 of The Commonwealth of Australia Constitution Act 1900, the use, sale, consumption and storage of liquor is the responsibility of the States. Therefore in Western Australia it is subject to the laws of the State. In fact, the State of Western Australia has regulated the sale of liquor since its foundation in 1829;
- (ii) the long title of the Liquor Licensing Act 1988 is described as:

“An Act 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 or ancillary to the sale of liquor, to minimise harm or ill-health caused to people or any group of people due to the use of liquor ... and for related matters”

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

- (iii) the primary objects of the Act are to –
- (a) regulate the sale, supply and consumption of liquor; and
 - (b) minimise harm or ill-health caused to people or any group of people, due to the use of liquor;
- (iv) it has been recognised by the Supreme Court of Western Australia that liquor is a substance, the supply of which, is controlled. In this regard Justice Murray said in ***Liquor Stores Association (Inc) v Manya Holdings Ltd (2000)***:

“It is clear from s 5 that the regulation is for the purpose of facilitating the supply of liquor in the community, but in a controlled and regulated way designed to ensure, not only that the facilities which the community requires are available, but also that the industry develops in a regulated and orderly way, having regard to the interests of those who participate in it.”

In the same case, Justice Owen said in part:

“In a similar vein, the application seemed to proceed on the assumption that liquor may be regarded as ‘just another office requisite’. I am not sure that this approach is helpful. Liquor is a substance the supply of which to members of the public is controlled.”

- (v) recent decisions of the Supreme Court of Western Australia - ***Executive Director Public Health v Lily Creek International Pty Ltd*** - have confirmed that a link exists between outlet density (availability) and levels of liquor consumption; and
- (vi) the Government's election commitments in relation to Liquor Licensing were to –
- oppose the further deregulation of the Act through legislation, regulations or where it becomes known through decisions of the Liquor Licensing Court and its superior courts;
 - amend the Act to prevent the core classification of the Act being further eroded to maintain Special Facility Licences for genuine tourism and special needs. The amendment to the Act would ensure that where a licence of some other class would be reasonably adequate to meet the purpose sought, a special facility licence will not be granted;
 - oppose Sunday trading for liquor stores; and
 - prevent restaurants gaining extra capacity to sell liquor that is not ancillary to a meal.

In this regard the Government has sought to keep in place responsible liquor retailing and promote responsible consumption of alcohol.

Participation in Ministerial Council on Gambling

At its meeting on 11 September 2001, the Ministerial Council on Gambling agreed to the establishment of a secretariat in Victoria, to support the five-year national research program into issues relating to problem gambling. It was also agreed that each State would contribute funding to the research program. In this regard, the Western Australian government has made a commitment to contribute \$10,000 per annum.

The Ministerial Council on Gambling Research Working Party met on a number of occasions during the year. Mr Barry Sargeant, Director General of the department and chairman of the Gaming Commission, attended the meetings or participated by teleconference.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Regulators Responsible Gambling Working Party

Representative of the department attended three meetings of the Regulators' Responsible Gambling Working Party during 2001-2002. The purpose of the Regulators' Responsible Gambling Working Party is to provide advice on responsible gambling issues for consideration by the Casino and Gaming CEO's Forum.

Gaming Community Trust

This year the Minister for Racing and Gaming made the first appointments to the Gaming Community Trust, pursuant to section 109D of the *Gaming Commission Act 1987*. The Gaming Community Trust was established in 1998, to give advice and make recommendations to 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 1987*; 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 2002, the balance of the fund was \$661,283.80.

Gaming Community Trust Membership

The Trust consists of five members as follows:

- a) a person holding or acting in the office of the chairman of the Gaming Commission, who is an *ex-officio* chairman of the Trust;
- b) one person appointed by the Minister on the nomination of Burswood Nominees Pty Ltd; and
- c) three persons nominated by the Minister who have, in the opinion of the Minister, experience or expertise relevant to the function of the Trust.

Trust membership comprises -

- Mr Barry A. Sargeant (Chairman)
- Mr John Schaap, appointed by the Minister on the nomination of Burswood Nominees Pty Ltd
- Ms Laura Lewis, appointed by the Minister
- Mrs Wendy Silver, appointed by the Minister
- Mr Joseph (Ted) Karasek, appointed by the Minister

Review of the Governance of Racing

In September 2000, the Western Australian Racing Industry Review Committee was established to review the Future Governance of the Western Australian Racing Industry in Western Australia. The Review Committee submitted its report to the Minister for Racing and Gaming in October 2001.

On 13 May 2002, Cabinet approved the drafting of legislative amendments to, amongst other things –

- establish a single controlling authority of thoroughbred, harness and greyhound racing in Western Australia to be known as *Racing and Wagering Western Australia*;

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

- transfer responsibility for the conduct of off-course totalisator betting from the Totalisator Agency Board (TAB) to *Racing and Wagering Western Australia*;
- transfer the principal club functions currently exercised by the Western Australian Turf Club, the Western Australian Trotting Association, and the Western Australian Greyhound Racing Authority with respect to their respective racing industries to *Racing and Wagering Western Australia*;
- abolish the Racecourse Development Trust and transfer the Trust's assets and obligations to *Racing and Wagering Western Australia*; and
- amalgamate the Betting Control Board and the Gaming Commission of Western Australia to form the Gaming and Wagering Commission of Western Australia.

It is expected that the necessary legislative amendments will be presented to Parliament during 2002/03 with a view to implementing the new governance structure on 1 August 2003.

Review of the Licensing Authority

In June 2002, the Minister for Racing and Gaming announced a review of the operation of the licensing authority, which is constituted by either the Liquor Licensing Court or the Director of Liquor Licensing. The review will 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 has been 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. It will also assist Government in determining what, if any, amendments are necessary.

Submissions addressing the issues identified in the discussion paper are to be forwarded to the Minister for Racing and Gaming by 31 October 2002.

Establishment of National Taskforce to Review Cross Border Betting

At the May 2002, Australasian Conference of Racing Minister's held in Adelaide, it was resolved to establish a national taskforce to examine and report on the impacts of cross border betting in Australia.

The taskforce, which is chaired by Western Australia, met for the first time during June 2002 and is expected to report back to the Racing Minister's Conference in November 2002.

Guide for Local Government

This year the Department finalised the development of the *Guide for Local Governments* publication. The guide is designed to provide local governments with information regarding their authority and obligations under the *Liquor Licensing Act 1988*.

A copy of the guide is available on the website of the Department of Racing, Gaming and Liquor, the address for which is www.rgl.wa.gov.au.

If you do not have website access and would like a copy of the guide, please contact Ms Jacqui Herring on 08 9425 1857 or for country callers 1800 634 541.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Conference Attendances

2002 Racing Ministers' Conference

The Director General accompanied the Minister for Racing and Gaming to the November 2001 Racing Ministers' Conference, which was held in Melbourne. The Director General represented the Minister for Racing and Gaming at the May 2002 Racing Ministers conference, which was held in Adelaide, accompanied by the Manager, Policy and Executive Support, Mr Jon Nichols.

2001 Conference of the National Association of Gambling Studies

The Executive Officer to the Problem Gambling Support Services Committee, Ms Jacqui Herring, attended the Annual Conference of the National Association of Gambling Studies, which was held in Sydney during November 2001.

