



# Department of Racing, Gaming & Liquor

## Annual Report

### For the Year Ended 30 June 2004



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# Statement of Compliance

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

In accordance with section 62 of the *Financial Administration and Audit Act 1985*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Racing, Gaming and Liquor for the financial year ended 30 June 2004.

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



Barry A Sargeant  
DIRECTOR GENERAL

30 August 2004



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## Director General's Overview

It is with pleasure that I present the report for the Department of Racing, Gaming and Liquor for the year ended 30 June 2004. The events, initiatives and achievements for the 2003-04 reporting year are featured in the body of this report.

In last year's report, I detailed the passage of the four bills required to achieve the restructure of the racing industry in Western Australia, which involved a merger of the principal club functions of The Western Australian Turf Club, the Western Australian Trotting Association and the Western Australian Greyhound Racing Authority, together with the off-course betting activities of the TAB, into a single controlling authority to be known as Racing and Wagering Western Australia.

I am pleased to advise that the *Racing and Wagering Western Australia Act 2003* came into operation on 1 August 2003 and Racing and Wagering Western Australia commenced and assumed its racing powers on the same day.

To complement the restructure of the racing industry, on 30 January 2004, the Betting Control Board was abolished and its functions transferred to the Gaming Commission of Western Australia to form the Gaming and Wagering Commission of Western Australia. The final report on the abolition of the Betting Control Board was tabled on 4 May 2004.

On 2 September 2003, legislation was passed to:

- remove the individual share limitation of ten per cent of the aggregate number of issued shares in Burswood Limited; and
- replace the casino tax rate of 15 per cent of casino gross revenue specified in clause 23(1)(a) of the Agreement scheduled to the *Casino (Burswood Island) Agreement Act 1985* with separate taxation rates set for electronic gaming machines, table games (including keno) and international commission business generated by all international players on incentive programs, including junkets and premium and privileged players.

On 23 December 2003, the Department was involved in the issue of a probity approval notice, pursuant to section 14(7) of the *Casino (Burswood Island) Agreement Act 1985*, for Wilfex Pty Ltd, a 100 per cent owned subsidiary of Publishing and Broadcasting Limited, to own more than ten per cent of the voting shares in Burswood Limited. On 29 June 2004, a further probity approval notice was issued to Publishing and Broadcasting Limited and a number of other entities in the Publishing and Broadcasting Limited Group that were taken to have a relevant interest in Burswood Limited.

Last year, I also reported on the Minister's announcement of the review of the operation of the liquor licensing authority, which was to include an assessment of the manner in which applications were determined under the *Liquor Licensing Act 1988*, and the relationship between the Liquor Licensing Court and the Director of Liquor Licensing. On 1 September 2003, the Government announced proposed amendments to the Liquor Licensing Act, having regard to the Government's 2001 election commitments to the liquor industry and its obligations under the National Competition Principles Agreement. However, as the National Competition Policy amendments were unlikely to be supported in the Legislative Council of Parliament and in view of the legislative requirement to review the Act, on 9 March 2004 the Premier announced that the Government would not proceed with the amendments to the Act during the current session of Parliament and, instead, would appoint an independent committee to review the Act.

The issues of cross-border betting and betting exchanges, and the threat that they pose to the States that provide the majority of the racing product, continue to occupy the attention of Racing Ministers. Following a decision reached at the March 2004 conference of Australasian Racing Ministers not to issue a licence, authority or other form of permission for the conduct of a betting exchange on racing events in Australia, the Minister for Racing and Gaming has continued to raise with the Federal Government the potential threat that betting exchanges present to the racing industry. The Minister has also requested that the Federal Government assist the States and Territories to maintain an effective gambling regulatory framework through amendments to the *Interactive Gambling Act 2001* (Cth) to ban betting exchanges.

During the year, the Government also announced its intention to abolish minimum betting levels for telephone and Internet betting with bookmakers to achieve uniformity with other jurisdictions. In Western Australia, this was achieved through a phased reduction of minimum bet levels to apply to all codes.

Following last year's enquiries into alcohol related harm, conducted by the Director of Liquor Licensing in the Pilbara and Kimberley regions, a number of other communities, particularly in remote locations, have expressed interest in seeking the Director's assistance in addressing alcohol related harm within their respective communities.

During the year, the number of licensed premises in Western Australia increased to 3,864. The Director of Liquor Licensing lodged three section 95 complaints with the Liquor Licensing Court, seeking disciplinary action against licensees. Eleven section 117 complaints regarding noise and/or behaviour associated with licensed premises were made during the year and, as at 30 June 2004, two of those complaints had been heard by the Director, with the remaining nine either having been resolved by way of conciliation or still under conciliation.



The Department has continued to promote and maintain the integrity of lawful racing, gambling and liquor activities through the provision of support services to the Director of Liquor Licensing and the Gaming and Wagering Commission of Western Australia.

During the reporting period, in excess of:

- 10,000 applications were processed; and
- 8,000 inspections and audits,

were conducted.

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

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

Barry A Sargeant  
DIRECTOR GENERAL

17 September 2004



# Report on Operations

## Legislation

### *Enabling Legislation*

The Department of Racing, Gaming and Liquor is established as a department under section 35 of the *Public Sector Management Act 1994*.

### *Legislation Administered*

Administration of the following legislation is vested in the Department of Racing, Gaming and Liquor:

- *Betting Control Act 1954*;
- *Bookmakers Betting Levy Act 1954*;
- *Casino (Burswood Island) Agreement Act 1985*;
- *Casino Control Act 1984*;
- *Gaming and Betting (Contracts and Securities) Act 1985*;
- *Gaming and Wagering Commission Act 1987*;
- *Gaming and Wagering Commission (Continuing Lotteries Levy) Act 2000*;
- *Liquor Licensing Act 1988*;
- *Racing and Wagering Western Australia Act 2003*;
- *Racing and Wagering Western Australia Tax Act 2003*;
- *Racing Penalties (Appeals) Act 1990*; and
- *Racing Restriction Act 2003*.



## Legislation Impacting on the Department's Activities

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

- *Anti-Corruption Commission Act 1988;*
- *Disability Services Act 1993;*
- *Electoral Act 1907;*
- *Equal Opportunity Act 1984;*
- *Electronic Transactions Act 2003;*
- *Financial Administration and Audit Act 1985;*
- *Freedom of Information Act 1992;*
- *Industrial Relations Act 1979;*
- *Government Employees' Superannuation Act 1987;*
- *Minimum Conditions of Employment Act 1993;*
- *Occupational Safety and Health Act 1984;*
- *Occupiers' Liability Act 1985;*
- *Parliamentary Commissioner Act 1971;*
- *Public and Bank Holidays Act 1972;*
- *Public Interest Disclosure Act 2003;*
- *Public Sector Management Act 1994;*
- *Salaries and Allowances Act 1975;*
- *State Records Act 2000;*
- *State Supply Commission Act 1991;*
- *Workers' Compensation and Rehabilitation Act 1981; and*

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

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



Barry A Sargeant  
ACCOUNTABLE OFFICER

30 August 2004



Terry Ng  
PRINCIPAL ACCOUNTING OFFICER

30 August 2004



## Responsible Minister

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

## Mission

The mission of the Department is:

***Through the licensing of suppliers and the provision of industry support services, promote and maintain the integrity of lawful racing, gaming and liquor activities for Western Australians within community expectation on harm minimisation.***

## Objectives and Government Desired Outcomes

The following table demonstrates the linkage between the Government strategic objective and the desired outcomes and outputs for the Department:

Government Strategic Goals	Desired Outcome(s)	Output(s)
To govern for all Western Australians in an open, effective and efficient manner that also ensures a sustainable future.	To promote and enforce responsible and lawful gambling and liquor services in accordance with the legislation.	1. Licensing – Evaluation and determination of applications. 2. Compliance audits and inspections.

To ensure that the agency's objective and desired outcomes are achieved, the Department has established the following Output Structure:

### **Licensing – Evaluation and determination of applications (Output 1)**

The Department provides a licensing service for casino and community gaming, liquor licensing and the betting industries.

Applications made pursuant to the provisions of the legislation administered by the Department are evaluated and determined by the Licensing Branch, which results in the grant or refusal of applications and subsequent issue or not of the licence sought.

The sections of the community served by this Output include members of the general community who apply for approval to conduct one-off functions under the authority of an occasional liquor licence or gaming permit, charitable and sporting organisations, businesses operators in the industries regulated by the Department and persons seeking to enter those industries.

## Compliance – Audits and inspections (Output 2)

The Department provides a range of inspectorial and audit functions for casino and community gaming, liquor licensing and the betting industries.

Inspectorial functions include:

- casino surveillance;
- physical inspections and the auditing of financial returns in relation to permitted gaming activities;
- independent audit and verification of draws, ticket sales and winner selection in regard to Lotto and Cash 3;
- reporting on applications made under the provisions of the *Liquor Licensing Act 1988*;
- physical inspection of licensed premises;
- resolution of complaints about licensed premises; and
- assessing and collecting licence fees and other revenue.

The sections of the community served by this Output include any person or organisation who has been granted a licence or permit to operate in the industries regulated by the Department, the Lotteries Commission of Western Australia and members of the community who make complaints about licensed premises.

## Functions Performed and Support Provided to Associated Agencies and Other Bodies

The Department of Racing, Gaming and Liquor provides support services to the following bodies:

- Gaming and Wagering Commission of Western Australia;
- Racing Penalties (Appeals) Tribunal;
- Community Gaming Trust; and
- Problem Gambling Support Services Committee.



# Administrative Structure of the Department

## Senior Staff

### **Mr Barry A Sargeant M.Com FCPA** *Director General*

As at 30 June 2004, Mr Sargeant was the Accountable Officer for the Department of Racing, Gaming and Liquor, a position he has held since 16 November 1992. Mr Sargeant also holds office as Chairman of the Gaming and Wagering Commission of Western Australia in an *ex officio* capacity. Mr Sargeant's 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 16 years has been at a senior level in gaming industry regulation.

### **Mr Hugh Highman** *Director of Liquor Licensing*

Mr Highman has extensive experience in public sector management and has undertaken a senior role in liquor regulation for over 14 years.

### **Ms Dorothy McLauchlin** *Director Corporate Services*

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

### **Mr Peter Minchin** *Manager Licensing*

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

### **Mr Jon Nichols** *Manager Policy and Executive Support*

Mr Nichols has 29 years experience in the judicial and regulatory arms of government, the last 16 years in senior policy positions within the Department of Racing, Gaming and Liquor.

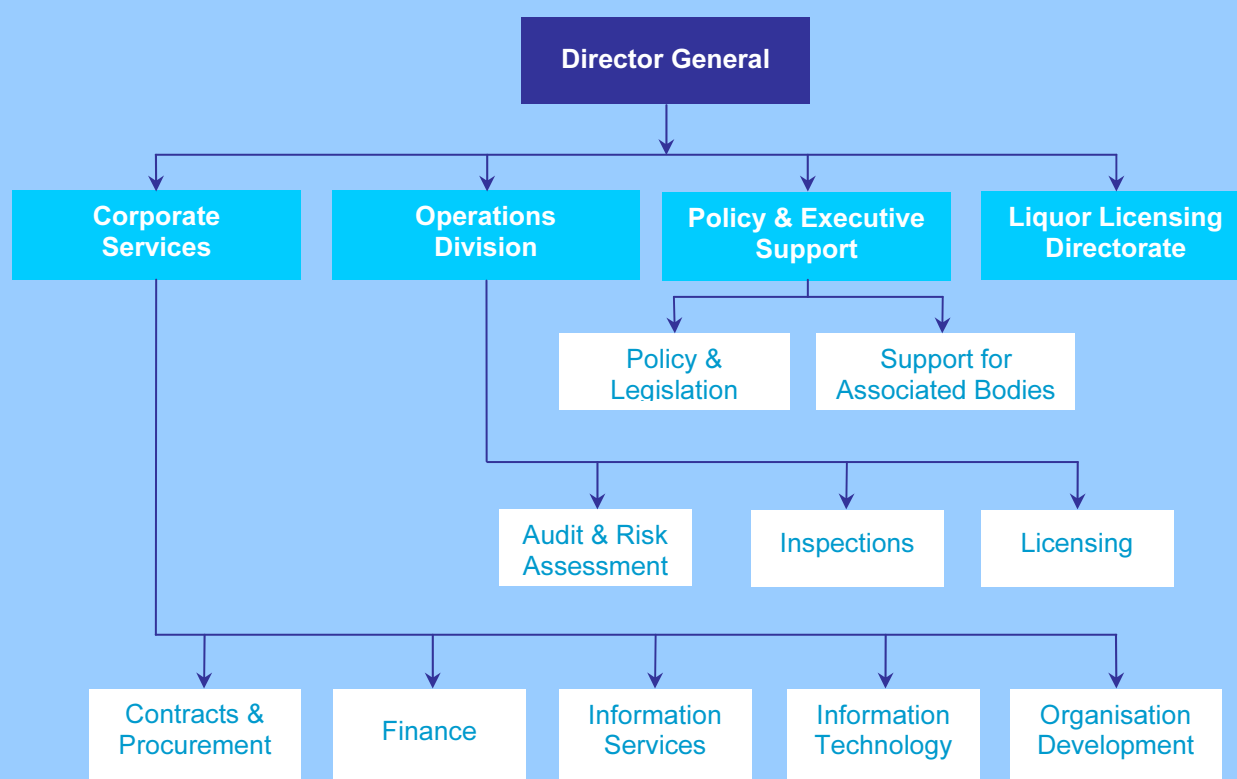
### **Mr Ray Younger** *Manager Inspections*

Mr Younger has 16 years experience in public sector management in regulatory roles. He also has extensive experience in law enforcement.

### ***Declaration of Interests by Senior Officers***

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

## Organisational Structure



## Associated Bodies



## Staff Profile

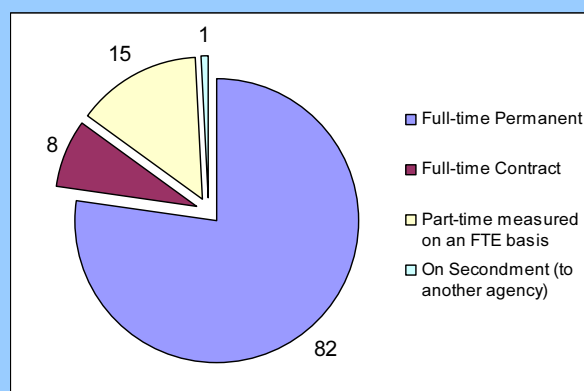


Figure 1: Staff profile as at 30 June 2004

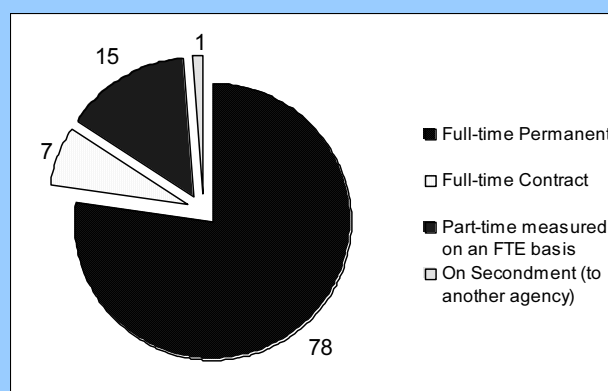


Figure 2: Staff profile as at 30 June 2003

## Significant Issues and Trends

### *Decisions of the Australian Racing Ministers*

During the reporting year, the Australian Racing Ministers met on two occasions, in October 2003 and March 2004. At the March 2004 conference, the Ministers:

- declared full support for a national product fee scheme covering bookmaker race wagering and supporting the application of any product fee scheme to Trans-Tasman betting;
- supported the national racing industry in its endeavours to introduce a national product fee scheme; and
- resolved that there be a complete and total prohibition on the offering of betting exchange services to Australians.

The decisions reached by the Ministers are aimed at supporting the national racing industry peak bodies as they endeavour to establish a national bookmaker product fee scheme that will see bookmakers in all jurisdictions required to contribute to the racing product they depend on for their wagering businesses.

In respect to the Ministers' decision not to issue a licence, authority or other form of permission for the conduct of a betting exchange on racing events in Australia, the Minister for Racing and Gaming has continued to raise with the Federal Government the potential threat that betting exchanges present to the racing industry. The Minister has also requested that the Federal Government assist the States and Territories to maintain an effective gambling regulatory framework through amendments to the *Interactive Gambling Act 2001* (Cth) to ban betting exchanges.

### *Abolition of Minimum Betting Levels*

The Racing Ministers, at the November 2002 Conference of Australasian Racing Ministers, requested the national bodies of the three codes (the Australian Harness Racing Council, the Australian and New Zealand Greyhound Association and the Australian Racing Board) to present, for the Ministers' consideration, a response on the question of whether:

- a uniform bookmaker remote bet level should apply to all bookmakers betting on racing throughout Australia; or
- any minimum bet levels should be applied at all.

In their joint response, the national bodies of the three codes concluded that a national uniform position on the minimum telephone and Internet bet limits should be applied. In Western Australia, this would be achieved through a phased reduction of minimum bet levels to apply to all codes, to bring Western Australia into line with other jurisdictions.

As a first step, amendments to the Betting Control Regulations, which were effective on 1 July 2003, provided for limits to be reduced to:

- \$50, or a bet to win \$500, for metropolitan races; and
- zero, for country races.

Following advice from Racing and Wagering Western Australia that it has no objection to the removal of the limits, the limits were abolished with effect as from 1 July 2004.