Changes to Legislation

Liquor Licensing Amendment Act 2001

The *Liquor Licensing Amendment Act 2001* came into operation on 7 January 2002. The effect of the amendments has resulted in the following:

1. The removal of the obligation on hotel/tavern licences to sell packaged liquor. This means that the holder of a hotel/tavern is no longer *required* to sell packaged liquor.
2. Amendments to the provisions relating to the alteration or redefinition of licensed premises, to provide that the licensing authority cannot approve a redefinition of licensed premises that will result in the establishment of non-contiguous licensed premises. An exception applies in respect of those premises that are entered in the Register of Heritage Places.
3. Amendments to the special facility licence provisions to:
 - confirm that the issue of a permit pursuant to a licence is to be considered when determining whether or not a licence of another category can reasonably satisfy the intended operation of the business; and
 - specify the purposes for which a special facility licence can be granted. Those purposes are as follows.
 - Works canteen
 - Theatre
 - Tourism
 - Post Secondary Educational Institutions
 - Reception Centre
 - Transport
 - Sports Arena
 - Food-hall
 - Bed and Breakfast
 - Food and beverage caterer
 - Room service facility
 - Liquor auction
 - Wine club
 - Amusement Venue

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

The Licensing Authority is precluded from granting a special facility licence, where another class of licence, with or without a permit or conditions, would achieve the purpose for which the special facility licence is being sought.

Betting Legislation Amendment Act 2002

On 26 June 2002, Parliament passed the *Betting Legislation Amendment Bill 2001*. The purpose of the Bill is 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 will –

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 establishment of a betting auditorium at a major racecourse provided permission of both the racecourse controlling authority and the Betting Control Board is obtained for the conduct of betting by bookmakers at racecourses when there is no race meeting being conducted.

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.

These amendments are expected come into operation in September 2002.

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

On 26 June 2002, Parliament passed the *Totalisator Agency Board Betting (Modification of Operation) Amendment Bill 2002*. The purpose of the Bill is 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 2000* fixes the distribution of TAB profits amongst the three racing codes. This amendment arises from the need to extend the term of the Act to provide time to allow the establishment of *Racing and Wagering Western*

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Australia as the controlling authority of thoroughbred, harness and greyhound racing in Western Australia.

Totalisator Agency Board (Betting) Amendment Regulations (No. 2) 2001

These amendment regulations enabled –

- amendments to the provisions relating to bets taken by telephone to take account of bets taken via the Internet;
- pursuant to section 36(2) of the *Totalisator Agency Board Betting Act 1960*, prescription of further inspection powers for authorised persons, and
- amendments to the bet cancellation requirements.

Totalisator Agency Board (Betting) Amendment Regulations (No. 3) 2001

These amendment regulations included the Wanneroo and Byford Trotting Tracks as venues in the list of racecourses prescribed for the purposes of betting by the TAB.

Totalisator Agency Board (Betting) Amendment Regulations 2002

These amendment regulations included the following international racing venues in the list of racecourses prescribed for the purposes of betting by the TAB:

- Nad-Al-Sheba Racecourse, Dubai, United Arab Emirates;
- Churchill Downs Racecourse, Kentucky, United States of America; and
- Arlington Park Racecourse, Chicago, United States of America.

Betting Control Amendment Regulation 2001

These amendment regulations increased the commission rate that the TAB may deduct from a Quartet bet from 20 per cent to 25 per cent.

Betting Control Amendment Regulations (No. 2) 2001

These amendment regulations prescribed fees for a licensed bookmaker seeking authorisation to:

- carry on business by means of on-course telephone betting;
- carry on business by means of on-course internet betting; and
- approval to use a computerised betting ledger system.

Betting Control Amendment Regulations (No. 3) 2001

These amendment regulations reduced the rate of commission that the TAB may deduct from Quartet bets from 25 per cent to 20 per cent.

Casino Control Amendment Regulations 2001

These amendment regulations increased the prescribed fee for a review of a direction prohibiting a person from entering and remaining on licensed casino floor (following a review in accordance with the provisions of section 55(b) of the *Financial Administration and Audit Act 1985*).

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Gaming Commission Amendment Regulations 2001

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*).

Gaming Commission Amendment Regulations (No. 2) 2001

These amendment regulations included premises that are licensed to conduct bingo as prescribed premises for the purposes of selling continuing lottery tickets from vending machines.

Gaming Commission Amendment Regulation 2002

These amendment regulations increased the aggregate prize value for the conduct of football tipping competitions from \$7,500 to \$10,000 and removed the restriction set on the weekly and grand final prizes as prescribed by regulation 40A.

Liquor Licensing Amendment Regulations 2001

These amendment regulations provided for the sale of liquor on an aircraft during the course of a flight, to be an exempt sale for the purposes of the *Liquor Licensing Act 1988*.

Liquor Licensing Amendment Regulations (No. 2) 2001

These amendment regulations defined a "tourist" for the purposes of determining an application for a "tourism" special facility licence. In this regard, a "tourist" is a person whose travel involves a stay away from home for at least one night, at a place outside their usual environment (ie: at least 40 kilometres from home and not on a regular trip between home and work/education), who stays for less than twelve months and who travels for holidays or leisure, business, to visit friends or relatives and or other reasons.

Liquor Licensing Amendment Regulations (No. 3) 2001

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 (No. 4) 2001

These amendment regulations supported the amendments to the *Liquor Licensing Act 1988* contained in the Liquor Licensing Amendment Act 2001 to specify the purposes for which a special facility licence may be granted and stipulate whether or not the sale of packaged liquor is authorised.

Liquor Licensing Amendment Regulations 2002

These amendment regulations removed the existing State low-alcohol beer subsidy scheme to coincide with the introduction of the Commonwealth Government's National Excise Concession Scheme for Low-Alcohol Beer effective 1 July 2002.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Executive Support

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.

Licensing function

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

The total number of bookmakers operating in Western Australia as at 31 July 2002 was 50. This compares with 55 at 31 July 2001. Two new licences were issued during the year, while seven licences were surrendered.

Gaming Commission of Western Australia

Executive support provided to the Gaming Commission takes the form of policy advice and a secretarial service for meetings of the Commission.

Gaming Community Trust

Executive support provided to the Gaming Community Trust currently takes the form of policy advice and a secretarial service for meetings of the Trust. In the future it may also include –

- receiving applications for Trust funding; and
- managing the payment of monies in accordance with approved grants.

Racing Penalties Appeal Tribunal

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.

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.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Problem Gambling Support Services Committee

The Problem Gambling Support Services Committee was formed in 1995 under the auspices of the Gaming Commission of Western Australia. The membership of the Committee comprises-

- Mr Barry Sargeant (Chairman), Director General Department of Racing, Gaming & Liquor
- Mr John Schaap, Managing Director and Chief Executive Officer Burswood International Resort Casino
- Mr Ray Bennett, Chief Executive Officer Western Australian Totalisator Agency Board
- Ms Jan Stewart, Chief Executive Officer Lotteries Commission of Western Australia
- Ms Gail Walker, Executive Officer WA Bookmakers Association
- Ms Vanessa Harvey, Funding Policy Officer, Department for Community Development
- Mr David Ryder, Lecturer, Edith Cowan University.

The Committee manages the Problem Gambling Support Services Fund in association with the Gaming Commission of Western Australia.

The Burswood International Resort Casino, the Totalisator Agency Board of Western Australia, the Lotteries Commission of Western Australia and the Western Australian Bookmakers Association, in conjunction with the Gaming Commission of Western Australia, contribute a voluntary financial amount to the Problem Gambling Support Services Fund.

The 2001-02 budget of the PGSSC was approximately \$230,000, the majority of which was used to fund the support services that are provided by the Committee for those people that are adversely affected by problem gambling.

The Problem Gambling Support Services Committee continued to address the issues relating to problem gambling in Western Australia during 2001-02.

In this regard, the Committee commissioned a review to determine –

- the services that are currently available for people with gambling problems; and
- the types of services that people are approaching in an attempt to get help, the capacity of those services to provide assistance and the type of assistance provided by those services.

The research found that people who have or are affected by a gambling problem are seeking assistance from a wide variety of agencies and service providers, including the specialist services. It was noted that those people seeking assistance from the non-specialist agencies tend to present for matters other than the gambling problem itself. In this regard the presenting issue may be related to or a consequence of the gambling problem.

The review report acknowledged that the supply of services to people with gambling problems in Western Australia is a complex issue. In this regard it was noted that problem gambling is a multi-dimensional problem. The people that are affected come from various groups of people and are affected to varying degrees, in many cases the problems are localised.

The report notes that people that acknowledge or recognise that a gambling problem exists are more likely to access a specialist service. As indicated above, in many instances the gambling problem is not the presenting issue when people seek assistance from general services.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

In examining the barriers that exist which prevent people from culturally and linguistically diverse (CALD) communities from accessing specialist services, it was concluded that it would be preferable for services to be offered through existing agencies within each individual CALD community. It was noted on a number of occasions that people from the CALD community are unlikely to access the mainstream specialist services that are currently available.

The issues identified in relation to rural and remote communities are quite complex. The report indicated that problem gambling amongst Indigenous communities is quite significant and in this regard the mainstream problem gambling services are unlikely to be accessed or be of any assistance. Also of interest was the cause and type of the gambling problems being experienced by Indigenous communities. The predominant forms of gambling appear to be TAB and card schools.

Problem gambling was also identified as a potential issue in mining communities, which presents its own unique difficulties in relation to the provision of support services.

The Committee is currently examining the recommendations of the report and considering a number of initiatives and strategies at both a state and local level for the delivery of future services for people with gambling problems in Western Australia.

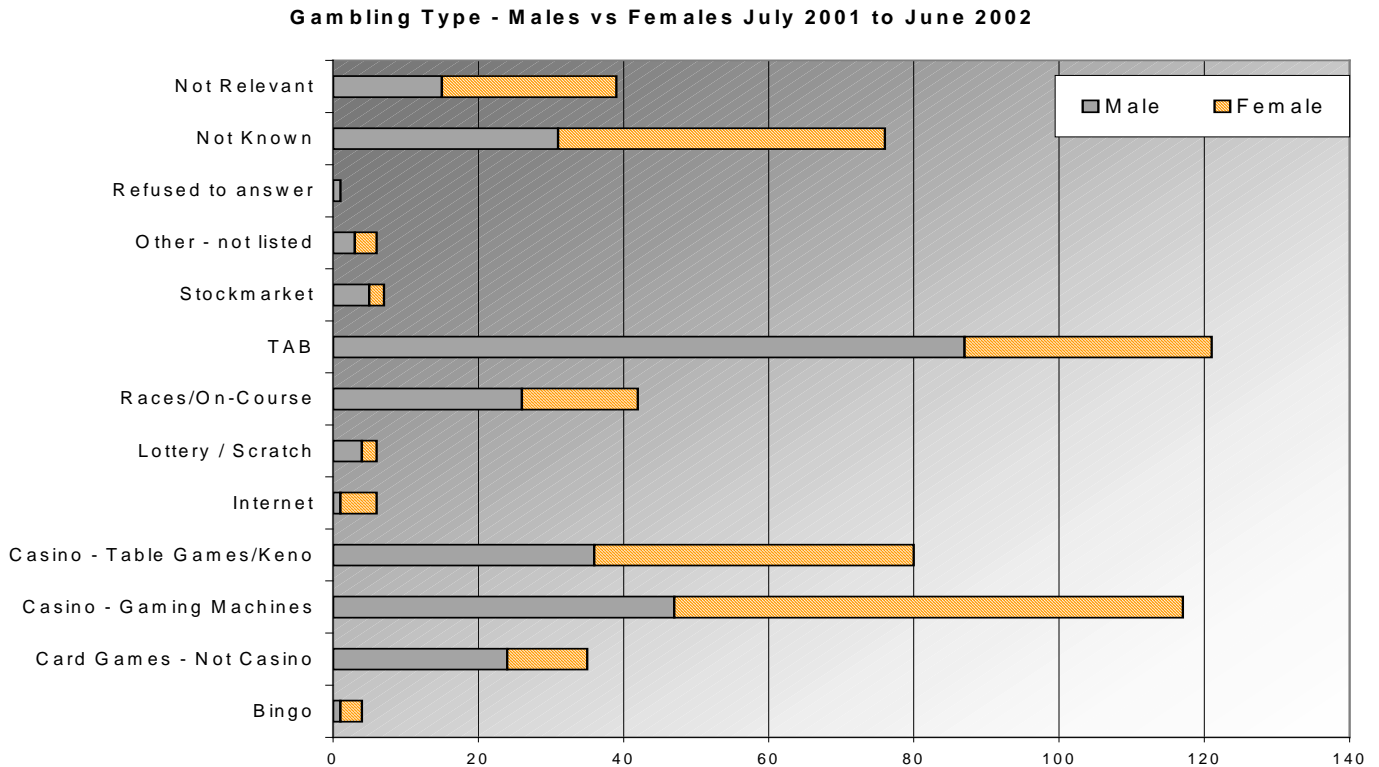
This year the Committee also produced a new series of posters and brochures based upon the recent Victorian Government campaign: *"Think of what you're really gambling with"*. The posters and brochures are on display at the Burswood International Resort Casino and in all TAB agencies and race clubs. The brochures have also been supplied to financial counsellors and will soon be distributed to other emergency relief agencies.

McKesson Asia Pacific Pty Ltd was selected to operate the Problem Gambling Helpline, which is funded by the Committee, on 2 July 2001. This followed McKesson's appointment on an interim basis from March 2001, after the Addiction Research Institute was unable to continue supplying the service. The Committee has been pleased with the performance and level of service provided by McKesson during the year and in this regard has agreed to exercise the first option to renew the contract with McKesson for a further 12 months.

During 2001-02, the Problem Gambling Helpline received 604 calls, of which 75 per cent were considered to be genuine problem gambling or target group calls. The majority of the target group callers to the helpline were first time callers and were also the gambler themselves. Whilst the majority of callers were born in Australia, the helpline also received a number of calls from people born in England, Scotland, Greece, Malaysia and New Zealand.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

The “TAB” and “Casino - Gaming Machines” were the most reported *gambling type*, with each being reported on 121 and 117 occasions respectively. “Casino – Table Games and Keno” was reported on 80 occasions. “Races/On-course” was identified as the gambling type on 42 occasions. The reported gambling type by gender is demonstrated in the graph below.



Centrecare Marriage and Family Service continued to provide the BreakEven problem gambling counselling service, which is also funded by the Committee, during 2001-2002. The number of booked and actual sessions for the twelve-month period (July 2001 to June 2002) has increased in comparison to the preceding twelve-month period. In this regard, booked sessions have increased by 50 per cent from 566 to 844 and actual sessions have increased by 63 per cent from 374 to 610. During the reporting year BreakEven Counsellors recorded 250 telephone contacts.

Group counselling sessions were a new initiative implemented this year and were held during March, April and June 2002. Each group session is held for two hours. In March there were two group sessions. In the first session there were two clients and in the second there were three. Four sessions were held in April and each had with three clients. In June, there were four sessions. Four clients attended the first session and five clients attended the remaining three. The group sessions represent seventy-two hours of therapeutic time.

The BreakEven service has continued to improve during the reporting year. This was demonstrated following the implementation of client evaluation surveys at the beginning of the reporting year. The evaluation surveys indicate that the overall satisfaction with the BreakEven Service is high.

Centrecare has reported that almost 60 per cent of the new clients for the period 1 July 2001 to 30 June 2002, were of Australian origin (that is 57 out of 99). In respect of the “*presenting problem*” for new clients, the TAB was identified on 50 occasions, the “Casino – Blackjack/Cards” on 26 occasions, the “Casino - Gaming Machines” on 18 occasions and the “Casino – Roulette” was on 14 occasions. On-Course (including TAB-on-course) was identified on 14 occasions, Lottery was identified on 3 and Internet gambling was reported once.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

The Committee will continue to support the service programs and participate in national policy and program development, to ensure that Western Australia maintains appropriate services for those affected by problem gambling in Western Australia.