### *Establishment of State Administrative Tribunal*

The Government's proposal to establish a State Administrative Tribunal, which may assume responsibility for the functions of the Racing Penalties Appeal Tribunal, continues to require on-going liaison between officers of the Department of Racing, Gaming and Liquor and the Department of Justice.

The Government, in its *Restoring Consumer Protection Policy*, made a commitment to establish an independent administrative review appeals body to review administrative decisions.

Accordingly, a taskforce was established in March 2001, to develop a model for consideration by Government, which resulted in the finalisation of the *Western Australian Civil and Administrative Review Tribunal Taskforce Report on the Establishment of the State Administrative Tribunal* in May 2002. This Report recommended the establishment of a civil and administrative review tribunal to be called the State Administrative Tribunal (SAT).

In relation to the Racing Penalties Appeal Tribunal, the report of the Taskforce stated that:

As in the case of other appeals tribunals there is no reason why the functions of this tribunal should not be assumed by the SAT. Suitable members familiar with the racing industry might be made sessional members of the SAT and sit on these types of appeals. The flexible procedures to be adopted by the SAT are designed to meet the needs of this type of jurisdiction and the SAT will be able to meet any special needs for out-of-business hours sittings. [paragraph 123, pg 93]

The Ministry of Justice has met with the Department of Racing, Gaming and Liquor to obtain an overview of the functions and operations of the Racing Penalties Appeal Tribunal to facilitate the development of appropriate legislation.

The *State Administrative Tribunal Bill* and the *State Administrative Tribunal (Conferral of Jurisdiction) Amendment and Repeal Bill* were introduced into Parliament on 24 June 2003 and passed through the Legislative Assembly on 21 August 2003.

On 16 September 2003 the bills were referred by the Legislative Council to the Standing Committee on Legislation to report back by 11 November 2003. This period has since been extended to 23 September 2004.



## *Review of the Liquor Licensing Act*

The review of the *Liquor Licensing Act 1988*, required by section 178 of that Act, will address National Competition Policy and other issues affecting the liquor industry.

On 1 September 2003, the Government announced proposed amendments to the Liquor Licensing Act, having regard to the Government's 2001 election commitments to the liquor industry and its obligations under the National Competition Principles Agreement.

However, as the National Competition Policy amendments were unlikely to be supported in the Legislative Council of Parliament and in view of the legislative requirement to review the Act, on 9 March 2004 the Premier announced that the Government will not be proceeding with the amendment of the Act during the current session of Parliament and, instead, would appoint an independent committee to review the Act.

The terms of the Reference for the review were approved by Cabinet on 14 June 2004 and include the following:

- the effectiveness of the operations of the licensing authority; and
- such other matters as appear to the Minister to be relevant to the operations and effectiveness of the Act.

### **The Effectiveness of the Operations of the Licensing Authority**

In July 2002, the Minister for Racing and Gaming initiated a review of the operation of the licensing authority, which included an assessment of the manner in which applications are determined under the Liquor Licensing Act and the relationship between the Liquor Licensing Court and the Director of Liquor Licensing.

A discussion paper was prepared by the Department of Racing, Gaming and Liquor to facilitate the review and to provide an opportunity for stakeholders to make submissions in relation to the review.

In assessing the effectiveness of the operations of the licensing authority, the Review Committee will examine and take into account the submissions received in response to the discussion paper.

In considering the effectiveness of the operations of the licensing authority, consideration should also be given to the appropriateness of the Government, through the Minister issuing policy guidelines providing guidance in relation to matters of public interest and Government policy on liquor licensing issues.

### **Matters Relevant to the Operation and Effectiveness of the Act**

The Review Committee is to examine and consider those matters that appear relevant to the operation and effectiveness of the Act, having regard to the:

- interests and needs of the Western Australian community;
- interests and needs of persons selling or supplying liquor;
- interests and needs of liquor consumers;
- interests and needs of the tourism industry in Western Australia; and
- trends and experiences of other Australian and overseas jurisdictions.

These matters include the following:

- (i) The appropriateness of the objects of the Act and the current licence classification system and associated trading hours, having regard to changing community needs and attitudes relating to the accessibility of liquor and related services, including:
  - the minimisation of harm or ill health caused to people, or any group of people, due to the use of liquor;
  - the use of extended trading permits;
  - the times during which liquor is available at hotels and liquor stores and the distinction between the services offered by hotels and cabarets;
  - the role of the club licence and the requirement that liquor only be sold to club members and their guests;
  - the extent to which a restaurant licence should allow liquor to be consumed without a meal;
  - the availability of packaged liquor;
  - the ability to ban a specified liquor product or class of liquor products from sale or distribution; and
  - any specific needs of non-metropolitan licensed premises and communities.
- (ii) The merits of a public interest test in comparison to the public needs test and the relative implications for the licence classification system.
- (iii) The impact of market domination on the liquor industry.
- (iv) Security issues associated with the operation of licensed premises and the control of special events.

### *Addressing Alcohol Related Harm*

Working with communities, particularly in remote locations, where members of the community seek the assistance of the Director of Liquor Licensing in addressing alcohol related harm in the local community, continues to be a significant trend for the Director of Liquor Licensing.

Inquiries conducted under section 64 of the *Liquor Licensing Act 1988* by the Director of Liquor Licensing in the Pilbara and Kimberley Regions have highlighted to the public that one of the primary objects of the Act is to minimize harm or ill health caused to people, or any group of people, due to the use of liquor.

As a result, a number of communities, particularly those in remote locations with alcohol related problems, have expressed interest in seeking the assistance of the Director to conduct similar inquiries.

While there is always a risk that the imposition of liquor restrictions can result in unexpected outcomes, such as those experienced in Meekatharra, where the initial restrictions resulted in an imbalance between on-premises and off-premises consumption, conditions imposed on liquor licences have been an effective catalyst for change.

## Changes in Written Law

### *Changes to legislation*

#### **Racing and Wagering Western Australia Act 2003**

The *Racing and Wagering Western Australia Act 2003* came into operation on 1 August 2003. The purpose of the Act was to implement the restructure of the racing industry governance system in Western Australia by merging the principal club functions of the Western Australian Turf Club, Western Australian Trotting Association and Western Australian Greyhound Racing Association, together with the off-course betting activities of the TAB, into a single controlling authority to be known as Racing and Wagering Western Australia (RWWA).

Specifically, to achieve the restructure the following changes occurred:

- RWWA was established as the controlling authority for thoroughbred, harness and greyhound racing in Western Australia;
- the Western Australian Turf Club, the Western Australian Trotting Association, and the Western Australian Greyhound Racing Association remained as racing clubs, responsible for the conduct of racing activities at their respective venues;
- the TAB was abolished and RWWA assumed responsibility for the conduct of off-course betting from 30 January 2004; and
- the Racecourse Development Trust was abolished and the development of racing and training infrastructure became a function of RWWA. The Trust's obligations, unallocated funds and funding source (unclaimed TAB dividends and refunds) were transferred to RWWA.

To complement the restructure, the Betting Control Board was abolished and its functions transferred to the Gaming Commission of Western Australia to form the Gaming and Wagering Commission of Western Australia on 30 January 2004.

To manage these changes, in addition to *Racing and Wagering Western Australia Act 2003*, the following Acts have also been assented to:

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

### **Racing and Gambling Legislation Amendment and Repeal Act 2003**

On 1 August 2003, the *Racing and Gambling Legislation Amendment and Repeal Act 2003* came into operation. The purpose of the Act is to provide the transitional provisions needed to manage the establishment of RWWA and the consequential amendments needed to other Acts to recognise RWWA and to achieve the complementary aspects of the governance structure.

### **Racing Restriction Act 2003**

The *Racing Restriction Act 2003* came into operation on 1 August 2003. The Act is essentially a re-draft of the *Racing Restriction Act 1917*, and stipulates that no thoroughbred, harness or greyhound race for a stake or prize, or for the purposes of betting, may be held unless the race is licensed by Racing and Wagering Western Australia (RWWA) and is held at a racecourse that is licensed by RWWA.

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

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

### **Racing and Wagering Western Australia Tax Act 2003**

On 30 January 2004, the *Racing and Wagering Western Australia Tax Act 2003* came into operation. The purpose of the Act is to apply the taxation regime that is currently in place in respect of the TAB under the *Totalisator Agency Board Betting Tax Act 1960* to RWWA’s off-course wagering turnover.

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

On 2 September 2003, an amendment to the Agreement scheduled to the *Casino (Burswood Island) Agreement Act 1985* came into effect removing the individual share limitation of 10 per cent of the aggregate number of issued shares in Burswood Limited.

## *Changes to subsidiary legislation*

### **Liquor Licensing Amendment Regulations (No.4) 2003**

These amendment regulations came into operation on 11 July 2003 and permit the sale of liquor from outside the State to a person resident in Western Australia, by a liquor merchant that is licensed in another State or Territory.

### **Racing and Wagering Western Australia Regulations 2003**

These regulations, implemented on 1 August 2003:

- establish licensing provisions for directors and key employees under sections 14 and 24 of the Racing and Wagering Western Australia Act 2003; and
- detail arrangements for the payment of the annual fee payable by RWWA to the Gaming Commission to cover the cost of the Commission's regulatory functions in respect of RWWA, under section 53 of the *Racing and Wagering Western Australia Act 2003*.

In respect of the RWWA licensing regulations, the licence application fees will be the same as those applying in respect of an application for a Casino Key Employee licence.

### **Totalisator Agency Board (Betting) Amendment Regulations 2003**

These amendment regulations came into operation on 26 September 2003 and include the following Eastern States racing venues in the list of racecourses prescribed for the purposes of betting by the TAB:

- |                                       |                               |
|---------------------------------------|-------------------------------|
| • Mortlake, Victoria;                 | • Junee, New South Wales;     |
| • Edenhope, Victoria;                 | • Temora, New South Wales;    |
| • Penshurst, Victoria;                | • Grafton, New South Wales;   |
| • The Meadows, Victoria;              | • Nowra, New South Wales;     |
| • Grenfell, New South Wales;          | • Maitland, New South Wales;  |
| • Sapphire Coast,<br>New South Wales; | • Singleton, New South Wales; |
| • Tumut, New South Wales;             | • Casino, New South Wales;    |
| • Narrandera,<br>New South Wales;     | • Redcliffe, Queensland;      |
| • Tweed Heads,<br>New South Wales;    | • Albion Park, Queensland;    |
|                                       | • Beenleigh, Queensland, and  |
|                                       | • Bordertown, South Australia |

### **Liquor Licensing Amendment Regulations (No. 3) 2003**

These amendment regulations came into operation on 10 October 2003 and provide a definition of caterer for the purposes of special facility licenses.

### **Liquor Licensing Amendment Regulations (No.6) 2003**

These amendment regulations came into operation on 28 October 2003 and exempt the sale and supply of liquor produced by the Denmark and Harvey campuses of the WA College of Agriculture and the Manjimup, Margaret River and Mount Barker Senior High Schools, where the liquor is produced as part of an approved viticulture course.

### **Betting Control Amendment Regulations (No. 4) 2003**

These amendment regulations came into operation on 11 November 2003 and permit the display of a business name in lieu of the bookmaker's name, provided it does not misrepresent the nature of service offered by the bookmaker and that the business name is acceptable to the Gaming and Wagering Commission.

### **Betting Control Amendment Regulation (No. 3) 2003 Casino Control Amendment Regulations 2003 Gaming Commission Amendment Regulations 2003 Liquor Licensing Amendment Regulations (No. 5) 2003**

These amendment regulations came into operation on 1 January 2004 and increased prescribed fees and charges (following a review in accordance with the provisions of section 55(b) of the *Financial Administration and Audit Act 1985*).

### **Racing and Wagering Western Australia Regulations 2004**

These regulations came into operation on 30 January 2004 and:

- provide for the regulation of off-course wagering activities of RWWA;
- establish the procedures under section 52 of the RWWA Act for RWWA to notify the Gaming and Wagering Commission of its intention to establish a totalisator agency; and
- prescribe the racing bodies RWWA is required to consult with in accordance with section 82(2) of the *Racing and Wagering Act 2003*.

### **Betting Control Amendment Regulations 2004**

These amendment regulations came into operation on 30 January 2004 and provide a table of deductions for race day betting, establish provision to enable minimum wager obligations to be set and to amend regulation 61(2) of the *Betting Control Regulations 1978* to enable time limits for bookmakers to exhibit odds on runners in each race.





### **Gaming Commission Amendment Regulations 2004**

These amendment regulations came into operation on 30 January 2004 and require the holder of a Suppliers Certificate, an Operators Certificate or a Suppliers Licence to notify the Commission within seven days of being convicted of an offence.

The amendment regulations also prescribe the necessary gaming equipment for the purposes of section 88 of the *Gaming and Wagering Commission Act 1987* and modify the prescribed fees applicable to supplier's certificates, so that a set fee applies to the issue of a certificate pursuant to section 88, regardless of the type or number of types of gambling equipment.

### **Gaming and Wagering Commission Amendment Regulations 2004**

These amendment regulations came into operation on 18 May 2004 and reduce the period, in which an application for a permit under the *Gaming and Wagering Commission Act 1987* must be lodged, to seven days.

## **Ministerial Directives**

No Ministerial Directives were received during the financial year.

## **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 and are required to represent the Department 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.

Inspectors provide lectures to Police Officers attached to the Alcohol and Drug Advisory Branch of the Western Australian Police Service on liquor and gaming issues.

The Director of Liquor Licensing and Assistant Directors lecture hospitality students at various TAFE Colleges on the areas of harm minimisation, responsible service of alcohol and the requirements of the *Liquor Licensing Act 1988*.

## Pricing Policy on Outputs

The pricing policy on outputs adopted 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<sup>a</sup>;
2. the primary purpose for the imposition of fees should be regulatory<sup>b</sup>;
3. provision to allow the imposition of a fee should be contained in legislation with the level of fees being established by regulation<sup>c</sup>;
4. the liquor, racing and gaming industries should perceive that they receive value for money in the context of the regulation of those industries<sup>d</sup>; and
5. the fee structure should be simple.

---

<sup>a</sup> This policy is consistent with the principle of net appropriations. The Department of Racing, Gaming and Liquor is working towards full cost recovery for services provided.

<sup>b</sup> This is consistent with advice from the Solicitor General regarding the desirability for fees raised at State level to be regulatory in nature.

<sup>c</sup> 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.

<sup>d</sup> The Department will be responsible for ensuring that its regulatory services are efficient, effective and appropriate.

## Output 1: Licensing - Evaluation and Determination of applications

The Department receives, processes and determines applications in accordance with the legislation it administers. Decisions made by the Director of Liquor Licensing and by the Gaming and Wagering Commission of Western Australia are relevant to Output 1. The provision of executive support to the Gaming and Wagering Commission of Western Australia, Racing Penalties Appeal Tribunal, Problem Gambling Support Committee and the Gaming Community Trust and the provision of a policy and legislative function are also included in this Output.

**Table of Output Measures**

	<b>2003-2004 Estimated</b>	<b>2003-2004 Actual</b>	<b>Reason for Significant Variation</b>
<b>Quantity</b>			
Applications determined.	12,000	10,938	
<b>Quality</b>			
Applications that complied with the statutory requirements at the time the application was granted.	100%	96.7%	
<b>Timeliness</b>			
Applications finalised within the required predetermined timeframe.	95%	94.4%	
<b>Cost</b>			
Average cost of determining applications	\$316	\$323	

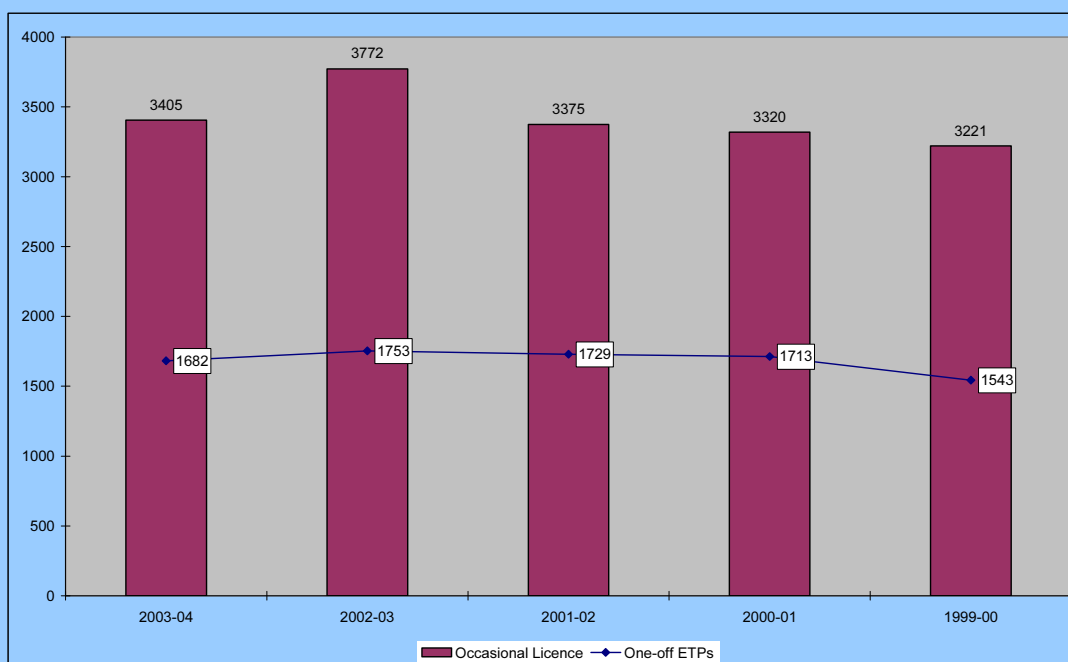
### *Licensing*

The Licensing Branch provides a licensing service, under delegation from the Gaming and Wagering Commission and the Director of Liquor Licensing, for the Western Australian community and the industries regulated by the Department of Racing, Gaming and Liquor.