During the coming year, the Committee will consider the recommendations arising from the review of problem gambling services and consider initiatives for the delivery of future services for people with gambling problems in Western Australia.

Bookmakers Statistics

Bookmakers Licence Statistics

Number as at 31 July 2002	Number as at 31 July 2001	Issued during 2001-2002	Terminated during 2001-2002
50	55	2	7

Table 12: Number of bookmaker's licences as at 31 July 2002 and number of bookmaker's licences issue and determined during 2001-2002

Bookmakers by Category

LICENCE CATEGORY	YEAR		
	2001-2002	2000-2001	1999-2000
Grandstand	20	24	25
Enclosure			
Leger/Country	30	31	30
Racecourse			
TOTAL	50	55	55

Table 13: Total numbers of bookmaker's licence by category as at 31 July
Issue/Renewals/Terminations of Bookmaker's Employee Licences

Bookmaker's employee licences are valid for five years only. A total of 84 licences were renewed during the year and 57 were terminated.

APPLICATION TYPE	YEAR		
	2001-2002	2000-2001	1999-2000
Issue	25	28	34
Renewal	84	7	15
Termination	57	30	35

Table 14: Total number of bookmaker's employee licences as at 31 July

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Future Issues and Initiatives for 2002-2003

The implementation of the Government's response to the Report on the *"Future Governance of the Western Australian Racing Industry"*, in particular the establishment of Racing and Wagering Western Australia and the associated legislative amendments will be a significant issue during 2002-03.

During 2002-2003, any recommendations arising from the National Competition Policy review of the *Liquor Licensing Act 1988* will be progressed.

The Department of Racing, Gaming and Liquor will continue its participation in the Ministerial Council on Gambling and the research working party. In this regard, the WA Government will contribute \$10,000 towards gambling research projects.

The submissions that are lodged in response to the review of the licensing authority will be assessed during 2002-03 and consideration given to any necessary amendments to the Liquor Licensing Act and the composition and structure of the licensing authority.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

CORPORATE SERVICES

A centralised Corporate Services Division is maintained to support the Department's operational areas. The Division provides support in respect of human resources, financial administration, information systems, records management and general administration for the Department. In addition, the Division also provides support to the Gaming Commission of Western Australia, racing industries, and the Indian Ocean Territories Trust Fund.

Highlights of the Year

Development and Review of Policies

During the reporting year, the Health and Safety Plan was updated and a new Equal Employment Opportunity and Diversity Management Plan were developed.

Management of Leave Liability

The Department has developed an effective leave management strategy that requires all employees to clear four weeks annual leave each year unless alternative arrangements are approved. This has lead to a significant reduction in the leave liability recorded over the last three years.

Risk Management

The Department has in place a Risk Management Plan that recognises both financial and business risks. A quarterly report on implementation progress is provided to Corporate Management.

Report on Equity, Access and Customer Focus

This part of the Annual Report contains compliance information that the Department is required to report on, either through legislative or Ministerial requirements, or through formal requirements of the Financial Administration and Audit Act and Treasurer's Instructions.

Freedom of Information

The Western Australian *Freedom of Information Act 1992* gives people a general right of access to documents held by Ministers, State Government Departments and Statutory Authorities. These bodies are called agencies in the Act.

As an agency, the Department of Racing, Gaming and Liquor complies with the provisions of the Freedom of Information Act. During the reporting year nine FOI applications were received.

		<i>Total</i>
FOI APPLICATIONS	Not finalised from previous year	0
	Received during 2001-2002	9
	Finalised during 2001-2002	8
	Withdrawn during 2001-2002	1
	Internal review requested	1
	Not finalised by 30 June 2002	0
<i>Average processing time (in days):</i>		34

Table 15: Summary of applications received under the *Freedom of Information Act 1992*

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

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.

A self-assessment checklist has been developed and is in use for all recruitment and selection processes. Additional checks and controls to ensure compliance with Secondment, Redeployment, Termination, Temporary Deployment and Grievance Standards have also been implemented. During the reporting year, a number of employees undertook training in a recruitment and selection process consistent with the requirements of the Standard.

An audit was conducted of processes covered by the Standards to determine the level of compliance. There were no incidents of non-compliance reported.

Breach of Standards

There were no claims of breach of standard received during the reporting year.

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

18 September 2002

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

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Disability Services Plan

The Department continues to strive to:

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

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. Flexible work practices, including part time employment, flexible working hours, family leave and parental leave 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 objectives.

Cultural Diversity and Language Services Outcomes

Several employees attended seminars concerning cultural differences within the community.

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 services available to customers requiring interpreter services.

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

During the reporting year, the Department of Racing, Gaming and Liquor expended \$13,020 on advertising, of which —

- \$11,999 relates to statutory obligations, such as complying with a legislative requirement that appear in the Government Gazette; and
- \$1,021 was paid in respect of advertisements placed in The West Australian newspaper for job vacancies; requests for tender and public notices through Marketforce Productions, the Department of Industry and Technology and the Department of the Premier and Cabinet.

Industrial Relations

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

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

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 —

		2001-02	2000-01	1999-00	1998-99	1997-98
WORKERS' COMPENSATION CLAIMS	Claims lodged	1	0	2	2	2
	Estimated average number of days lost per claim	6	0	70*	1.06	0
	Estimated cost of claims incurred per \$100 per payroll	0.0065	0	1.24*	0.88	0.23
	Premium rate as % of total salaries	1.17	1.29	1.02	1.02	1.54

Table 16: Comparative statistics for workers' compensation claims

* Adjusted to reflect final figures from RiskCover for 1999-2000.

Capital Works Projects

The Department's Capital Works Program for 2001-2002 comprised the purchase of computer hardware and software as part of the replacement and upgrade of desktop equipment. The upgrade will facilitate progression towards e-business initiatives.

Implementation of Disaster Recovery and Business Continuity Plan

Continuing on from work undertaken previously to identify business continuity risks, during this year information technology and communication systems were reviewed.

Procedures and practices associated with the Department's automation and all network configurations were reviewed and recommendations made to enhance security and performance.

Recommendations resulting from the review are currently being implemented including:

- Review of back up and off-site storage procedures for data.
- Availability of replacement hardware.
- Power supply continuity
- Computer room – fire prevention
- Media library storage
- Digital data services – alternative communication options

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.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

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 presented at the State Alcohol and Drug Advisory Conference on harm minimisation, responsible serving practices and administrative aspects of liquor licensing.

The Directorate also lectures 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.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

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 and details of the Department's public relations activities 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 Casino¹.

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.

¹ **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.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

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)
5. Fee structures should be simple.

Notes on Pricing Policies:

- (a) This policy underpins the Department's approach to the introduction of net appropriations. It has been applied to the gaming and racing industries. It is now proposed that it be applied to the liquor industry. Thus the full cost of regulation should be met by the racing, gaming and liquor industries. At present the Consolidated Fund subsidises some of the regulatory activities of the Department, particularly in the racing area. The Department is proceeding to redress this situation in the context of the net appropriation exercise.
- (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.

Future Issues and Initiatives for 2002-2003

Work will continue on the refinement of the Department's website to enable improved readability by people with disabilities. In addition, access by those in rural communities with low-speed connections will be enhanced.