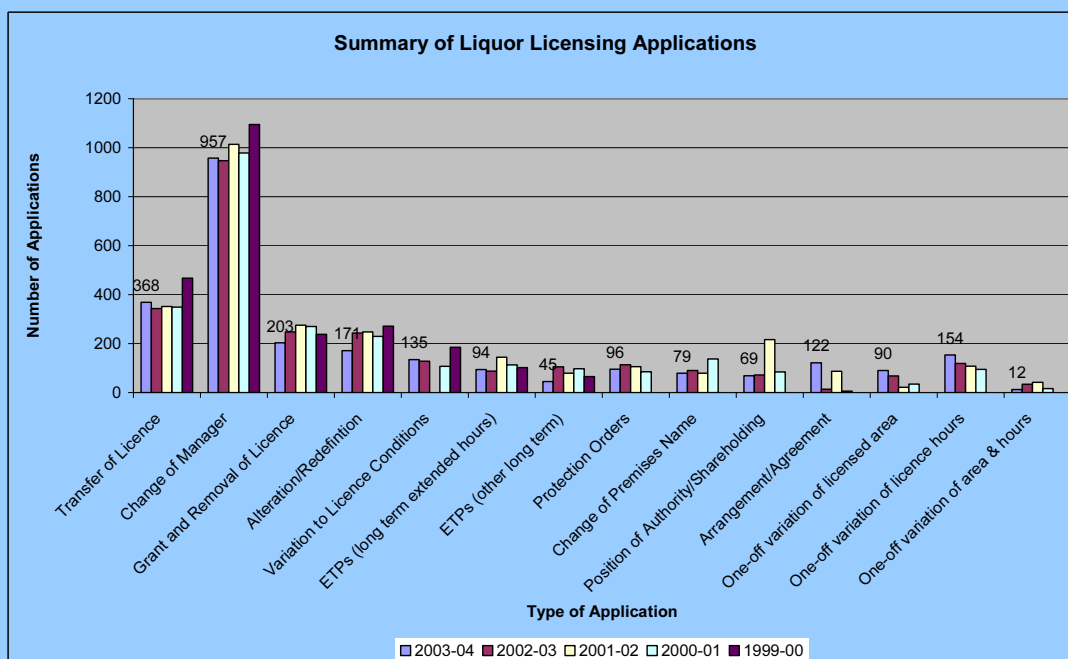
During the year under review:

- 191 new liquor licences;
- 3,405 occasional licences; and
- 1,682 one-off extended trading permits,

were granted by staff of the Licensing Branch, acting as delegates of the Director of Liquor Licensing.

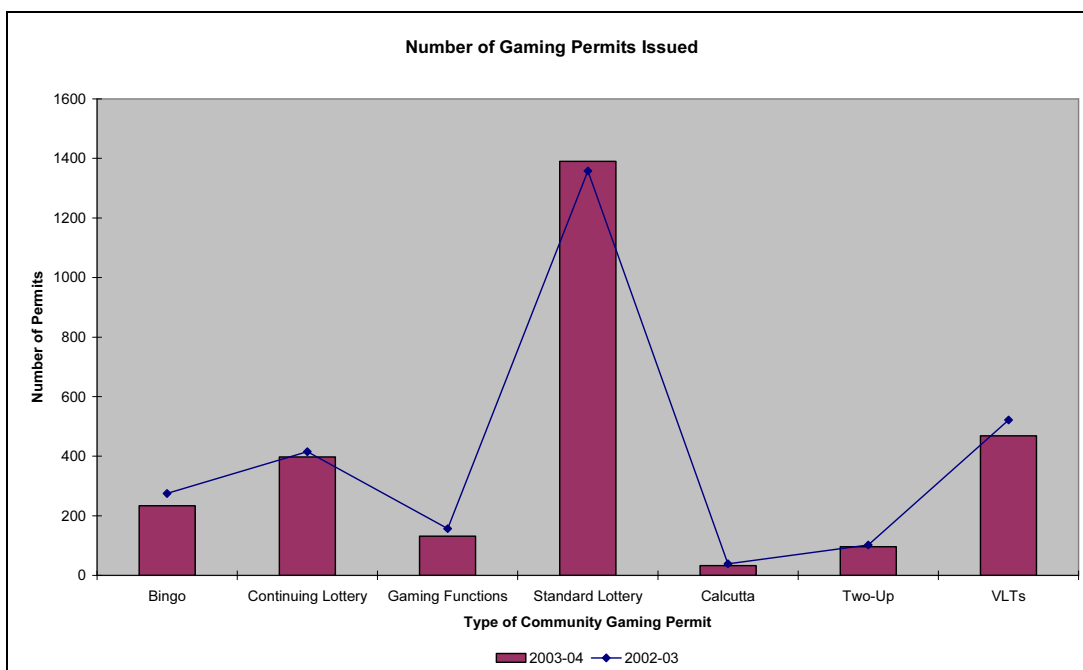


**Figure 3:** Number of Occasional Licences and Extended Trading Permits granted as at 30 June 2004 (and comparative numbers for previous years).

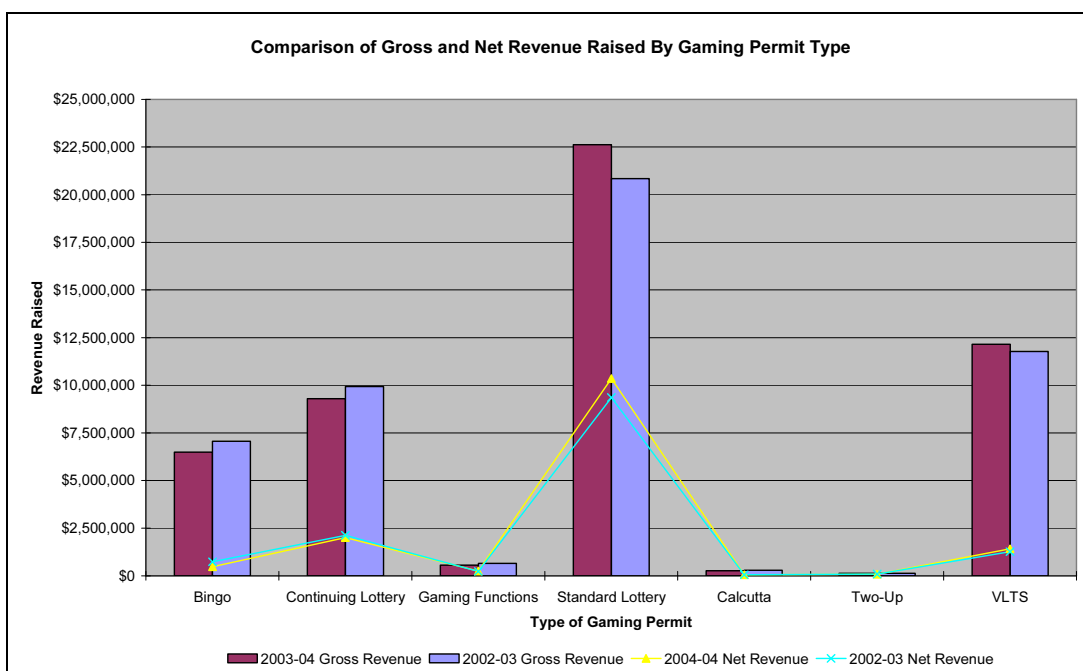


**Figure 4:** Comparison of the number of liquor licensing applications lodged as at 30 June 2004 (and comparative numbers for previous years). These figures represent applications lodged, but not necessarily determined during the year under review.

As delegates of the Gaming and Wagering Commission of Western Australia, staff of the Licensing Branch issued 2,752 gaming permits, which resulted in the raising of a total amount of \$51,508,905, of which \$14,629,750 was returned to the community for the active promotion, support or conduct of sporting, social, political, literary, artistic, scientific, benevolent, charitable or other like activity.



**Figure 5:** Number of Gaming Permits granted as at 30 June 2004 (and comparative figures for the previous year).



**Figure 6:** Revenue raised by type of gaming permit as at 30 June 2004 (including comparative figures for the previous year).

Licences and permits are issued to enable:

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

## **Community Gaming**

A total of 2,752 gaming permits were issued during the year under review, resulting in the raising of a total amount of \$51,508,905, of which \$14,629,750 was returned to the community for the active promotion, support or conduct of sporting, social, political, literary, artistic, scientific, benevolent, charitable or other like activity.

### *Licensing of Gaming Operators*

Persons who assist in the conduct of community gaming for reward are required to be the holder of a Gaming Operator's Certificate. The integrity of gaming operators is paramount to the integrity of community gaming activities. Applicants for a Gaming Operator's Certificate must satisfy a probity investigation in addition to demonstrating the required skills needed for working in the gaming industry.

### *Video Lottery Terminals*

Video Lottery Terminals are electronic representations of hand held continuing lottery tickets (also known as break open bingo or beer tickets) with permits issued to sporting, charitable and community organisations for the purpose of fund raising. A minimum of 10 per cent of gross proceeds must be returned to the beneficiary organisation, with 70 per cent paid in prizes, 1 per cent to the Gaming and Wagering Commission and 2.25 per cent to the Consolidated Fund. The supplier and the licensee of the venue share the balance.

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

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

The number of Video Lottery Terminal permits issued during 2003-04 was 469, compared to 522 for 2002-03. Video Lottery Terminal turnover for 2003-04 was \$12.1 million, compared to \$11.7 million for the previous year.



## Licensing of Casino Employees and Casino Key Employees

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

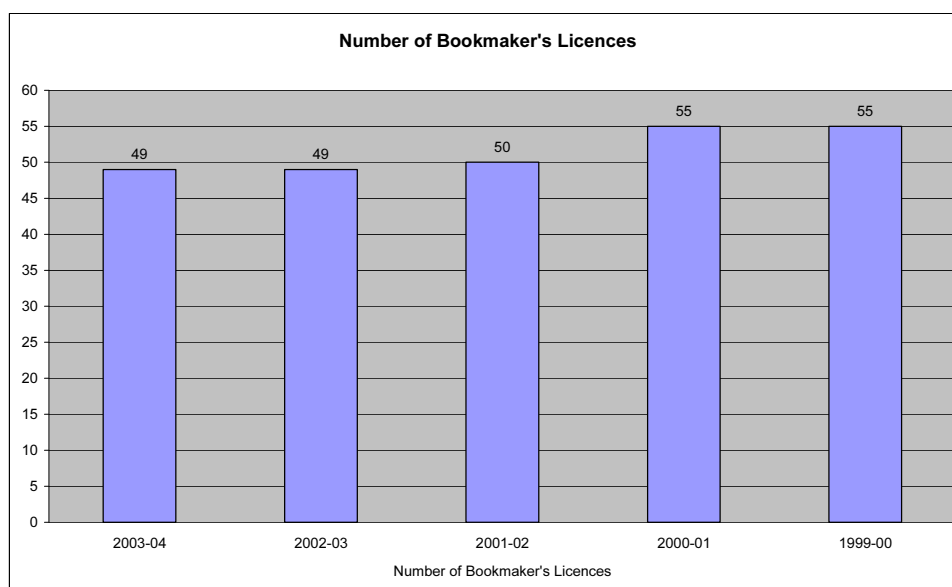
## Licensing of RWWA Positions

Following the identification of positions within Racing and Wagering Western Australia that require licensing in accordance with sections 14 and 24 of the *Racing and Wagering Western Australia Act 2003*, staff acting on behalf of the Commission coordinated the lodgement of applications for the initial licensing of directors and key employees of Racing and Wagering Western Australia.

## Licensing of Bookmaker Operations

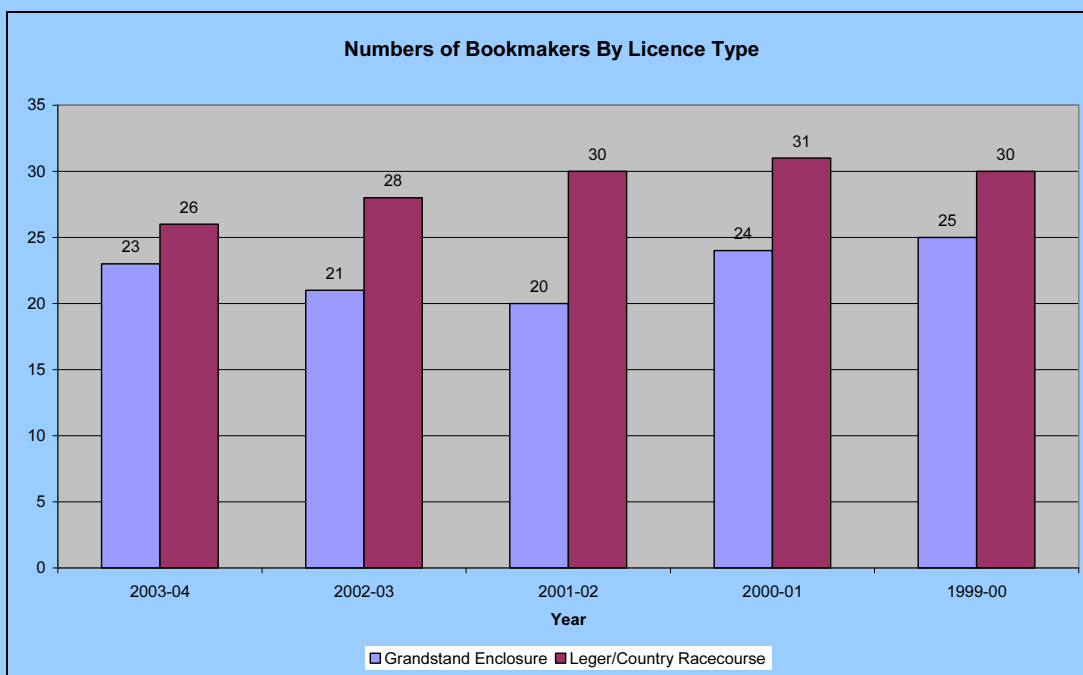
A licensing service is also provided by the Department in respect of bookmakers. In this respect, amendments to the *Betting Control Act 1954* in September 2002 provided for, amongst other matters, a bookmaker's licence to be issued to a natural person, partnership or body corporate. A significant feature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

The number of licensed bookmaking operations in the State as at 30 June 2004<sup>e</sup> was 49, of which two are partnerships and another is a body corporate. Three new bookmaker licences were issued, while three licences were surrendered. Additionally, two bookmakers were authorised to conduct sports betting during the year.

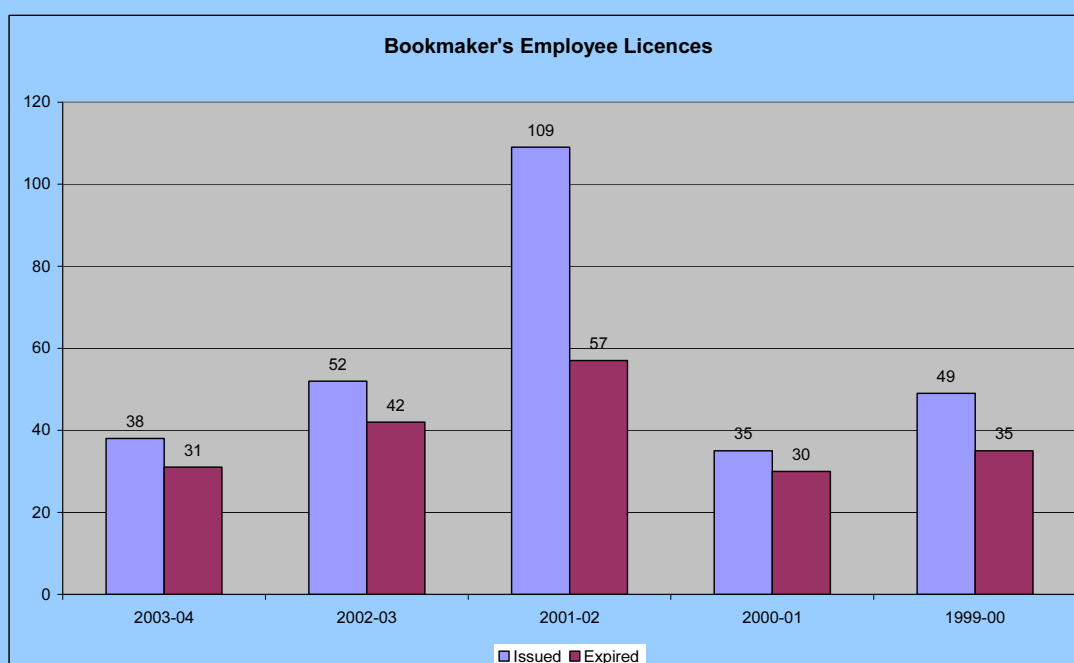


**Figure 7:** Number of Bookmaker's Licences as at 30 June 2004.

<sup>e</sup> The reporting year for the Betting Control Board correlated with the racing year, i.e. from 1 August to 31 July each year. However the Gaming and Wagering Commission's reporting year is from 1 July to 30 June. Therefore, the 2003-04 figures do not represent a full reporting year. Figures for the whole racing year will be provided in the *2004 Racing Industry Status Report*, which will be published later in the year.



**Figure 8:** Number of Bookmaker's by licence type as at 30 June 2004.



**Figure 9:** Number of Bookmaker's Employee Licences as at 30 June 2004.

## ***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 Gaming and Wagering Commission of Western Australia, the Problem Gambling Support Services Committee, the Community Gaming Trust and the Racing Penalties Appeal Tribunal.

### **Gaming and Wagering Commission of Western Australia**

The Gaming and Wagering Commission of Western Australia is responsible for the regulation of gaming and wagering activities in Western Australia. As such, the Commission regulates the following activities:

- casino gaming;
- community gaming;
- the off-course wagering functions of Racing and Wagering Western Australia; and
- activities permitted under the *Betting Control Act 1954*.

The Commission does not employ inspectors and other staff in its own right, but contracts these services through a cost recovery arrangement with the Department of Racing, Gaming and Liquor, which provides licensing, inspectorial and executive support services for the Commission.

### **Community Gaming Trust**

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

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

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

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

Executive secretarial support is provided by the Department of Racing, Gaming and Liquor to the Gaming Community Trust.

## **Problem Gambling Support Services Committee**

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

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

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

The Problem Gambling Support Services Committee is currently progressing the development of an awareness campaign tailored towards Western Australia and is taking into consideration the fundamental principles of the *National Framework on Problem Gambling*.

Executive secretarial support is provided by the Department of Racing, Gaming and Liquor to the Problem Gambling Support Services Committee.

## **Racing Penalties Appeal Tribunal**

The Racing Penalties Appeal Tribunal is established under the *Racing Penalties (Appeals) Act 1990*, primarily 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.

Executive support is provided to the Racing Penalties Appeal Tribunal is in the form of a registry service. The Register 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.



## *Liquor Licensing Directorate*

The *Liquor Licensing Act 1988* provides the legislative framework for the liquor licensing authority, which is comprised of the Liquor Licensing Court and the Director of Liquor Licensing, 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 *Liquor Licensing Act 1988* is to minimise harm or ill-health caused to people, or any group of people, due to the use of liquor.

Pursuant to section 13 of the *Liquor Licensing Act 1988*, the Director of Liquor Licensing is responsible for the administration of the Act (other than those aspects of administration that relate to the Liquor Licensing 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 within the Department of Racing, Gaming and Liquor, to:

- determine applications in accordance with the provisions of the *Liquor Licensing Act 1988*;
- 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, such as Accords, Industry Training, etc.;
- consider section 117 complaints and be responsive to such complaints; and
- expeditiously determine any other matters arising from the administration of the Act.

## Significant Liquor Licensing Decisions

### *Steve's Nedlands Park Hotel*

On 9 April 2004, the Director of Liquor Licensing handed down his decision in respect to Steve's Nedlands Park Hotel, which is situated in Nedlands.

During the hearing of the complaint, the Commissioner of Police submitted evidence to the Director demonstrating that the patrons of Steve's Nedlands Park Hotel were causing significant problems in the vicinity of the hotel. Over the years, a number of section 117 complaints about noise and disturbance have been lodged by residents that have resulted in the imposition of conditions on the licence. This latest inquiry related specifically to the activities at the hotel on Wednesday nights.

While the Director acknowledged that residents living near licensed premises must accept, from time to time, a greater degree of noise and disturbance, he was nonetheless satisfied that there was sufficient evidence to show that the size and nature of the crowd attracted to Steve's Nedlands Park Hotel on Wednesday nights, causes an unacceptable level of noise and disturbance at closing time.

As a result, the Director imposed restrictive conditions on the licence in respect of:

- security;
- entertainment;
- packaged liquor sales;
- the banning the service of liquor in jugs; and
- responsible promotions and advertising.

The licensee has sought a review of the Director's decision before the Liquor Licensing Court.

### *Mustang Bar Fremantle*

On 3-7 May 2004, His Honour Judge Greaves heard evidence in respect of the application by Highmoon Pty Ltd ("the applicant") to remove the tavern licence known as the Mustang Bar, from 24 High Street, Fremantle to 33 South Terrace, Fremantle.

After hearing the evidence, Judge Greaves found that the evidence for the applicant established that the grant of the application was necessary to provide for the reasonable requirements of the public for liquor and related services. However, His Honour was of the view that the ultimate issue in this case was the extent to which the management agreement referred to in the application could reduce the offence, annoyance, disturbance or inconvenience caused to nearby residents.

In his decision handed down on 1 July 2004, Judge Greaves found that –

...on the balance of probabilities the residents of this affected area have for some time been unduly affected by the conduct of intoxicated customers of licensed premises in the affected area...



...I am inclined to accept the conclusion expressed...that management agreements of the nature proposed in this case are likely to be less effective in the present context, in the absence of effective enforcement...

...For these reasons, I find that the removal of this licence to this proposed location is likely to cause undue offence, annoyance, disturbance or inconvenience by intoxicated persons in the vicinity of the premises, that those who reside nearby should not reasonably be expected to tolerate...

His Honour Judge Greaves subsequently refused the application for removal of licence.

### **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, a total of 20 section 64 inquiries were conducted by the licensing authority in relation to alcohol related harm and suspected breaches of the Act by licensees. In a number of cases, conditions were imposed on the licence restricting the manner in which the business can be conducted under the licence.

Four of the inquiries conducted during 2003-2004 impacted on the whole of the community in the towns of Meekatharra, Newman, Halls Creek and Derby. As an example, in Newman the inquiry undertaken on 17 July 2003 was in response to concerns raised by residents of the Newman Community, and the Commissioner of Police, about the level of alcohol-related harm occurring in Newman.

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

...Collectively, the empirical evidence of the police, the Pilbara Community Drug Services and the anecdotal evidence of other witnesses, together with my own observations, provide strong grounds to impose liquor restrictions in Newman on a trial basis. I am satisfied on the evidence presented during the inquiry..., that the consumption of and availability of packaged liquor is linked with the extent of crime, harm and anti-social behaviour occurring in Newman.

The extent of harm and ill-health is so significant that when it is weighed with the primary objects under section 5(1) of the Act, "to regulate the sale, supply and consumption of liquor" and "to minimise harm or ill-health...due to the use of liquor", it requires this authority, of its own volition, to exercise the powers under section 64(3) of the Act to impose the ... restrictive conditions on all the packaged liquor outlets in Newman...

As a consequence, restrictive conditions were imposed in respect of packaged liquor sales and the hours during which it can be sold; the types of liquor that can be sold; and the size of containers that packaged liquor can be sold in.

## **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 2003-2004, the Director lodged three section 95 complaints before the Liquor Licensing Court. Of particular interest was the complaint lodged against the licensee of the premises known as the Conglomerate Hotel, situated in Nullagine.

The complaint alleged five grounds existed that demonstrated that there was proper cause for disciplinary action against the licensee.

His Honour Judge Greaves found that the complaints had been established and that the licensee had been negligent in his duties over a period of time. Notwithstanding that, His Honour decided to give the licensee a final opportunity to demonstrate his capacity to observe and comply with his obligations under the Act. In doing so, Judge Greaves commented that:

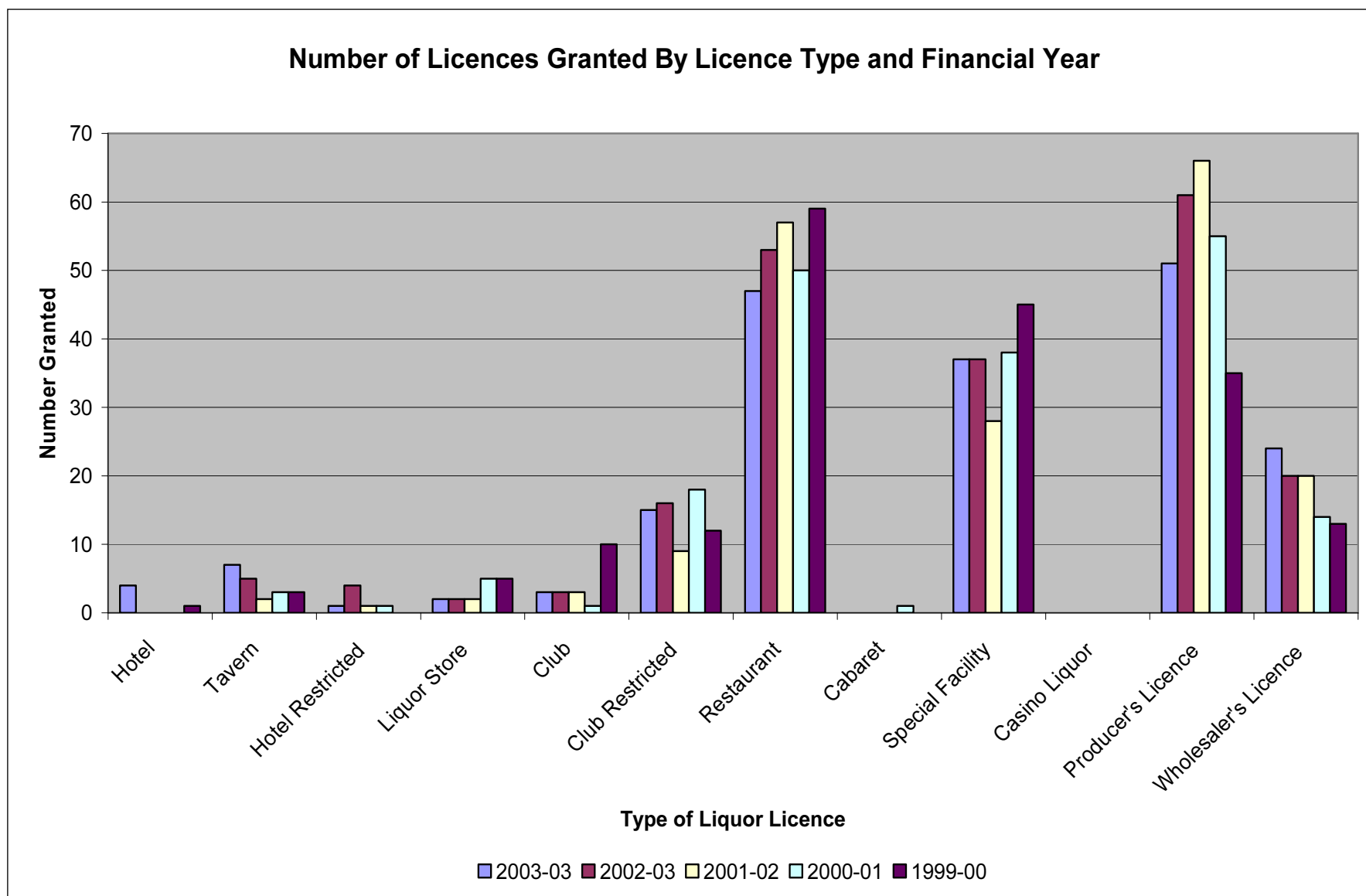
...The sale of liquor is a privilege and a regulated privilege. It is a potentially dangerous exercise and it is one which this Act seeks to reach a middle ground in permitting trade to continue while reducing harm consequent upon the consumption of liquor. They are increased obligations and they are obligations which the Licensing Authority, both the Director and the Court, expect the industry to have close and increasing regard to...

His Honour Judge Greaves ordered that the licensee enter into a bond in the sum of \$20,000 for a term of two years.

## **Section 117 Complaints**

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

During the year under review, eleven complaints were made, two of which were heard before the Director of Liquor Licensing, with the remaining nine having either been resolved by way of conciliation or still under conciliation.



**Figure 10:** Number of licences granted by licence type as a 30 June 2004 (with comparative figures for previous years). Note: A review of the Department's reporting program was carried out during 2003-04, which has resulted in amendments to numbers of licences previously reported in past annual reports.

## *Major Achievements For 2003-04*

### **Establishment of RWWA and amalgamation of the Betting Control Board and Gaming Commission**

On 1 August 2003, under provisions of the *Racing and Wagering Western Australia Act 2003* and the *Racing and Gambling Legislation Amendment and Repeal Act 2003*, Racing and Wagering Western Australia was established as the single controlling authority for thoroughbred, harness and greyhound racing in Western Australia.

In addition, with effect as from 30 January 2004, the *Racing and Gambling Legislation Amendment and Repeal Act 2003* provided for —

- Racing and Wagering Western Australia to become responsible for the off course wagering activities of the Totalisator Agency Board; and
- the formulation of the Gaming and Wagering Commission of Western Australia.

The final report on the abolition of the Betting Control Board was tabled on 4 May 2004.

### *Establishment of RWWA*

In relation to its role as the single controlling authority, Racing and Wagering Western Australia is responsible for the principal club functions that were previously undertaken by the Western Australian Turf Club, Western Australian Trotting Association and the Greyhound Racing Association. These clubs are now responsible for the conduct of racing activities at their respective venues.

Racing and Wagering Western Australia's broad responsibilities are to:

- foster the development, promote the welfare and ensure the integrity of metropolitan and country thoroughbred, harness and greyhound racing, in the interests of the long term viability of the racing industry in Western Australia;
- undertake and manage industry strategic planning, promotion, marketing, sponsorship and administration, although racing clubs will continue to undertake these roles where it is club specific;
- develop and implement a scheme for the distribution of TAB net profits in accordance with legislative requirements and negotiate funding arrangements with individual racing clubs;
- determine TAB coverage of race meetings;
- in consultation with racing clubs, establish policies for stake money levels and race conditions and programs;

- establish policies for, and manage the provision of, programs for apprentice jockey, trainee driver and other industry training requirements;
- liaise with government and interstate/overseas racing authorities with respect to, and represent the interests of, the racing industry in Western Australia; and
- co-ordinate and facilitate whole of industry issues such as insurance, broadcasting of race meetings and the establishment and maintenance of horse and greyhound training facilities.

#### *Amalgamation of the Betting Control Board and Gaming Commission*

To supervise the wagering activities of Racing and Wagering Western Australia, the *Racing and Gambling Legislation Amendment and Repeal Act 2003* made provision for the functions of the Betting Control Board to be amalgamated with the Gaming Commission of Western Australia to form the Gaming and Wagering Commission of Western Australia.

The Gaming and Wagering Commission is responsible for regulating both gaming and wagering activities in Western Australia on a common platform in contrast to the previous arrangement where those activities were administered individually by the Betting Control Board and Gaming Commission.

The Gaming and Wagering Commission also regulates casino and community gaming activities, the off-course wagering functions of Racing and Wagering Western Australia and activities permitted under the *Betting Control Act 1954*.

The Gaming and Wagering Commission is constituted by:

- the chief executive officer of the Department of Racing, Gaming and Liquor who is *ex officio* Chairperson of the Commission; and
- not less than five, nor more than seven, members appointed by the Minister for Racing and Gaming.

The Gaming and Wagering Commission held its inaugural meeting on 2 February 2004.

Current membership of the Commission consists of:

Mr. Barry Sargeant	Chairperson	<i>Ex officio</i> , Director General of the Department of Racing, Gaming and Liquor
Ms. Margaret Nadebaum	Member	Retired Principal/Public Servant
Ms. Mary McComish	Member	Associate Professor Law
Mrs. Wendy Silver	Member	General Manager Southern Cross Care
Mrs. Judith McGowan	Member	University Lecturer in Law
Mr. George Davies	Member	Retired Bookmaker

## **Implementation of a Racing Module for the Department's Computerised Systems**

As part of the Department's ongoing commitment to systems development, a racing module that complements the Department's existing casino and community gaming modules was implemented on 1 August 2003.

The racing module incorporates functionality previously not available under the Unix system to support:

- corporate licensing provisions for bookmakers; and
- a licensing function for Directors and Key Employees of Racing and Wagering Western Australia.

The racing module also interfaces with the new web-based facility to enable race clubs to lodge financial returns and pay the sports betting levy in relation to betting turnover by bookmakers via the Internet.



## **Implementation of a web-based facility for the lodgement of financial returns and payment of sports betting levy**

As part of the Department's commitment to e-business and increased focus on progressing web-based business transactions, racing clubs now have the option of lodging electronic financial returns via the Internet or continuing with traditional paper based returns.



## **Amendments to the Agreement Scheduled to the Casino (Burswood Island) Agreement Act**

*Removal of the individual share limitation of 10 per cent of the aggregate number of issued shares in Burswood Limited*

On 2 September 2003, the individual shareholding limitation of 10 per cent of the aggregate number of issued shares in Burswood Limited was removed from the mandatory articles set out in Schedule B to the Agreement scheduled to the *Casino (Burswood Island) Agreement Act 1985*. As a result of the change, a person cannot become entitled to a number of shares exceeding ten per cent of the total number on issue at any time, without a probity approval notice from the Gaming and Wagering Commission of Western Australia.

### Three tier taxation system

Following agreement reached between the Trustee of the Burswood Property Trust and the Government, the casino tax of 15 per cent of casino gross revenue specified in clause 23(1)(a) of the Agreement scheduled to the *Casino (Burswood Island) Agreement Act 1985*, was replaced with a three-tier taxation system, with separate taxation rates set for:

- electronic gaming machines;
- table games (including keno); and
- international commission business generated by all international players on incentive programs, including junkets and premium and privileged players.