Content management controls will be employed to enable information on the website to be controlled and organised by the information owners rather than by information technology employees. Examples to date include the Director of Liquor Licensing – Precedent Decision Database and the Racing Penalties Appeal Tribunal Register.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

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 2001-2002 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 2001-2002 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*.
- 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 2002

	Note	2001/02 (\$'000)	2000/01 (\$'000)
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	4	4,570	4,181
Depreciation	5	438	540
Bad debt expenses	34 (a)	32	16
Administration expenses	6	1,158	1,422
Capital user charge	7	179	0
Accommodation expenses	8	520	508
Net loss on disposal of non-current assets	9	0	1
Total cost of services		6,897	6,668
Revenues from ordinary activities			
User charges and fees	10	4,429	4,565
Net profit on disposal of non-current assets	9	2	0
Total revenues from ordinary activities		4,431	4,565
NET COST OF SERVICES	24 (b)	2,466	2,103
REVENUES FROM GOVERNMENT			
Output Appropriations	11	2,452	1,478
Liabilities assumed by the Treasurer	11	0	461
Resources received free of charge	12	120	105
Total revenues from Government		2,572	2,044
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS			
		106	(59)

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 2002

	Note	2001/02 (\$'000)	2000/01 (\$'000)
CURRENT ASSETS			
Cash assets	13, 28 (a)	566	250
Trust account	23	25	31
Receivables	14, 28 (a)	260	286
Amounts receivable for outputs	16	395	0
Prepayments	17	123	111
Total current assets		<u>1,369</u>	<u>678</u>
NON-CURRENT ASSETS			
Restricted cash assets	15, 28(a)	178	161
Plant and equipment	18	1,752	1,736
Amounts receivable for outputs	16	27	0
Total non-current assets		<u>1,957</u>	<u>1,897</u>
TOTAL ASSETS		<u><u>3,326</u></u>	<u><u>2,575</u></u>
CURRENT LIABILITIES			
Payables	19, 28 (a)	164	103
Provisions	2 (i), 21	475	473
Accrued salaries	20	95	88
Trust account	23	25	31
Fees in trust		4	7
Total current liabilities		<u>763</u>	<u>702</u>
NON-CURRENT LIABILITIES			
Provisions	2 (i), 21	325	195
Total non-current liabilities		<u>325</u>	<u>195</u>
TOTAL LIABILITIES		<u>1,088</u>	<u>897</u>
EQUITY			
Contributed equity	22	454	0
Accumulated surplus		1,784	1,678
Total Equity		<u>2,238</u>	<u>1,678</u>
TOTAL LIABILITIES AND EQUITY		<u><u>3,326</u></u>	<u><u>2,575</u></u>

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 2002

	Note	2001/02 (\$'000) Inflows (Outflows)	2000/01 (\$'000) Inflows (Outflows)
CASH FLOWS FROM GOVERNMENT			
Output appropriations		2,030	1,406
Capital contributions		454	72
Holding account drawdowns		0	0
Net cash provided by Government		<u>2,484</u>	<u>1,478</u>
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Salaries and related costs		(4,018)	(3,758)
Superannuation		(402)	0
Administration expenses		(1,057)	(1,344)
Capital user charge		(182)	0
Accommodation expenses		(521)	(551)
GST payments on purchases		(202)	(223)
Receipts			
User charges and fees		4,456	4567
Other revenues		1	2
GST receipts on sales		12	27
GST receipts from taxation authority		178	163
Net cash used in operating activities	24 (b)	<u>(1,735)</u>	<u>(1,117)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current assets		3	0
Payments for purchase of non-current assets		(421)	(409)
Payments from fees in trust		2	(6)
Payments from Trust Fund		(6)	(72)
Net cash used in investing activities		<u>(422)</u>	<u>(487)</u>
Net increase/(decrease) in cash held		327	(126)
Cash assets at the beginning of the financial year		442	568
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	24 (a)	<u><u>769</u></u>	<u><u>442</u></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 2002

	Output 1		Output 2		TOTAL	
	2001/02 \$'000	2000/01 \$'000	2001/02 \$'000	2000/01 \$'000	2001/02 \$'000	2000/01 \$'000
COST OF SERVICES						
Expenses from ordinary activities						
Employee expenses	2,092	1,960	2,478	2,221	4,570	4,181
Depreciation	239	266	199	274	438	540
Bad debt expenses	32	16	0	0	32	16
Administration expenses	599	710	559	712	1,158	1,422
Capital user charge	90	0	89	0	179	0
Accommodation expenses	290	289	230	219	520	508
Net loss on disposal of non-current assets	0	1	0	0	0	1
Total cost of services	3,342	3,242	3,555	3,426	6,897	6,668
Revenues from ordinary activities						
User charges and fees	2,434	2,449	1,995	2,116	4,429	4,565
Net profit on disposal of non-current assets	1	0	1	0	2	0
Total revenues from ordinary activities	2,435	2,449	1,996	2,116	4,431	4,565
NET COST OF SERVICES	907	793	1,559	1,310	2,466	2,103
REVENUES FROM GOVERNMENT						
Output appropriations	947	943	1,505	535	2,452	1,478
Liabilities assumed by the Treasurer	0	201	0	260	0	461
Resources received free of charge	56	49	64	56	120	105
Total revenues from Government	1,003	1,193	1,569	851	2,572	2,044
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	96	400	10	(459)	106	(59)

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

for the year ended 30 June 2002

	<i>Note</i>	2001/02 Estimate \$'000	2001/02 Actual \$'000	Variance \$'000	2001/02 Actual \$'000	2000/01 Actual \$'000	Variance \$'000
PURCHASE OF OUTPUTS							
Item 115 Net amount appropriated to purchase outputs		2,465	2,333	132	2,333	1,287	1,046
Amount Authorised by Other Statutes							
- Salaries and Allowances Act 1975		119	119	0	119	119	0
Total appropriations provided to purchase outputs	27(i), (ii)	2,584	2,452	132	2,452	1,406	1,046
Details of Expenditure by Outputs							
Output 1 : Licensing - Evaluation and determination of applications	27(ii)	3,279	3,342	(63)	3,342	3,242	100
Output 2 : Compliance audits and inspections	27(ii)	3,738	3,555	183	3,555	3,426	129
Total Cost of Outputs		7,017	6,897	120	6,897	6,668	229
Less Retained Revenue - Section 23A Financial Administration and Audit Act 1985	27(ii)	(4,478)	(4,431)	(47)	(4,431)	(4,565)	134
Net Cost of Outputs		2,539	2,466	73	2,466	2,103	363
Adjustment for movement in cash balances and other accrual items		45	(14)	59	(14)	(697)	683
Total appropriations provided to purchase outputs		2,584	2,452	132	2,452	1,406	1,046
CAPITAL							
Item 189 Capital Contribution (2000/01 Amount provided for capital services)	27(iii), (iv)	454	454	0	454	72	382
Capital Expenditure							
Capital appropriations		454	454	0	454	72	382
Adjustment for movement in cash balances and other funding sources		0	(33)	33	(33)	337	(370)
Holding account draw-downs		0	0	0	0	0	0
Total capital expenditure		454	421	33	421	409	12
ADMINISTERED							
Item 116 Amount provided for administered grants, subsidies and transfer payments	27(v)	61,600	63,921	(2,321)	63,921	53,831	10,090
Amount Authorised by Other Statutes							
- Liquor Licensing Act 1988	27(v)	10,100	11,111	(1,011)	11,111	10,117	994
Total administered appropriations		71,700	75,032	(3,332)	75,032	63,948	11,084
GRAND TOTAL OF APPROPRIATIONS		74,738	77,938	(3,200)	77,938	65,426	12,512
DETAILS OF REVENUE ESTIMATES							
Revenues disclosed as Administered Revenues							
Taxes and licences							
Casino Tax	27(vi)	45,000	43,749	(1,251)	43,749	42,160	1,589

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

This Summary provides the basis for the Explanatory Statement information requirements of TI 945.

DEPARTMENT OF RACING, GAMING AND LIQUOR

Notes to the Financial Statements

for the year ended 30 June 2002

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 Australian 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 Australian 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 Australian 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 Australian 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. All other transfers have been recognised in the Statement of Financial Performance. Prior to the current reporting period, capital appropriations were recognised as revenue in the Statement of Financial Performance. 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 Treasurer may make a determination providing for prescribed revenue to be retained by a department. Receipts in respect of all revenues recognised in the Statement of Financial Performance are the subject of a net appropriation determination by the Treasurer.