The three-tiered casino taxation rates as outlined in the following chart are applicable:

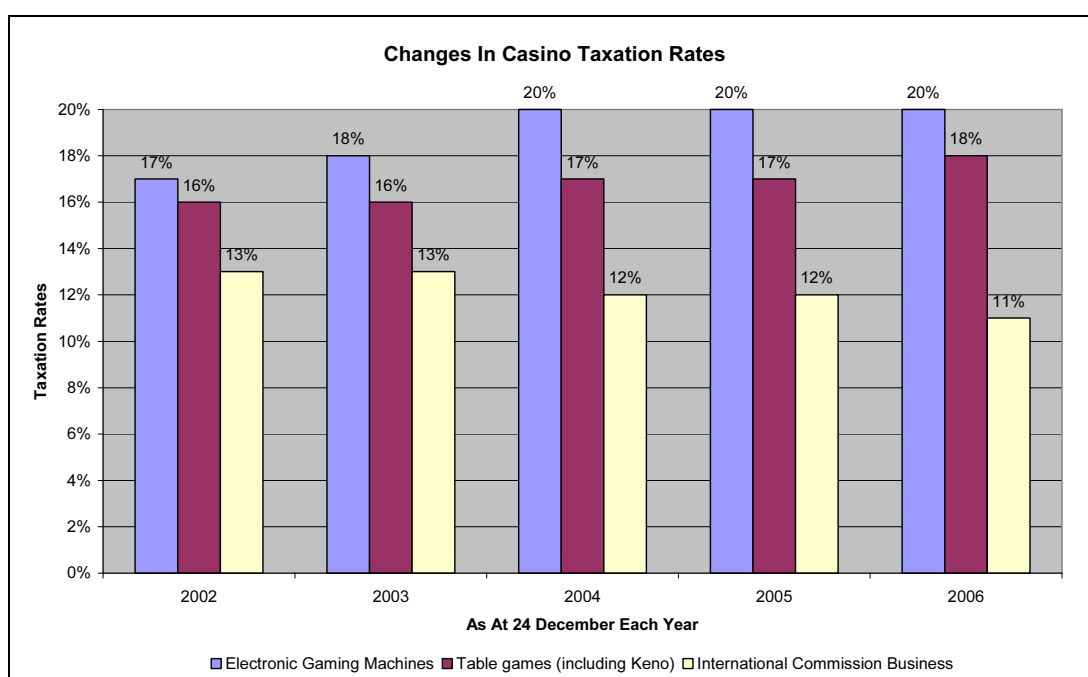


Figure 11: Casino Taxation Rates.

### Completion of Probity Investigation

On 30 September 2003 Wilfex Pty Ltd, a 100 per cent owned subsidiary of Publishing and Broadcasting Ltd, acquired additional voting shares in Burswood Limited to take their total shareholding to 15.75 per cent of the voting shares.

Pursuant to section 13(1) of the *Casino (Burswood Island) Agreement Act 1985* a person must not have a relevant interest in more than ten per cent of the voting shares of an approved company, unless the person holds a probity approval notice issued within 90 days before or after the day on which the person becomes the holder of the shares.



On 23 December 2003, staff of the Department assisted the Gaming and Wagering Commission of Western Australia in the issue of a probity approval notice to Wilfex Pty Ltd, pursuant to section 14(7) of the *Casino (Burswood Island) Agreement Act 1985*. On 29 June 2004, the Commission resolved to issue a further probity approval notice to Publishing and Broadcasting Limited and each Publishing and Broadcasting Limited Group Entity taken to have a relevant interest in Burswood Limited under section 608(3)(a) of the *Corporations Act 2001* (Cth), by reason of having voting power of greater than 20 per cent in PBL(WA) Pty Limited, including:

- Kerry Frances Bullmore Packer;
- Consolidated Press International Holdings Ltd;
- Cairnton Holdings Ltd;
- Consolidated Press Holdings Ltd;
- Bareage Pty Ltd;
- Consolidated Press Property Pty Ltd;
- Catone Pty Ltd; and
- Consolidated Press Investments Pty Ltd.

### **Inquiries into Alcohol-related Harm**

Section 64 inquiries into alcohol related harm have been held in Port Hedland, Onslow, Nullagine, Meekatharra, Newman, Halls Creek, Derby and Mount Magnet. In all cases, the evidence of harm was so significant that it was necessary to impose a range of conditions to control the sale of packaged liquor in those communities.

In most cases, restrictions apply for a 12 month trial period, subject to six monthly reviews. One such review of the efficacy of the restrictions imposed in Newman and Meekatharra has shown that these controls do have a positive effect. The analysis of the restrictions showed that they contributed toward:

- a 32.5% decrease in assaults;
- a 21.8% decrease in domestic violence and anti social behaviour; and
- a marked decrease (27.18%) in accident and emergency admissions to the Newman Hospital.

Encouraging results were also observed in the analysis of liquor restrictions imposed in Meekatharra, where the police reported:

- an 85% decrease in burglary offences;
- a 12% decrease in assaults; and
- a significant change in patron behaviour.

The restrictions imposed in Meekatharra have also helped to focus community attention on the level of alcohol related harm occurring in that town.

Since the inquiry, a new Community Development Officer and a new Youth and Sport Recreation Coordinator have been appointed in Meekatharra. In addition, a counselling clinic for male offenders has been established, to help reduce the incidence of domestic violence. Similarly, a new Pathways Trail has also been developed by the Meekatharra Shire to highlight the heritage and mining attractions of the town.

## **New Policies**

During the year under review, the Director of Liquor Licensing released the following new policies:

- *Dress Standards on Licensed Premises*, which became effective on 16 February 2004; and
- *The Provision of Free or Reasonably Priced Drinking Water on Licensed Premises*, which took effect on 1 July 2003.

## **Funding Rounds of the Gaming Community Trust**

During the year, two funding rounds of the Gaming Community Trust were approved. Pursuant to the provisions of section 109C of the *Gaming and Wagering Commission Act 1987*, funds of the Trust are to be applied to purposes recommended by the Trust and approved by the Minister for the benefit of the community. In this regard, the parameters approved by the Minister for the disbursement of funds for the first two funding rounds related to projects that would obtain a clear community benefit in terms of:

- contributing towards and maintaining strong, committed family links;
- addressing homelessness in Western Australia; and
- increasing community spirit and participation in rural and remote locations.

During the year, two funding rounds of the Gaming Community Trust were approved. In its inaugural funding round, the Gaming Community Trust approved grants totalling \$424,550. In addition to committing \$10,000 per annum over the next five years to fund research projects undertaken by the Ministerial Council on Gaming Research Party (see page 41), other grant recipients were:

- Shire of Meekatharra for \$138,000 (over three years) to fund the establishment and employment of a Sport, Recreation and Youth Services Co-ordinator to service the young people and families of the community;
- Shire of Dumbleyung for a grant up to \$65,000 to 'drought proof' the grassed sport and recreation facilities at the Stubbs Park Recreational Ground in Dumbleyung through the installation of a new dam and the refurbishment of the irrigation and water delivery system;



- Victoria Park Youth Accommodation for \$173,250 (over three years) to establish a project called Getting Young Lives Back on Track, aimed at young people aged between 15 and 25; and
- Rawa Community Aboriginal Corporation for \$48,300 to build a community café, to contain elements of TAFE training, volunteer and employment opportunities.

In the second funding round, the Gaming Community Trust approved grants totalling \$104,251 to:

- Ravensthorpe District Telecentre Inc. for \$3,490 to purchase a multi-media projector for movie nights, seminars, educational and motivational presentations and training workshops in the community;
- Green Skills Inc. for \$12,000 to purchase a movable low maintenance worm-farming unit for the On Farm Worm Farming Project. The project is a sustainable enterprise development initiative that seeks funding to provide strategic support to the development of a self-sustaining and employment creating enterprise within 2 years;
- T.S. Vancouver Unit Committee Inc. – T.S. Vancouver Naval Cadets for \$34,300 to purchase a water safety training vessel to conduct water and boating training in a safe and well equipped environment for the youth of Albany, encouraging safe water skills and future involvement in water and sea rescue organisations;
- Shire of Mount Magnet for \$17,780 to construct a recreational shelter at the 'Wongi Ground' to provide cover, seating and a drinking fountain for users of the skate park, basketball courts and oval;
- Yuna Primary School P&C Association for \$6,331 to construct permanent shade structures over the community pool and playground equipment and the Yuna Primary School; and
- Mulan Aboriginal Corporation for \$30,350<sup>f</sup> to establish a basketball club for indigenous youth and provide lighting to existing basketball courts.

## Memorandum of Understanding

The Ministerial Council on Gaming ("MINCO") was established by the Australian Government in response to the recommendations emanating from the Productivity Commission's 1999 *Inquiry into Australia's Gambling Industries*.

At the April 2001 meeting of MINCO, it was agreed to establish a National Working Party consisting of representatives from the Commonwealth and each State and Territory. The signing of a Memorandum of Understanding in October 2003 by the Commonwealth and each State and Territory governments committed all jurisdictions to provide funding of \$1m annually over five years towards the national research program. Western Australia has agreed to contribute \$10,000 annually to the funding of research projects on a case-by-case basis.

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<sup>f</sup> The Minister for Racing and Gaming has approved the Trust, in conjunction with the Department of Sport and Recreation, to jointly fund the Light Up the Night project.

The National Gambling Research Working Party was established in late 2003 and is responsible for developing a jointly funded national research and evaluation program on the social consequences of gambling. To date the National Gambling Research Working Party has scoped 16 research projects<sup>9</sup>.

### **Licensing of RWWA Positions**

Following the identification of positions within Racing and Wagering Western Australia that require licensing in accordance with sections 14 and 24 of the *Racing and Wagering Western Australia Act 2003*, the Department coordinated the lodgement of applications for the initial licensing of Directors and Key Employees for Racing and Wagering Western Australia.

### **Change in Approval Process for Standard Lotteries Where Liquor is Offered as a Prize**

In keeping with the harm minimisation object of the *Liquor Licensing Act 1988*, the Department has commenced imposing additional conditions on permits to conduct standard lotteries, where liquor is offered a prize in the lottery, which are aimed at prohibiting juveniles from participating in the lottery, purchasing a ticket or claiming a prize.

### **Major Initiatives For 2004-05**

#### **Support the review of the Liquor Licensing Act**

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

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

On 1 September 2003, the Government approved amendments to the Liquor Licensing Act, having regard to the Government's 2001 election commitments to the liquor industry and its obligations under the National Competition Principles Agreement.

However, as the National Competition Policy amendments were unlikely to be supported in the Legislative Council of Parliament and in view of the legislative requirement to review the Act, on 9 March 2004 the Premier announced that the Government would not be proceeding with the amendment of the Act during the current session of Parliament and, instead, will appoint an independent committee to review the Act.

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<sup>9</sup> Further details on the projects is available from [www.gamblingresearch.org.au](http://www.gamblingresearch.org.au).

## Investigation into the feasibility of establishing a “sly grog hotline” service for remote communities

In recent years, an increasing number of remote communities have sought the assistance of the Director of Liquor Licensing to address alcohol related harm. The provisions of section 64 of the *Liquor Licensing Act 1988* empower the licensing authority to impose conditions on liquor licences to minimize harm or ill-health caused to people, or any group of people, due to the use of liquor. Inquiries under section 64 of the Act have now been held in Port Hedland, Onslow, Nullagine, Meekatharra, Newman, Halls Creek, Derby, and more recently Mount Magnet.

Recent reviews of the efficacy of the restrictions in Newman and Meekatharra have shown that these controls can, and do, have a significant effect. However, liquor restrictions are only one strategy for reducing harm. There is also a need for a whole-of-government approach to improving conditions in these communities in areas such as policing, health, education, housing, employment and community patrols.

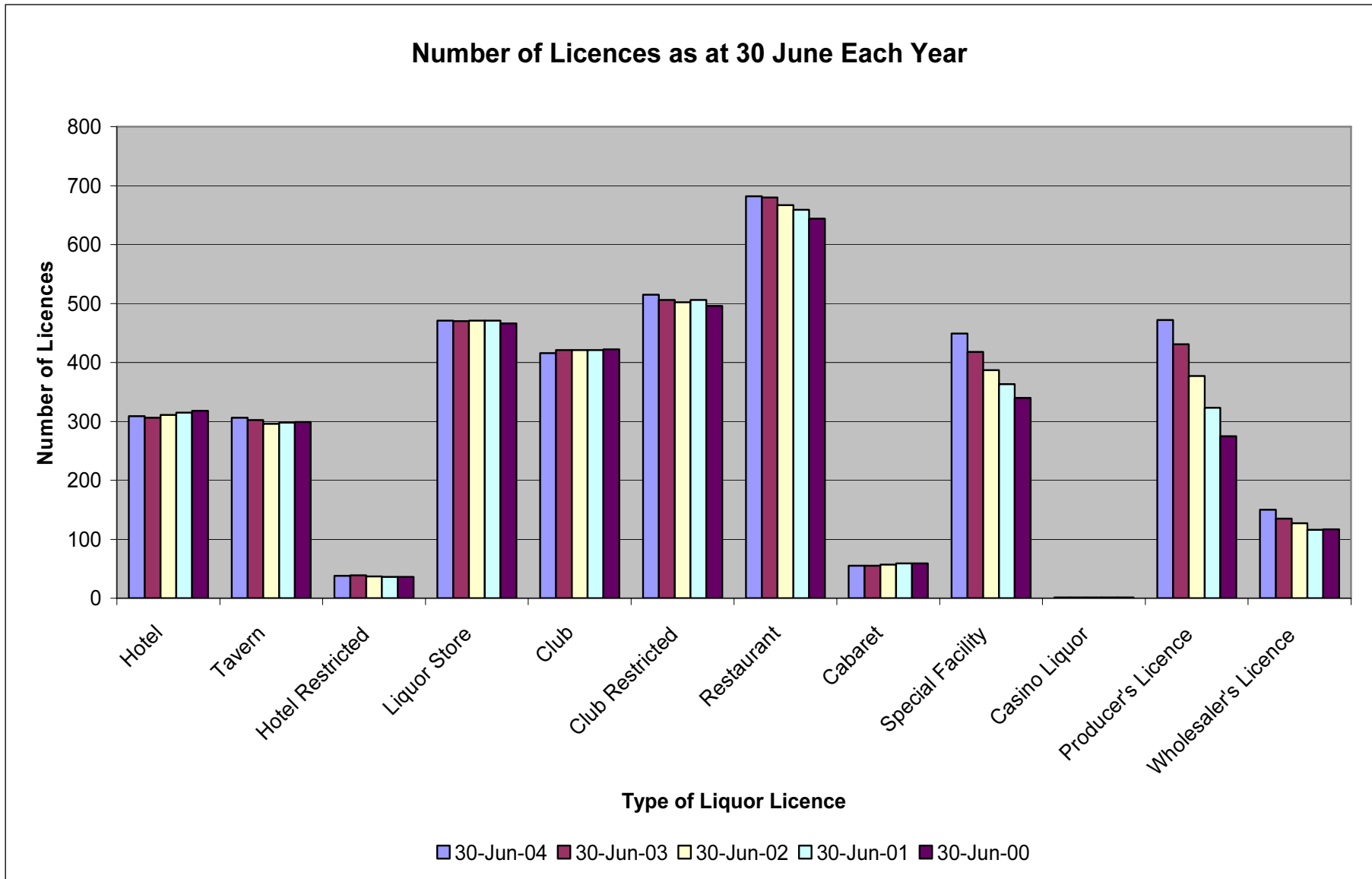
With respect to policing, one practice of concern is the extent to which alcohol is transported into dry Aboriginal communities for on-sale and consumption within those communities. Apart from the significant harm caused by sly grogging (the term “sly grogging” refers to the practice of unlicensed persons transporting large quantities of alcohol into dry Aboriginal communities for on-sale and consumption in that community), it is also an illegal activity. Offenders face substantial fines (up to \$10 000) and confiscation of liquor and any vehicle in which the liquor was transported. Similarly, licensees who knowingly supply liquor to sly groggers also face fines and/or the imposition of strict conditions on their licence. A Code of Practice in respect of sly grogging has been developed to help discourage this activity.

Following the implementation of the *Sly Grogging Code of Practice*, a working party has been convened to consider the possibility of establishing a sly grog hotline for remote communities, similar to that successfully trialled in Queensland. Under the proposal being developed, the Department of Racing, Gaming and Liquor would work collaboratively with both the Department of Indigenous Affairs, the Western Australia Police Service and Healthways.

The aims of this initiative are to:

- reduce the level of illegal liquor sales occurring; and
- minimize the harm caused by sly grogging.





**Figure 12:** Number of liquor licences as at 30 June 2004 (and comparative figures for previous years)

## Output 2: Compliance - Audits and Inspections

The Department provides a range of inspectorial and audit functions for casino and community gaming, liquor licensing and the betting industries to ensure that the service of gambling and liquor is conducted in a responsible and lawful manner.

**Table of Output Measures**

	2003-2004 Estimated	2003-2004 Actual	Reason for Significant Variation
<b>Quantity</b>			
Inspections/audits undertaken.	8,000	8,291	
<b>Quality</b>			
Inspections/audits conducted in accordance with the approved program.	100%	100%	
<b>Timeliness</b>			
Inspectorial/audit program completed by 30 June each year.	95%	100%	
<b>Cost</b>			
Average cost of conducting inspections.	\$494	\$450	

In discharging its obligation to enforce the provisions of the *Betting Control Act 1954*, *Casino Control Act 1984*, *Gaming and Wagering Commission Act 1987*, *Liquor Licensing Act 1988* and the *Racing and Wagering Western Australia Act 2003*, the Department of Racing, Gaming and Liquor is required to ensure that adequate controls are put in place to establish compliance with legislative requirements and to monitor the ongoing effectiveness of those controls.