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.

Prescribed revenues include moneys received other than from taxes, royalties and Commonwealth general purpose grants.

Retained revenues may only be applied to the outputs specified in the 2001-2002 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 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. Major depreciation periods 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 Entitlements

Annual leave

This entitlement is recognised at current remuneration rates and is measured at the amount unpaid at the reporting date in respect to employees' service up to that date.

Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using interest rates to obtain the estimated future cash outflows.

This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AAS 30 "Accounting for Employee Entitlements".

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 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.

From 1 July 2001 employer contributions were paid to the GESB in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. Prior to 1 July 2001, the unfunded liability in respect of these Schemes was assumed by the Treasurer. An amount equivalent to the employer contributions which would have been paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme if the Department had made concurrent employer contributions to those Schemes, was included in superannuation expense. This amount was also included in the revenue item "Liabilities assumed by the Treasurer".

(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 under the operating lease. 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 doubts as to collection exist 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 15) 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 20) 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

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

The Budget for 2001/02 was framed in terms of outputs, consequently financial reporting for the year is also analysed in terms of outputs.

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.

	2001/02 (\$'000)	2000/01 (\$'000)
4. Employee Expenses		
Salaries	4,037	3,730
Superannuation	412	461
Change in annual and long service leave entitlements	109	(80)
Other related expenses (I)	12	70
	<u>4,570</u>	<u>4,181</u>
(I) These employee expenses include superannuation WorkCover 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 entitlement liabilities at Note 21.		
5. Depreciation		
Furniture equipment	44	43
Computing equipment	394	497
	<u>438</u>	<u>540</u>
6. Administration Expenses		
Expenses incurred during the year	1,039	1,318
Resources received free of charge	119	104
	<u>1,158</u>	<u>1,422</u>
7. Capital User Charge	<u>179</u>	<u>0</u>
A capital user charge rate of 8% has been set by the Government for 2001-02 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	519	507
Resources received free of charge	1	1
	<u>520</u>	<u>508</u>

	2001/02 (\$'000)	2000/01 (\$'000)
9. Net Profit/(Losses) on Disposal of Non-Current Assets		
<u>Profit on sale of non-current assets</u>		
Furniture equipment	2	0
Gross proceeds on disposal of furniture equipment	3	0
	<u>2</u>	<u>0</u>
<u>Losses on sale of non-current assets</u>		
Computing equipment	0	(1)
Gross proceeds on disposal of computing equipment	0	0
	<u>2</u>	<u>(1)</u>
Net profit/(loss)	<u>2</u>	<u>(1)</u>
10. User Charges and Fees		
Recoups for services provided:		
<u>Net Appropriation Revenues</u>		
Gaming Commission of Western Australia	2,491	2,723
Racing Penalties Appeal Tribunal	87	93
Racecourse Development Trust	77	68
Betting Control Board	42	58
Commonwealth Government	243	177
Liquor fees and other charges	1,489	1,446
	<u>4,429</u>	<u>4,565</u>
11. Revenues (to)/from Government		
Appropriation revenue received during the year:		
Output appropriations (I)	2,452	1,406
Capital appropriations (II)	0	72
	<u>2,452</u>	<u>1,478</u>
The following liabilities have been assumed by the Treasurer during the financial year: (III)		
- Superannuation	0	461
Total liabilities assumed by the Treasurer	<u>0</u>	<u>461</u>

(I) Output appropriations are accrual amounts as from 1 July 2001, reflecting the full price paid for outputs purchased by the Government. 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) Capital appropriations were revenue in 2001 (year ended 30 June 2001). From 1 July 2001, capital appropriations, termed Capital Contributions, have been designated as contributions by owners and are credited straight to equity in the Statement of Financial Position.

(III) Where a liability has been assumed by the Treasurer or other entity, the department recognises revenues equivalent to the amount of the liability assumed and an expense relating to the nature of the event or events that initially gave rise to the liability.

Note: The transfers referred to in (III) above and Note 12 - Resources Received Free of Charge - cannot be treated as contributions by owners (equity) as no formal designation has been made and the other requirements specified in UIG 38(7) have not been met.

	2001/02 (\$'000)	2000/01 (\$'000)
12. Resources Received Free of Charge		
Administration expenses	119	104
Accommodation expenses	1	1
	<u>120</u>	<u>105</u>
Resources received free of charge (I)		
Determined on the basis of the following estimates provided by agencies:		
Department of Productivity and Labour Relations		
- human resource & personnel services	0	2
Department of Land Administration		
- access to land information system	0	2
Office of the Auditor General		
- audit services	33	22
Department of Housing and Works		
- property management services	1	1
Department of Justice		
- legal services	86	78
	<u>120</u>	<u>105</u>
(I) Where assets or services have been received free of charge or for nominal consideration, the department recognises revenues 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.		
13. Cash Assets		
Operating account	560	244
Cash on hand	6	6
	<u>566</u>	<u>250</u>
14. Receivables		
Receivables for goods and services supplied	208	245
GST receivable	52	41
	<u>260</u>	<u>286</u>
The Department has a significant exposure to the Gaming Commission of Western Australia. The Gaming Commission is expected to settle its debt of \$137,983 (2001: \$186,466) in due course.		
15. Restricted Cash Assets		
Non-current		
Accrued salaries suspense account	178	161
Amount held in the suspense account is only to be used for the purpose of meeting the 27 th pay in a financial year that occurs every 11 years.		
16. Amounts Receivable for Outputs		
Current	395	0
Non-current	27	0
	<u>422</u>	<u>0</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.		

	2001/02 (\$'000)	2000/01 (\$'000)
17. Prepayment		
Prepayment	<u>123</u>	<u>111</u>
18. Plant and Equipment		
Furniture equipment		
At cost	501	498
Less Accumulated depreciation	<u>209</u>	<u>187</u>
	<u>292</u>	<u>311</u>
Computing equipment		
At cost	3,179	3,027
Less Accumulated depreciation	<u>2,002</u>	<u>1,637</u>
	<u>1,177</u>	<u>1,390</u>
Sub-total	<u>1,469</u>	<u>1,701</u>
Add: Work in progress	<u>283</u>	<u>35</u>
Total	<u>1,752</u>	<u>1,736</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 2001/02	311	1,390	1,701
Additions	27	181	208
Disposals	(24)	(28)	(52)
Depreciation	(22)	(366)	(388)
Carrying amount at end of 2001/02	<u>292</u>	<u>1,177</u>	<u>1,469</u>

	2001/02 (\$'000)	2000/01 (\$'000)
19. Payables		
Amounts payable for goods and services received	<u>164</u>	<u>103</u>
20. Accrued Salaries		
Amounts owing for the six working days from 22 to 28 June 2002 (2000/01: six working days, 22 to 29 June 2001).	<u>95</u>	<u>88</u>

	2001/02 (\$'000)	2000/01 (\$'000)
21. Provisions		
Current		
Annual leave	112	148
Long service leave	315	277
Employment on-costs (I)	48	48
	<u>475</u>	<u>473</u>
Non-current		
Long service leave	292	173
Employment on-costs (I)	33	22
	<u>325</u>	<u>195</u>

(I) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and WorkCover 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.

Employee Entitlements

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

Provisions for employee entitlements:

Current	475	473
Non-current	325	195
	<u>800</u>	<u>668</u>

Employee entitlements have been calculated using the method described in Note 2(i). It is considered that this method reflects the net fair value of the entitlements. The non-current portion of long service leave entitlements approximates the present value of the estimated future cash flows to employees, discounted at the applicable government bond rate.

22. 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	0	0
Capital contributions (I)	454	0
Closing balance	<u>454</u>	<u>0</u>

(I) From 1 July 2001, capital appropriations, termed Capital Contributions, have been designated as contributions by owners and are credited straight to equity in the Statement of Financial Position.

Accumulated surplus

Opening balance	1,678	1,737
Change in net assets resulting from operations	106	(59)
Closing balance	<u>1,784</u>	<u>1,678</u>

23. 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.

	2001/02 (\$'000)	2000/01 (\$'000)
Opening balance	31	102
Receipts from the Commonwealth Government	237	106
Payments from the Trust Fund	(243)	(177)
Closing balance	<u>25</u>	<u>31</u>

The closing balance for the year 2001/02 includes unexpended funds for liquor licensing services (\$13,497), casino and gaming (\$11,240).

24. 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	566	250
Restricted cash assets (refer to Note 15)	178	161
Trust account	25	31
	<u>769</u>	<u>442</u>

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

Net cost of services	(2,466)	(2,103)
Non-cash items:		
Depreciation	438	540
Superannuation	0	461
Resources received free of charge	120	105
(Profit)/loss on disposal of non-current assets	(2)	1
Non-cash work in progress accruals	(39)	(5)
(Increase)/decrease in assets:		
Receivables	37	288
Prepayments	(12)	(81)
Increase/(decrease) in liabilities:		
Payables	61	32
Current provisions	2	(56)
Accrued salaries	7	2
Fees in advance	0	(12)
Non-current provisions	130	9
Prior period adjustments	0	(261)
Net GST receipts/(payments)	(12)	(33)
Change in GST in receivables/payables	1	(4)
Net cash used in operating activities	<u>(1,735)</u>	<u>(1,117)</u>

25. Lease Commitments

The Department has subrogated commitments in respect of leasing arrangements made by the Government Property Office for office accommodation and the State Supply Commission for motor vehicles. The Department's commitments under the leases arranged by those agencies are as follows:

Operating lease rental commitments payable:

	2001/02 (\$'000)	2000/01 (\$'000)
Within 1 year	545	534
Later than 1 year and not later than 5 years	1,043	1,529
Later than 5 years	0	0
	<u>1,588</u>	<u>2,063</u>

26. 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	1	2
30,001 - 40,000	0	0
40,001 - 50,000	0	0
50,001 - 60,000	0	1
60,001 - 70,000	0	3
70,001 - 80,000	4	1
80,001 - 90,000	0	0
90,001 - 100,000	2	2
100,001 - 110,000	0	0
110,001 - 120,000	0	0
120,001 - 130,000	0	0
130,001 - 140,000	0	0
140,001 - 150,000	1	1
	<u>8</u>	<u>10</u>

	2001/02 (\$'000)	2000/01 (\$'000)
The total remuneration of senior officers is:	<u>690</u>	<u>748</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.

27. 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, all 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:

The unfavourable variance of \$132,000 was due to a reduction of \$105,000 in the output appropriation, as a result of increases in the liquor fee revenue, and a payment of \$27,000 related to an over-provision of superannuation contribution to the Department of Treasury and Finance during the year.

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

	2001/02 Actual \$'000	2000/01 Actual \$'000	Variance \$'000
Net amount of appropriation provided to purchase outputs for the year	2,452	1,406	1,046
Retained revenue - Section 23A Financial Administration and Audit Act	4,431	4,565	134

Net amount of appropriation provided to purchase outputs for the year

The variance was due to the funding of capital user charge (\$178,820), superannuation contribution (\$412,000), and depreciation (\$422,000) as part of the introduction of accrual appropriation.

The net amount of appropriation provided to purchase outputs for the year 2000/01 excluded a capital appropriation of \$72,000.

Retained revenue

The unfavourable variance of \$134,000 was primarily due to an adjusted downward annual recoupment rate of \$286,000 from the Gaming Commission of Western Australia. The change in the rate followed the Department restructure and was the result of review of the time and resources allocated to gaming activities.

The retained revenue does not include the Resources Received Free of Charge. This treatment differs from the Department's published budget statements 2001/02.

Output Expenditure

	2001/02 Actual \$'000	2000/01 Actual \$'000	Variance \$'000
Output 1 - Evaluation and determination of applications	3,342	3,242	100
Output 2 - Compliance audits and inspections	3,555	3,426	129

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:

- (a) filling of vacant positions;
- (b) the inclusion of the capital user charge; and
- (c) the maturation of the long service leave liability has been reduced from 10 to 7 years, as a result of the implementation of the General Agreement.

27. 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:**

	2001/02	2000/01	Variance
	Actual	Actual	
	\$'000	\$'000	\$'000
Capital Contribution	454	72	382

The variance of \$382,000 was due to the acquisition and replacement of computer equipment and software for the Department for the year 2001/02.

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

	2001/02	2000/01	Variance
	Actual	Actual	
	\$'000	\$'000	\$'000
Administered grants and transfer payments	63,921	53,831	10,090
Amount Authorised by Other Statutes - Liquor Licensing Act 1988	11,111	10,117	994

Administered Grants and Transfer Payments

As from 1 July 2000 Gambling Tax Rebates were introduced for bookmakers and gaming operators as a result of the Goods and Services Tax. The rebates are paid when claim forms are lodged by bookmakers and gaming operators. The claims lodged were significantly higher than expected.

The initial appropriation for 2001/02 was \$61,600,000 and supplementary funding of \$2.85m was provided during the year. The actual drawdown was \$63.92m. An unexpended amount of \$284 was paid to the Department of Treasury and Finance at year end.

Amount Authorised by Other Statutes - Liquor Licensing Act 1988

Subsidies are paid in respect of cellar door sales by wine producers and sales of low alcohol products by wholesalers. The subsidies are paid when claim forms are lodged by producers and wholesalers. The claims lodged were significantly higher than anticipated.

The initial appropriation for 2001/02 for liquor subsidies was \$10,100,000 and supplementary funding of \$2.2m was provided during the year. The actual drawdown was \$11.9m. An unexpended amount of \$788,547 was paid to the Department of Treasury and Finance at year end.

(vi) **Significant variances between estimate and actual, and actual and prior year actual - Administered revenues:** No significant variances.

28. Additional Financial Instruments Disclosures

(a) Interest Rate Risk Exposure

The Department's exposure to interest rate risk and the effective interest rates on financial instruments as at the reporting date are:

	Total Non-interest Bearing	Total Non-interest Bearing
	30 June 2002 (\$'000)	30 June 2001 (\$'000)
Financial Assets		
Cash assets	566	250
Receivables	260	286
Restricted cash assets	178	161
Total Financial Assets	1,004	697
Financial Liabilities		
Payables	164	103
Fees in trust	4	7
Total Financial Liabilities	168	110

(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:

	2001/02 (\$'000)	2000/01 (\$'000)
Western Australian Government agencies	148	197

(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.

29. Other Commitments

The portion of total estimated capital projects costs for contracts entered into by the Department, where capital works are not complete, not invoiced and not paid for as at 30 June 2002 were \$12,048. These commitments are all inclusive of GST.

30. Contingent Liabilities

The Department policy is to disclose as a contingency any material future obligation that may arise due to special circumstances or events. At the date of this report the Department is not aware of any such material future obligations in respect of the Department.