In this respect, risk based compliance assessment programs are used to assess compliance in relation to bookmakers' on-course and telephone betting operations, on-course totalisator betting, betting conducted at TAB agencies, casino gaming, community gaming and inspections of licensed premises.

In addition to conducting daily verification of casino gaming revenue and monthly casino tax reconciliations, the Department's Inspectorate carried out a program of:

- 81 TAB agency audits and 4 agency inspections, which returned a high rate of compliance.
- 103 bookmaker and on-course totalisator inspections and audits;
- 29 structured audits were conducted to obtain reasonable assurance as to casino gaming operations; and
- 759 audits and 401 inspections were undertaken of community gaming operations.



In addition:

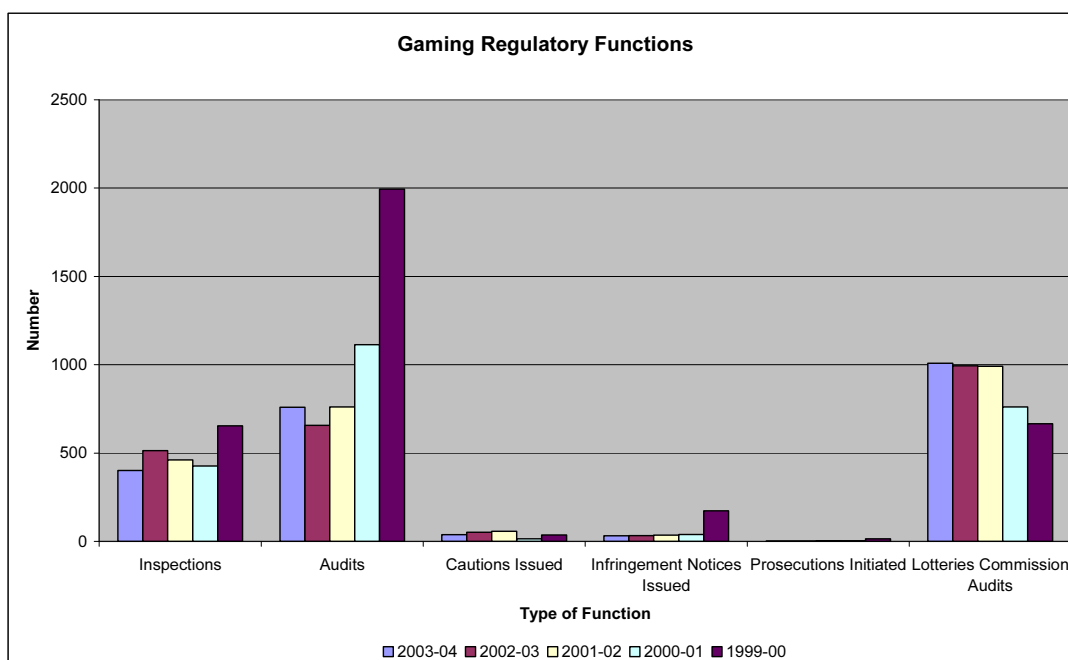
- 4 violations were issued against the casino operator relating to breaches of game rules, procedures or directions; and
- 8 formal complaints from casino patrons were investigated, of which two complaints were found in favour of the complainants.

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

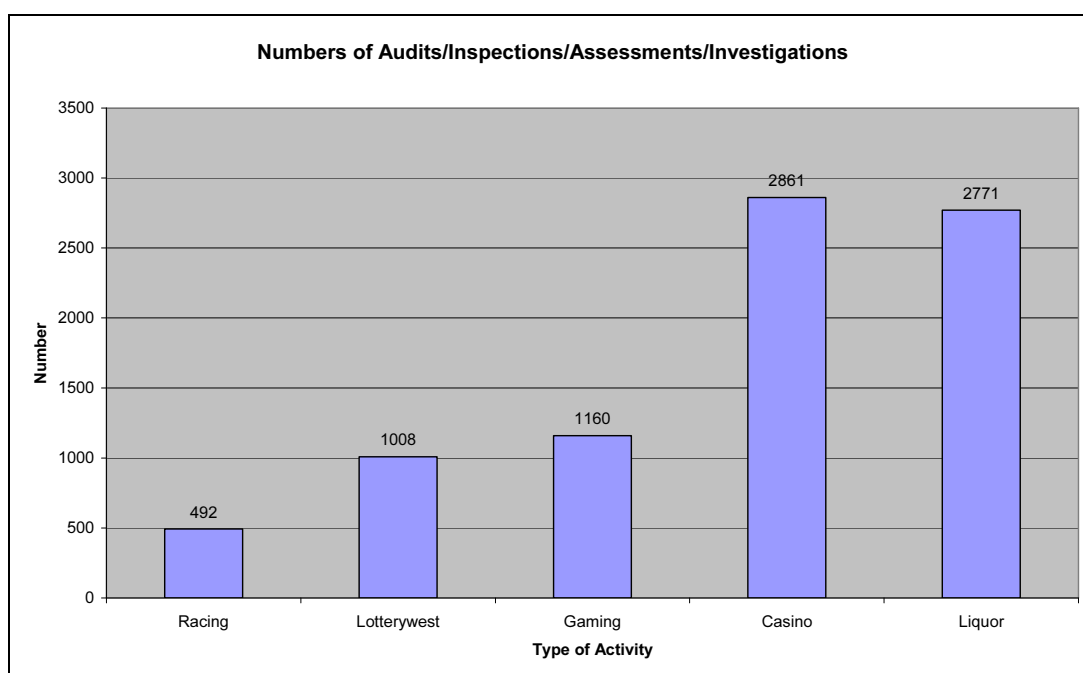
- 56 infringement notices issued by Inspectors to persons who entered the casino whilst subject to a prohibition notice (an additional 11 infringement notices for the same offence were also issued by Police Officers) and 4 infringement notices were issued by Inspectors to patrons for cheating;
- 32 infringement notices issued for offences relating to breach of permit conditions in relation to community gaming;
- a warning issued to a club for breaching the *Betting Control Act 1954* by failing to obtain the necessary approval for a calling of the card function;
- a warning to a TAB agent for breaching the *Betting Control Act 1954* in relation to credit betting;
- a warning to a TAB employee for breaching the *Betting Control Act 1954* in relation to credit betting;
- a warning to a bookmaker for breaching the *Betting Control Act 1954* in relation to betting obligations at a calling of the card function; and
- a letter of censure to a licensed casino employee relating to a breach of approved Blackjack rules.

Furthermore, the Commission successfully prosecuted one TAB agent in the Fremantle Court of Petty Sessions in relation to 50 counts of credit betting. The decision was appealed to the Supreme Court. However, the appeal was subsequently dismissed.

In addition to the contractual arrangements for the supervision of Cash 3 draws and verification of Western Australian ticket sales and prize winners for Saturday Lotto, Oz Lotto, Powerball Lotto, Soccer Pools and Cash 3, officers assessed four GST reimbursement claims from Lotterywest and one GST reimbursement audit.



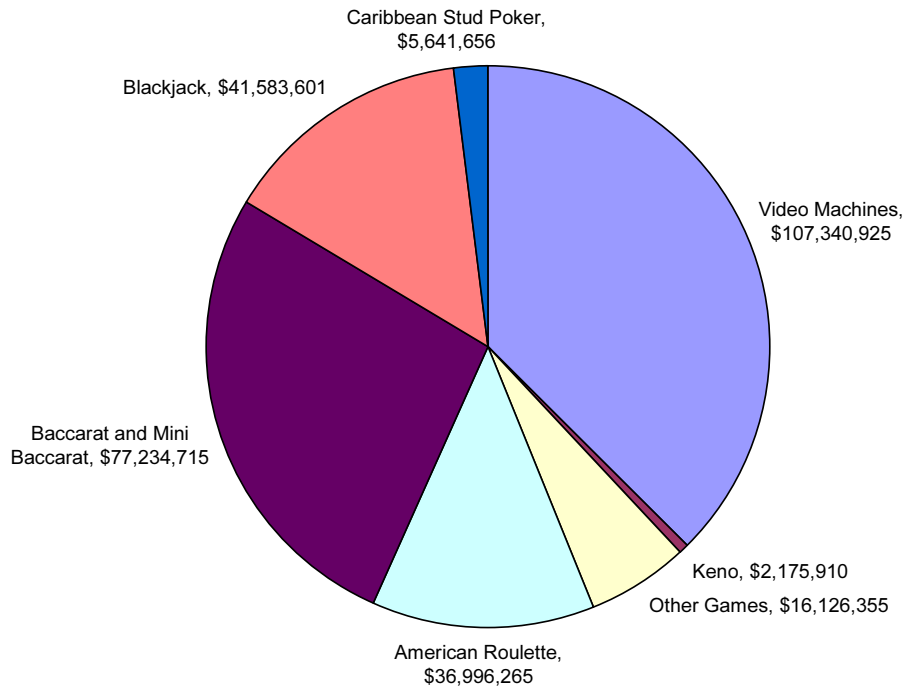
**Figure 13:** Summary of gaming regulatory functions as a 30 June 2004 (and comparative figures for previous years).



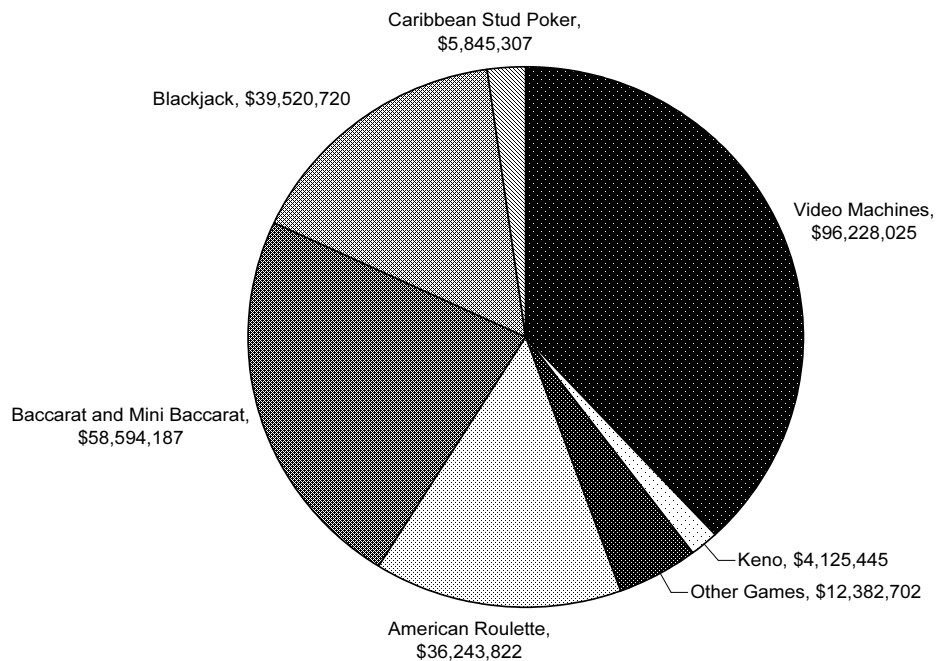
**Figure 14:** Number of gaming regulatory functions by regulated industry.

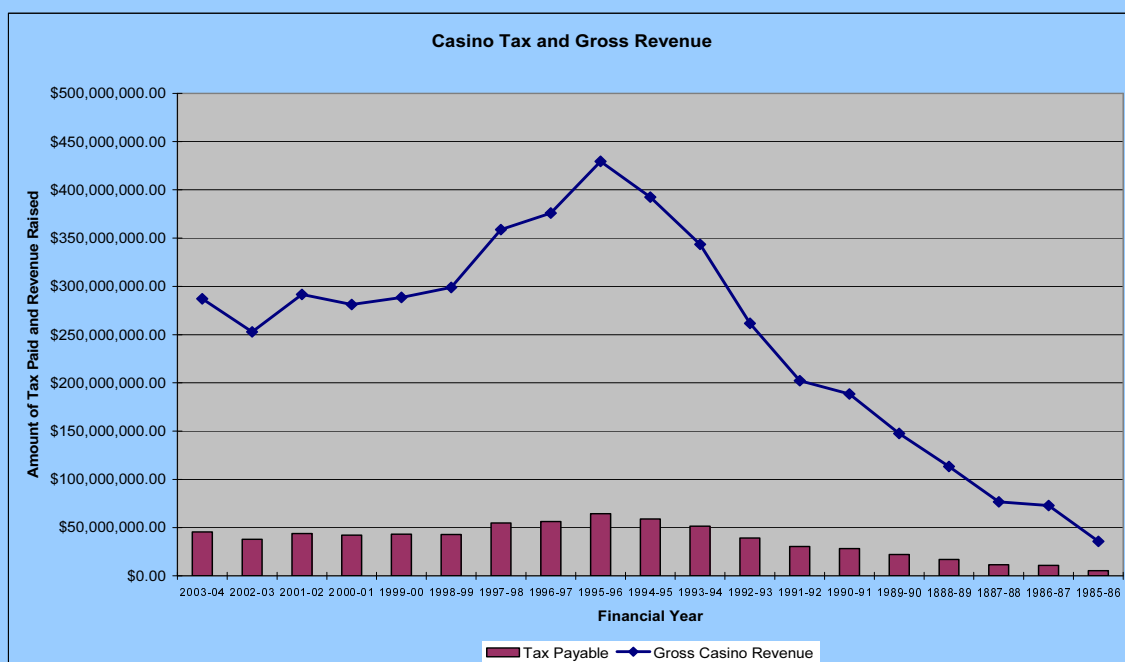
Casino Gaming Revenue of \$287,099,427 was generated by the casino during 2003-04, compared to \$252,940,208 in 2002-03. The following charts display a breakdown of revenue by game type for the 2003-04 and 2002-03 years:

**Casino Revenue by Game Type 2003-04**

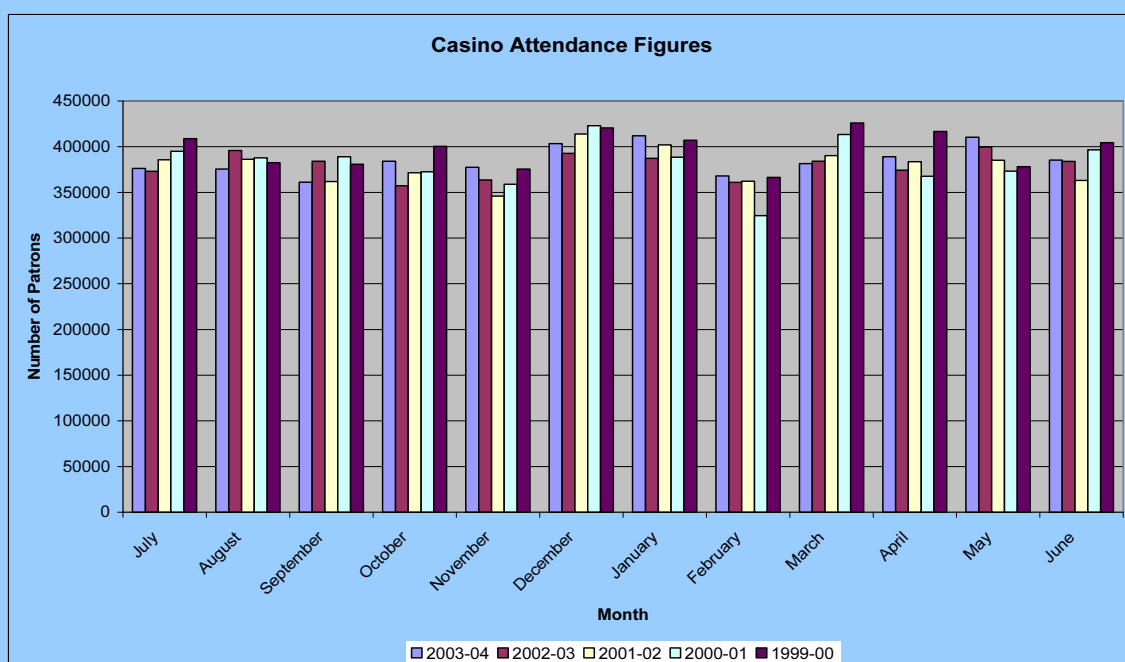


**Casino Revenue by Game Type 2002-03**





**Figure 15:** Comparison of casino revenue and tax.



**Figure 16:** Casino attendance figures per month for the year under review (and comparative figures for previous years).

## *Major Achievements For 2003-04*

### **Development of a System to Facilitate the Adoption of a Systematic, Risk Management Approach**

The model that has been developed will use a computerised systematic selection methodology for all gambling audits allocated to inspectors. The model is based on regular testing of betting, casino and community gaming activities through the use of approved regulatory review programs, observation and inspection. Where possible, the model has sought to apply existing national and internationally accepted standards for the activities conducted. In particular there is considerable focus on Australian Auditing Standards and the AS/NZS standard for Risk Management.

The model uses computer software developed in-house by the Department of Racing, Gaming and Liquor, to rate and rank each organisation conducting gaming activities according to the assessed level of risk of non-compliance with regulatory requirements. In assessing any organisation's level of risk a number of factors are considered and used in the overall ranking process. These factors include probability and consequence criteria, audit history, time since last audit and any offence or breach history. The rating and ranking processes ensure efficient and effective allocation of inspectorate resources to areas of greatest risk.