31. Events Occurring After Reporting Date

We are not aware of any matters or circumstances that have arisen since the end of the financial year to the date of this report which has significantly affected or may significantly affect the activities of the 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):

	2001/02 \$	2000/01 \$
Liquor licence penalties written off by the Accountable Officer	10,975	15,205
Uncollectable revenues written off by the Accountable Officer	3,970	790
Uncollectable revenues written off by the Minister	17,377	0
Non-current assets written off by the Accountable Officer	0	814
	<u>32,322</u>	<u>16,809</u>

(b) Losses Through Theft, Defaults and Other Causes

Cash shortages	<u>50</u>	<u>1,115</u>
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	2001/02 (\$'000)	2000/01 (\$'000)
35. Administered Expenses and Revenues		
Expenses		
Transfer payments for liquor subsidies and gambling tax rebates	75,032	63,178
Receipts paid into Consolidated Fund	<u>44,297</u>	<u>43,397</u>
Total administered expenses	<u>119,329</u>	<u>106,575</u>
Revenues		
Appropriations for liquor subsidies and gambling tax rebates	75,032	63,948
Taxes collected under the Casino (Burswood Island) Agreement Act 1985	<u>43,749</u>	<u>42,160</u>
Total administered revenues	<u>118,781</u>	<u>106,108</u>
36. Administered Assets and Liabilities		
Assets		
Current		
Cash	9	9
Receivables	<u>1,966</u>	<u>2,515</u>
Total Administered Assets	<u>1,975</u>	<u>2,524</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 2002 and the financial position as at 30 June 2002.

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 2002



Terry Ng
PRINCIPAL ACCOUNTING OFFICER

14 August 2002

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002



AUDITOR GENERAL

To the Parliament of Western Australia

DEPARTMENT OF RACING, GAMING AND LIQUOR
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2002

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit opinion relates to the financial statements of the Department of Racing, Gaming and Liquor for the year ended June 30, 2002 included on the Department's web site. The Director General is responsible for the integrity of the Department's web site. I have not been engaged to report on the integrity of the Department's web site. The audit opinion refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these statements. If users of this opinion are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Scope

I have audited the accounts and financial statements of the Department of Racing, Gaming and Liquor for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.

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

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

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

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

**Department of Racing, Gaming and Liquor
Financial Statements for the year ended June 30, 2002**

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 and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Output Schedule of Expenses and Revenues and Summary of Consolidated Fund Appropriations and Revenue Estimates and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Department at June 30, 2002 and its financial performance and its cash flows for the year then ended.



D D R PEARSON
AUDITOR GENERAL
September 13, 2002

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

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)

	2001-2002 Target	2001-2002 Actual	Reasons for Significant Variance
Quantity			
Applications determined.	11,000	11,470	
Quality			
Applications that complied with the statutory requirements at the time the application was granted.	100%	98.4%	
Timeliness			
Applications finalised within the required predetermined timeframe.	98%	93%	Staffing issues,introduction of new gaming computer modules and applications determined exceeded target.
Cost			
Average cost of determining applications	\$298	\$291	
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 Equivalents (FTE's) employed in this output during 2001-2002 was 37.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

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

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)

	2001-2002 Target	2001-2002 Actual	Reasons for Significant Variance
Quantity			
Inspections/audits undertaken.	9000	7768	Reduction in available staff due to long-term sickness, transfer and acting in other positions.
Quality			
Inspections / audits conducted in accordance with the approved program.	98%	99.9%	
Timeliness			
Inspectorial/audit program completed by 30 June each year	90%	86.3%	Reduction in staff availability negatively affected timeliness output.
Cost			
Average cost of conducting inspections.	\$415	\$458	

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 Equivalents (FTE's) employed in this output during 2001-2002 was 49.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

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.² In this regard, the higher the percentage of compliance, the more effective the enforcement programs.

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

² 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.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

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.

	2001-2002	2000-2001	1999-2000
Average cost of determining applications.	\$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.

	2001-2002	2000-2001	1999-2000
Average cost of conducting inspections.	\$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 staff sickness, transfer and acting.

PERFORMANCE INDICATORS

STATEMENT OF CERTIFICATION

I 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 2002.

A handwritten signature in black ink, appearing to read 'BA Sargeant', followed by a large, stylized star or asterisk symbol.

Barry A. Sargeant
ACCOUNTABLE OFFICER

14 August 2002

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002



AUDITOR GENERAL

To the Parliament of Western Australia

**DEPARTMENT OF RACING, GAMING AND LIQUOR
PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2002**

Matters Relating to the Electronic Presentation of the Audited Performance Indicators

This audit opinion relates to the performance indicators of the Department of Racing, Gaming and Liquor for the year ended June 30, 2002 included on the Department's web site. The Director General is responsible for the integrity of the Department's web site. I have not been engaged to report on the integrity of the Department's web site. The audit opinion refers only to the performance indicators named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these performance indicators. If users of this opinion are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited performance indicators to confirm the information included in the audited performance indicators presented on this web site.

Scope

I have audited the key effectiveness and efficiency performance indicators of the Department of Racing, Gaming and Liquor for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.

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

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

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

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Department of Racing, Gaming and Liquor are relevant and appropriate for assisting users to assess the Department's performance and fairly represent the indicated performance for the year ended June 30, 2002.

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

D D R PEARSON
AUDITOR GENERAL
September 13, 2002

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

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: (08) 9362 7648
" " (08) 9362 7650
" " facsimile number: (08) 9362 7798

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.

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

LIST OF EMPLOYEES AS AT 30 JUNE 2002

ASQUITH-CHARLTON, Barbara	IOANNIDIS, Mary	SALTER, Pat
AMBLER, Dorothy		SANFILIPPO, Michelle
ARMSTRONG, Roslyn	KELLY, Allen	SARGEANT, Barry
ATKINSON, Anne	KENNEDY, Donna	SAUERACKER, Peter
	KIELY, Jane	SCHNEIDER, Rob
BALL, Teresa	KRAWEC, Otto	SCHULZE, Charles
BANK, Lisa	KUSUNOSE, Julie	SEET, Albert
BAXTER, Sarah		SMITH, Douglas
BEECROFT, Mark	LEACH, Rita	SNELL, Brett
BELLING, Janine		STEPHENS, Jocelynn
BLAKE, Keith	MANNINO, Santo	SYME, Wayne
BORGWARD, Yvette	McGANN, Star	
BOUSFIELD, Glen	McLAUCHLAN, Daryl	TIMBRELL, Ben
BROWN, Nicola	McLAUCHLIN, Dorothy	TOLL, Peter
	McSWAIN, Christine	TOYNE, Nick
CARLETON, Brian	MEJIA, Jennifer	TRPCEV, Alic
CHAMI, Rostam	MILLER, Glenn	TUCKER, Garry
CONNOLLY, Michael	MINCHIN, Peter	
	MITCHELL, Robert	UPTON, Cherie
DANIELS, Wanda	MORGAN, Christopher	
DELPRETE, Sandy		VAN DE WERVE, Jenine
D'SOUZA, Cassandra	NG, Terry	
DUTTON, Trevor	NICHOLS, Jon	WATT, Aileen
	NICOLAOU-LLOYD, Olga	WEBB, Vanessa
ELRICK, Jodie		
	OLIVER, Max	YOUNGER, Raymond
FAIRHEAD, Alan	OLIVER, Julie	
FERNANDES, Maureen	O'NEILL, Michael	ZELIFF, Janina
FONTAINE, Lynn		
	PERRY, Nicola	
GARRETT, Jack	PEZAJ, Mirella	
GORDON, Jon	PHILIPS, Adam	
GRAY, Colin	PITCHER, Owen	
GREGOR, Richard	POW, Sonia	
	PRESTON, Hilary	
HALGE, David	PRICE, Lynne	
HARKEN, Tracy		
HEAD, Trevor	RADIS, Leigh	
HERRING, Jacqueline	REID, Pamela	
HICKS, Craig	ROCHE, Cushla	
HIGHMAN, Hugh	ROMATO, Eric	
HOBSON, Murray	ROSSON, Andrew	
	ROWLES, Christopher	

DEPARTMENT OF RACING, GAMING AND LIQUOR
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

Acknowledgments

Annual Report Coordination:	Wayne Syme Policy and Planning Officer
Financial Statements:	Terry Ng Principal Accounting Officer