The model also introduces the concept of 'projects' within the audit, inspection and investigation framework. Projects can be created within an audit plan (usually spanning three months) to target specific areas or activities of interest. Projects provide the opportunity to select, group and audit activities that have not been otherwise selected by the systematic selection methodology. For example, decisions can be made to target specific permits such as those that involve the use of professional fundraisers. A project could be created and all permits using professional fundraisers selected and 'dragged' into that project for audit, inspection or some other form of review.

The concept of projects is similar to techniques used by the Australian Taxation Office where, in addition to their normal selection of audit targets, they also target specific groups such as teachers, police or doctors.

In conjunction with new sample selection methods, there will also be greater focus on efforts to increase permit holder and operator awareness of condition requirements, internal controls and overall gaming operations through literature and participative workshops. Basic accounting tools will also be developed for community gaming use and made available through the Department of Racing, Gaming and Liquor's website.

### **Development of guidelines for holders of continuing lottery permits to explain legislative requirements and minimum standards for record keeping and control**

A booklet has been developed in consultation with stakeholders for the benefit of new and existing permit holders. The booklet provides permit holders with an understanding of their obligations under the *Gaming and Wagering Commission Act 1987* and, additionally, provides them with simple accounting tools and information on how to maintain financial records.

### **New Shift Roster**

The implementation of a new shift roster for inspectors has provided for a more efficient and effective use of resources in the regulation of the betting, gaming and liquor industries.

### ***Major Initiatives For 2004-05***

#### **Implementation of a Systematic Risk Based Approach to the Selection of Audit Targets, the Completion and Review of Audit Programs and the Recording and Analysis of Results to Enable the Targeting of Liquor and Gambling Organisations or Venues Identified as Having the Greatest Degree of Risk**

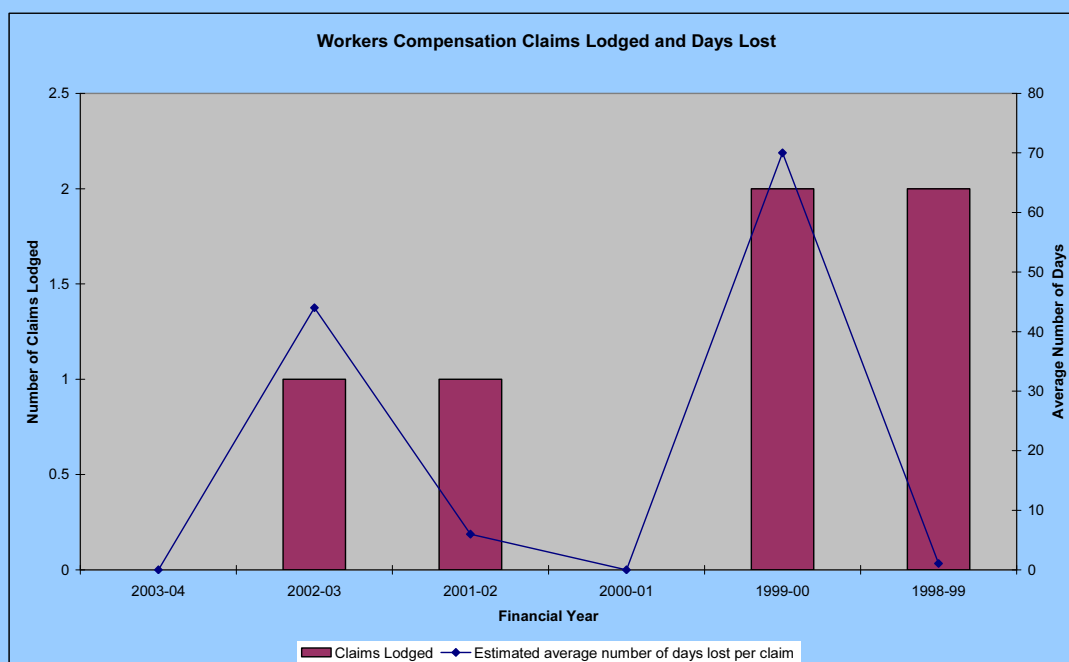
Inspectors from the Operations Division conduct audits and reviews of community gaming activity in accordance with approved programs. In 2004/2005, the format and requirements for all community gaming regulatory review programs will be modified.

The new programs will provide Inspectors with a more structured framework and will result in a consistently higher standard of audit work across the inspectorate. Each program will be complemented by formal guidelines for officers performing and reviewing the audit work. Wherever possible in the development of audit programs and process the principles and practices described in the Australian Auditing Standards have been adopted.

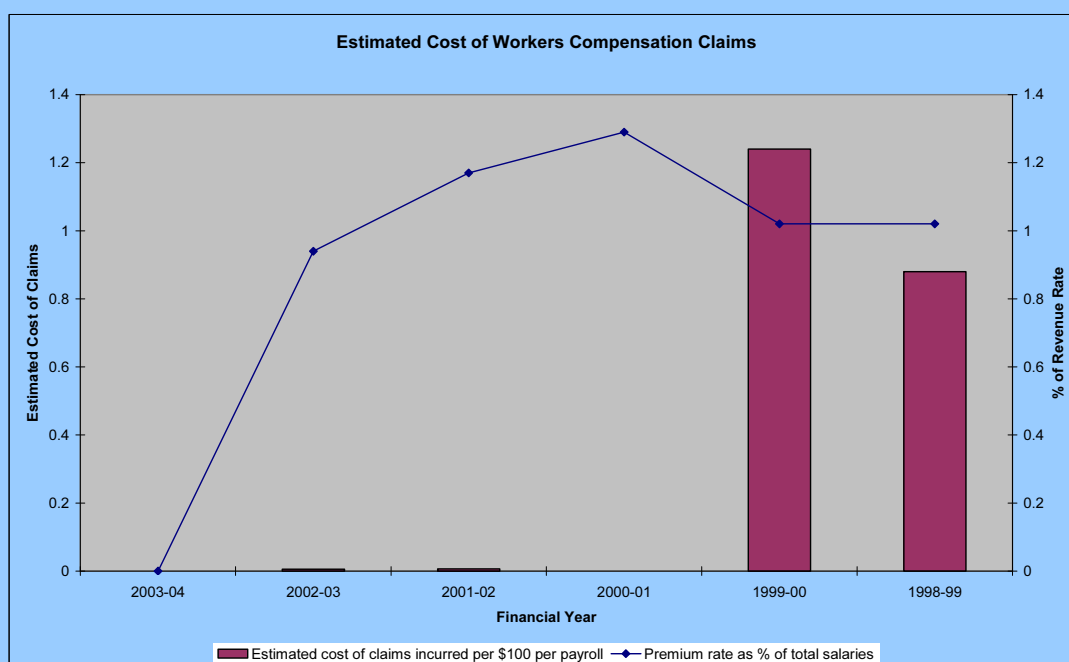
## Corporate Governance

### Worker's Compensation

For ease of reference, details of worker's compensation claims for the year under review and a number of preceding years is presented in the following charts:



**Figure 17:** Number of Worker's Compensation Claims Lodged and days lost.



**Figure 18:** Estimated cost of worker's compensation claims.



## *Occupational Safety and Health*

A committee comprising representatives of all areas of the Department meets bi-monthly to review and monitor safety performance and to identify issues to be included in the safety plan. Policies and procedures are developed, implemented, evaluated and reviewed. Strategies for health promotion are endorsed.

## *Learning and Development*

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

During the year, the Department's training programs concentrated on systems training to ensure that all staff are understand the Department's systems and are proficient in entering and retrieving data from them.

## *Traineeships and Graduates*

During the year the Department offered both a graduate traineeship and two indigenous traineeships. All three trainees completed their training year and secured permanent employment at the conclusion. One trainee is now working in the finance sector; another obtained employment with the Federal Government and the third has been employed by this Department.

## *Workplace Relations*

There were no industrial issued during the year between employees and the Department. However, a small number of employees participated in work bans imposed by the Civil Service Association against the Government as part of their industrial campaign. Services to the public were not disrupted as a consequence of this action.

## *Employee Assistance*

The Department provides an Employee Assistance Program, which is a work-based, early intervention program designed to identify and address difficulties, either personal or work related or both, which could interfere with work performance and lead to a decline in efficiency and productivity. Under the program, employees are entitled to free, confidential counselling at The Wasley Institute. The Employee Assistance Program is one means in which the Department supports employees and assists them in resolving issues that cause worry or stress.

## *Internal Audit*

The Internal Audit Committee meets as part of the bi-monthly Corporate Management meeting. This committee comprises the Director General, Director Operations, Director of Liquor Licensing, Director Corporate Services, Manager Licensing, Manager Inspections and Manager Policy and Executive Support. The committee approves the Internal Audit Plan and monitors progress on the implementation of the Plan. The Plan covers operational, financial, compliance and other matters as determined by the committee.

## *Risk Management*

The Department has in place a Risk Management Plan comprising a matrix of identified risks and recommended treatment to minimise the risk. The Plan is reviewed yearly and monitored and reviewed by Corporate Management on a quarterly basis.

## *Information Technology*

The Department's Information Technology Section continued to provide support to the Department's internal clients through the provision of a stable and secure technology environment and technical support. During the year a new Human Resource Management Information System was implemented, together with the design, build and implementation of sub-systems to replace the current casino and gaming systems. A number of laptop computers have been provided to operational staff to improve productivity as part of the implementation of the new sub-systems.

## *Corporate Information Services*

### **Information Resources**

During the year under review, the Information Management Steering Committee was established. The role of the Committee is to make recommendations to the Corporate Management Group on the strategic direction and use of corporate information and information technology.

The Committee has endorsed both the Information Management Plan and the Information Management Technology Plan, which sets out the direction for Information Management and Systems for the next five years.

### **Information Management**

During the year under review, the Information Management Section implemented the use of Electronic Document Management within the Department, primarily as part of the implementation of new sub-systems for casino and gaming. The section also developed the Department's Recordkeeping Plan as required by the *State Records Act 2000* (for more information on the Department's Recordkeeping Plan, please see page 63).

## *Complaints Handling Policy and Guidelines*

On 11 March 2004, the Premier published a policy that committed departments to a Whole of Government Complaints Management Strategy that complies with the principles of the Australian Standard on Complaints Handling (AS 4269). The strategy requires all agencies to:

- have in place a complaints management system that conforms to the principles of AS 4269; and
- have a direct link on the front page of their website to information assisting people to make a complaint about that agency (those agencies with websites).

In accordance with the direction for agencies to review their complaints management processes against AS 4269 and determine what action is needed to meet or exceed the Standard, the Department's complaint management system has been reviewed, which has resulted in the drafting of a new policy, which is yet to be implemented. The new policy is to be supported by an expanded range of information for customers on how to make a complaint, which will be available to customers at the Department's main customer service area and on the Department's website. It is also proposed that the Department's expanded complaints management system will be supported by a computerised complaints management system.

## Summary of Publications Available to the Public

The following publications are available to assist the public of Western Australia and the industries regulated by the Department of Racing, Gaming and Liquor:

### *General Publications*

- Annual Report of the Department of Racing, Gaming and Liquor
- Annual Report of the Gaming and Wagering Commission of Western Australia
- Annual Report of the Racing Penalties Appeal Tribunal
- Customer Service Charter
- Department of Racing, Gaming and Liquor's Website

### *Publications relating to gaming and wagering*

- Rules of Authorised Games played at the Burwood International Resort Casino (for inspection only)
- Rules of games associated with community gaming (e.g. Bingo)
- Gambling Industry Status Report
- Continuing Lotteries Information and Guide for Permit Holders
- Racing Industry Status Report

### *Publications relating to Liquor Licensing*

- Liquor Licensing Bulletin
- 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.
- Lodgement guides for applications under the *Liquor Licensing Act 1988*.



# Compliance Reporting

## Strategic Planning Framework

In November 2003, the Government published *Better Planning: Better Services – A Strategic Planning Framework for the Western Australian Public Sector*, a concise statement of the Government's intentions to improve the quality of life of all Western Australians. The strategy is built around five goals that contribute to achieving the Government's Vision of "...the best opportunities for current and future generations", which is supported by the following goals:

- People and Communities;
- The Economy;
- The Environment;
- The Regions; and
- Governance.

The 2003-04 financial year is the first year in which the Department has included information on its contribution to the Strategic Planning Framework in its annual report.

### *Goal 1: People and Communities*

*To enhance the quality of life and wellbeing of all people throughout Western Australia.*

#### **Disability Service Plan Outcomes**

The Department currently has in place a five year Disability Services Plan, which is reviewed annually, that provides strategies to overcome barriers to accessing the Department's building and services. In addition, the Department employs a number of persons with some form of disability and has made appropriate modifications to the workplace to accommodate their needs.

## Cultural Diversity and Language Services Outcomes

The Department's employees have diverse backgrounds, with many born overseas, which is reflective of the diversity of the Department's clients.

During the year the Department participated in the Indigenous Employment Program through the employment of two indigenous employees.

External interpreter services continue to be available to clients who are unable to communicate in English, or who have a hearing impairment.

## Youth Outcomes

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

### *Goal 2: The Economy*

*To develop a strong economy that delivers more jobs, more opportunities and greater wealth to Western Australians by creating the conditions required for investment and growth.*

Detailed information relating to State budget process and financial reporting required by the *Financial Administration and Audit Act 1985* is provided in the Financial Statements, which commence at page 66.)

### *Goal 3: The Environment*

*To ensure that Western Australia has an environment in which resources are managed, developed and used sustainably, biological diversity is preserved and habitats protected.*

## Waste Paper and Other Recycling

Measures such as the recycling of toner cartridges and the use of recycling bins has contributed to the reduction in waste emanating from the Department's activities.

Additionally, superseded and serviceable IT equipment have been transferred to the Education Department. Where IT equipment is obsolete and unserviceable, it is transferred to a local recycling company.



## Energy Smart Government policy

In accordance with the *Energy Smart Government policy*, the Department of Racing, Gaming and Liquor has committed to achieving a 12 per cent reduction in non-transport related energy use by 2006/07, with a 6% reduction targeted for 2003/04. The savings achieved have exceeded the reduction target by 13.5%.

Energy Smart Government program	Baseline	2003/04	Variation %
Energy Consumption (MJ)	757148	609455	19.5
Energy Cost (\$)	33399	27077	18.93
Greenhouse Gas Emissions (tonnes of CO <sub>2</sub> )	194	161	17%
Performance Indicators			
MJ/sqm <sup>h</sup>	380	306	19.5
MJ/FTE <sup>i</sup>	8804	6937	21.2
(The actual PI varies depending on agency functions)			

The year under review has seen the full benefit of the program that re-tubed the office with energy efficient lighting. In addition, the following energy saving initiatives were undertaken:

- continuation of energy management action plans;
- monitoring of energy usage;
- re-wiring of offices to provide individual switches, which has resulted in lighting only being used when that area is occupied by staff; and
- sustainability factors, taken into account where relevant, in Departmental procurement.

### Goal 4: The Regions

*To ensure that regional Western Australia is strong and vibrant.*

The Department of Racing, Gaming and Liquor regulates lawful racing, gaming and liquor activities through the licensing of suppliers, for the benefit of all Western Australians, within community expectation of harm minimisation.

As such, the Department's services are available to all Western Australians, regardless of where they reside. For example:

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<sup>h</sup> Note: the sqm of the office has not changed since the baseline measurement was made.

<sup>i</sup> Note: 2003-04 figures are based on 87.85 FTEs, as opposed to a FTE baseline of 101 for 2002-03.



- the Department provides a free 1800 telephone number for use by country callers to minimise costs associated with contacting the Department by telephone;
- application forms, kits and other information is available for viewing and downloading from the Department's website;
- people living in regional areas are able to make application for the grant of occasional liquor licences and one-off extended trading permits at local court houses, through an arrangement between the Department of Racing, Gaming and Liquor and the Department of Justice;
- the Director of Liquor Licensing continues to work effectively with regional communities, where members of the community seek his assistance in addressing alcohol related harm within the community (see page 15); and
- the Department's inspectorial program includes visits to regional areas.

### **Goal 5: Governance**

*To govern for all Western Australians in an open, effective and efficient manner that also ensures a sustainable future.*

### **Equal Employment Opportunity Outcomes**

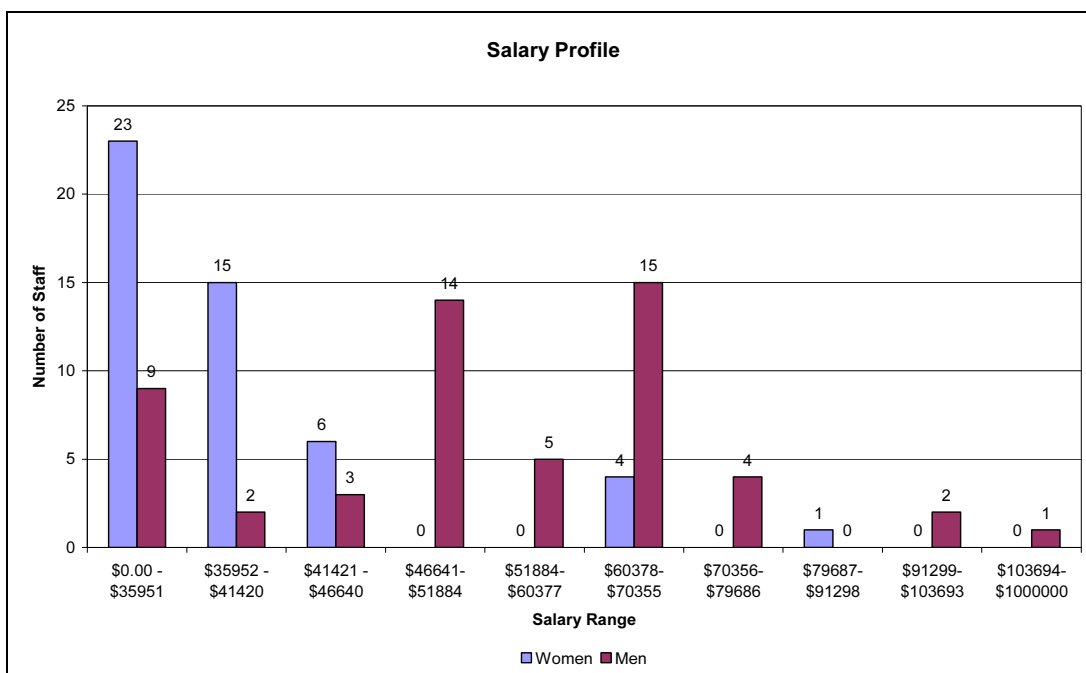
The male/female ratio as at 30 June 2004 is 55:49.

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

Harassment and grievance policies and procedures consistent with the Public Sector Standards in Human Resource Management are in place. In addition to an in-house grievance officer, external support is available to employees for counselling and the resolution of grievances.

The Department has in place a five year Equity and Diversity Plan that it is implementing. The plan is reviewed annually.

It is Department policy that all employees attend a half day workshop designed to educate attendees on the requirements of the Department's Equal Employment Opportunity Policy, the grounds provided under the *Equal Opportunity Act 1984* on which discrimination can be claimed and the process for resolving grievances or lodging a claim.



**Figure 19:** Employee profile by gender and salary range.

## Evaluations

### *Change in Procedure for Grant of a New Licence*

Following an internal analysis of the liquor licensing process, an initiative was introduced in April 2003, which requires applicants for the grant of a licence to lodge a complete application (i.e. all of the supporting documentation, excepting the advertising declaration, must be lodged up-front).

The internal analysis had as its focus:

- the most effective process;
- customer needs and expectations;
- supporting documentation and the appropriateness of those information requirements;
- identifying redundant requirements and/or processes; and
- determining where appropriate delegations to determine applications should lie.

A six-monthly review of this initiative has identified a significant reduction in the time taken to determine an application by:

- 41% for applications for the grant of a Category A licence; and
- 24% for applications for the grant of a Category B licence.

Due to the success of this initiative, the strategy may be applied to other applications in the near future.

## **Information Statement**

The *Freedom of Information Act 1992* requires agencies to publish an annual Information Statement in a manner approved by the Auditor General, who has approved the publication of the Statement as either a stand alone document or as part of an agency's annual report. The Department of Racing, Gaming and Liquor's Information Statement has been incorporated to this Annual Report.

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

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

A formal application must:

- be made in writing;
- give enough information to enable the requested documents to be identified;
- give an Australian address to which notices can be sent; and
- be accompanied by a \$30 application fee, unless the request relates to access to personal information, which is provided free of charge. Additional charges may apply for access to non-personal information. Fees can be reduced by 25 per cent for pensioners and other financially disadvantaged persons.

Before making a formal application, it is recommended that persons discuss their concerns with the Department's Freedom of Information Coordinator, who can be contacted on telephone number (08) 9425 1886.

The *Freedom of Information Act 1992* provides that agencies will respond to application for access to information within 45 days of receipt, unless an extension of time is granted. The average time to process applications in 2003-04 was 29 days.

## Recordkeeping Plans

Section 19 of the *State Records Act 2000* requires every Government agency to have a Recordkeeping Plan. The Recordkeeping Plan is to provide an accurate reflection on the recordkeeping program within the agency and must be complied with by the agency and its officers. Under Part 3, Division 4, the agency is to review its Recordkeeping Plan periodically or when there is any significant change to the agency's functions.

The Department of Racing, Gaming and Liquor's Recordkeeping Plan (RKP 2004048) was approved by the State Records Commission at their meeting on 22 April 2004. The Department is also currently planning to comply with the minimum requirements of Standard 2: Recordkeeping Plans by submitting documents in relation to Principle 2, Principle 4 and Principle 6 by 31 December 2004 to the State Records Office of Western Australia.

## Compliance with Public Sector Standards and Ethical Codes

During the year under review, the Department complied with the Public Sector Standards and Code of Ethics:

- **Compliance with Human Resource Management Standards**

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

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

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

One claim of breach of the Secondment Standard was made during the year under review. However, following an independent review of the claim, the Commissioner for Public Sector Standards determined that the Department had not breached the Standard.

- **Compliance with Codes of Ethics and Codes of Conduct**

The Department has in place a Code of Conduct that provides guidance to all employees in matters relating to their work and relationships with other employees and customers.

### **Disciplinary Investigations**

In last year's report, it was reported that an alleged breach of discipline was being investigated by the Anti-Corruption Commission (ACC). This matter has since been resolved with no breach of discipline being found.

It was not necessary to apply any disciplinary procedures or refer any matter to an external agency during 2003-04.

### **Public Interest Disclosure**

As required by the provisions of the *Public Interest Disclosure Act 2003*, the Director General of the Department has complied with the obligations imposed pursuant to section 23(1) of the *Public Interest Disclosure Act 2003*. In this respect:

- the Director Corporate Services has been appointed as the Department's PID Officer and internal procedures relating to the agency's obligations have been published on the Department's Intranet site; and
- the Department has adopted Internal Procedures that meet its obligation to provide protection for people who make a public interest disclosure and the outcome of that assessment.

As at 30 June 2004, no Public Interest Disclosures have been made.

### **Advertising and Sponsorship**

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

1. Total expenditure for 2003-04 was \$11,976.00
2. Expenditure was incurred in the following areas:

<b>Advertising Agencies</b>		<b>Name of Advertising Agency</b>	
Market research organisations	\$1,209	Marketforce Productions	\$1,209
Government agencies	\$10,767	State Law Publisher, Department of Premier and Cabinet	\$10,767
Polling organisations	Nil		Nil
Direct mail organisations	Nil		Nil
Media advertising organisations	Nil		Nil

**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 paragraph 1 (above) is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

Number lodged:	1
Number of breaches found: (including details of multiple breaches per application)	Nil
Number still under review:	Nil



Barry A Sargeant  
ACCOUNTABLE OFFICER

30 August 2004



## 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 2003-04 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 2003-04 Budget Statements;
- these Financial Statements have been prepared on an accrual basis in accordance with the provisions of the *Financial Administration and Audit Act 1985*; and
- the Department provides financial management and other corporate services to the Gaming and Wagering Commission and the Racing Penalties Appeal Tribunal.<sup>j</sup>

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



# DEPARTMENT OF RACING, GAMING AND LIQUOR

## Statement of Financial Performance

for the year ended 30 June 2004

	Note	2003/04 \$000	2002/03 \$000
<b>COST OF SERVICES</b>			
<b>Expenses from ordinary activities</b>			
Employee expenses	4	4,997	4,973
Depreciation	5	505	463
Administration expenses	6	1,074	1,160
Capital user charge	7	206	186
Accommodation expenses	8	476	488
Costs of disposal of non-current assets	11	0	1
Other expenses from ordinary activities	9	13	10
Total cost of services		<u>7,271</u>	<u>7,281</u>
<b>Revenues from ordinary activities</b>			
<i>Revenue from operating activities</i>			
User charges and fees	10	<u>4,357</u>	<u>4,654</u>
Total revenues from ordinary activities		<u>4,357</u>	<u>4,654</u>
<b>NET COST OF SERVICES</b>	25 (b)	<u>2,914</u>	<u>2,627</u>
<b>REVENUES FROM STATE GOVERNMENT</b>			
Output Appropriations	12	3,074	2,584
Liabilities assumed by the Treasurer	12	58	61
Resources received free of charge	13	<u>111</u>	<u>143</u>
Total revenues from State Government		<u>3,243</u>	<u>2,788</u>
<b>CHANGE IN NET ASSETS</b>		<u>329</u>	<u>161</u>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS</b>			
		<u>329</u>	<u>161</u>

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

# DEPARTMENT OF RACING, GAMING AND LIQUOR

## Statement of Financial Position

as at 30 June 2004

	Note	2003/04 \$000	2002/03 \$000
<b>Current Assets</b>			
Cash assets	14	1,472	1,087
Trust account	24	28	32
Receivables	15	287	215
Restricted cash assets	16	212	0
Amounts receivable for outputs	17	30	449
Prepayments	18	74	71
<b>Total Current Assets</b>		<u>2,103</u>	<u>1,854</u>
<b>Non-Current Assets</b>			
Restricted cash assets	16	0	194
Plant and equipment	19	1,234	1,452
Amounts receivable for outputs	17	630	43
<b>Total Non-Current Assets</b>		<u>1,864</u>	<u>1,689</u>
<b>TOTAL ASSETS</b>		<u><u>3,967</u></u>	<u><u>3,543</u></u>
<b>Current Liabilities</b>			
Payables	20	161	50
Provisions	22	352	527
Accrued salaries	21	152	121
Trust account	24	28	32
Fees in trust		52	65
<b>Total Current Liabilities</b>		<u>745</u>	<u>795</u>
<b>Non-Current Liabilities</b>			
Payables	20	0	3
Provisions	22	494	346
<b>Total Non-Current Liabilities</b>		<u>494</u>	<u>349</u>
<b>TOTAL LIABILITIES</b>		<u>1,239</u>	<u>1,144</u>
<b>EQUITY</b>	23		
Contributed equity		454	454
Accumulated surplus		<u>2,274</u>	<u>1,945</u>
<b>Total Equity</b>		<u>2,728</u>	<u>2,399</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><u>3,967</u></u>	<u><u>3,543</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 2004

	Note	2003/04 \$000 Inflows (Outflows)	2002/03 \$000 Inflows (Outflows)
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Output appropriations		2,457	2,119
Holding account drawdowns		449	395
<b>Net cash provided by State Government</b>		<b>2,906</b>	<b>2,514</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee costs		(4,897)	(4,809)
Administration expenses		(927)	(1,038)
Capital user charge		(196)	(182)
Accommodation expenses		(474)	(443)
GST payments on purchases		(167)	(162)
<b>Receipts</b>			
User charges and fees		4,303	4,643
GST receipts on sales		15	3
GST receipts from taxation authority		144	193
<b>Net cash used in operating activities</b>	25 (b)	<b>(2,199)</b>	<b>(1,795)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non-current assets		(289)	(201)
Proceeds/(payments) from fees in trust		(12)	12
Proceeds/(payments) from Trust Fund		(4)	7
<b>Net cash used in investing activities</b>		<b>(305)</b>	<b>(182)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds/(payments) from borrowings		(3)	7
<b>Net cash provided by/(used in) financing activities</b>		<b>(3)</b>	<b>7</b>
<b>Net increase in cash held</b>		<b>399</b>	<b>544</b>
Cash assets at the beginning of the financial year		1,313	769
<b>CASH ASSETS AT THE END OF THE FINANCIAL YEAR</b>	25 (a)	<b>1,712</b>	<b>1,313</b>

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 2004

	Licensing - Evaluation and determination of applications		Compliance audits and inspections		TOTAL	
	2003/04 \$000	2002/03 \$000	2003/04 \$000	2002/03 \$000	2003/04 \$000	2002/03 \$000
<b>COST OF SERVICES</b>						
<b>Expenses from ordinary activities</b>						
Employee expenses	2,341	2,294	2,656	2,679	4,997	4,973
Depreciation	260	252	245	211	505	463
Administration expenses	541	584	533	576	1,074	1,160
Capital user charge	103	93	103	93	206	186
Accommodation expenses	278	281	198	207	476	488
Other expenses from ordinary activities	13	11	0	0	13	11
<b>Total cost of services</b>	<b>3,536</b>	<b>3,515</b>	<b>3,735</b>	<b>3,766</b>	<b>7,271</b>	<b>7,281</b>
<b>Revenues from ordinary activities</b>						
User charges and fees	2,609	2,570	1,748	2,084	4,357	4,654
<b>Total revenues from ordinary activities</b>	<b>2,609</b>	<b>2,570</b>	<b>1,748</b>	<b>2,084</b>	<b>4,357</b>	<b>4,654</b>
<b>NET COST OF SERVICES</b>	<b>927</b>	<b>945</b>	<b>1,987</b>	<b>1,682</b>	<b>2,914</b>	<b>2,627</b>
<b>REVENUES FROM STATE GOVERNMENT</b>						
Output appropriations	1,165	1,060	1,909	1,524	3,074	2,584
Liabilities assumed by the Treasurer	27	28	31	33	58	61
Resources received free of charge	31	56	80	87	111	143
<b>Total revenues from State Government</b>	<b>1,223</b>	<b>1,144</b>	<b>2,020</b>	<b>1,644</b>	<b>3,243</b>	<b>2,788</b>
<b>CHANGE IN NET ASSETS</b>	<b>296</b>	<b>199</b>	<b>33</b>	<b>(38)</b>	<b>329</b>	<b>161</b>

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 2004*

	<b>2003/04 Estimate \$000</b>	<b>2003/04 Actual \$000</b>	<b>Variance \$000</b>	<b>2003/04 Actual \$000</b>	<b>2002/03 Actual \$000</b>	<b>Variance \$000</b>
<b>PURCHASE OF OUTPUTS</b>						
<b>Item 115</b> Net amount appropriated to deliver outputs	2,942	2,942	0	2,942	2,452	490
Amount Authorised by Other Statutes						
- Salaries and Allowances Act 1975	132	132	0	132	132	0
<b>Total appropriations provided to deliver outputs</b>	<b>3,074</b>	<b>3,074</b>	<b>0</b>	<b>3,074</b>	<b>2,584</b>	<b>490</b>
<b>CAPITAL</b>						
Capital Contribution	0	0	0	0	0	0
<b>ADMINISTERED</b>						
<b>Item 116</b> Administered grants, subsidies and other transfer payments	69,800	66,784	3,016	66,784	61,446	5,338
Amount Authorised by Other Statutes						
- Liquor Licensing Act 1988	4,300	4,854	(554)	4,854	4,980	(126)
<b>Total administered appropriations</b>	<b>74,100</b>	<b>71,638</b>	<b>2,462</b>	<b>71,638</b>	<b>66,426</b>	<b>5,212</b>
<b>GRAND TOTAL OF APPROPRIATIONS</b>	<b>77,174</b>	<b>74,712</b>	<b>2,462</b>	<b>74,712</b>	<b>69,010</b>	<b>5,702</b>
<b>Details of Expenses by Outputs</b>						
Output 1 : Licensing - Evaluation and determination of applications	3,793	3,536	257	3,536	3,515	21
Output 2 : Compliance audits and inspections	3,955	3,735	220	3,735	3,766	(31)
Total Cost of Outputs	7,748	7,271	477	7,271	7,281	(10)
Less total revenues from ordinary activities	(4,696)	(4,357)	(339)	(4,357)	(4,654)	297
Net Cost of Outputs	3,052	2,914	138	2,914	2,627	287
Adjustments (I)	22	160	(138)	160	(43)	203
<b>Total appropriations provided to deliver outputs</b>	<b>3,074</b>	<b>3,074</b>	<b>0</b>	<b>3,074</b>	<b>2,584</b>	<b>490</b>
<b>Capital Expenditure</b>						
Purchase of non-current physical assets	449	289	160	289	201	88
Adjustments for other funding sources	(449)	(289)	(160)	(289)	(201)	(88)
<b>Capital Contribution (appropriation)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>DETAILS OF REVENUE ESTIMATES</b>						
Revenues disclosed as Administered Revenues						
Taxes and licences						
Casino Tax	47,000	46,758	(242)	46,758	37,941	8,817

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

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

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

# DEPARTMENT OF RACING, GAMING AND LIQUOR

## Notes to the Financial Statements

*for the year ended 30 June 2004*

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### 1. Departmental Mission and Funding

The Department's mission is through the licensing of suppliers and the provision of industry support services, promote and maintain the integrity of lawful racing, gaming and liquor activities for Western Australians within community expectation on harm minimisation.

The Department of Racing, Gaming and Liquor is partly funded by Parliamentary appropriations. During 2003/04, the Department provided financial management and other corporate support services to the following agencies on a cost recovery basis:

- Racecourse Development Trust
- Racing Penalties Appeal Tribunal
- Betting Control Board
- Gaming and Wagering Commission of Western Australia  
(formerly known as the Gaming Commission of Western Australia).

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

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

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

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

### 2. Significant Accounting Policies

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

#### (a) General Statement

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

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

#### (b) Basis of Accounting

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

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

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

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

(c) Output Appropriations

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

(d) Contributed Equity

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

(e) Net Appropriation Determination

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

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

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

In accordance with the determination, the Department retained \$4.36m in 2003/04 (2002/03: \$4.65m).

Retained revenues may only be applied to the outputs specified in the 2003-2004 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.

Assets costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).



(h) Depreciation of Non-Current Assets

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

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

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

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

(i) Leases

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

(j) Employee Benefits

Annual leave

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

Long service leave

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

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

Superannuation

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

The superannuation expense comprises the following elements:

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

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

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

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

#### Employee benefit on-costs

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

#### (k) Cash

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

#### (l) Receivables, Payables and Accrued Salaries

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

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

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

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

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

#### (m) Fees in Trust

Fees in trust mainly represent the outstanding balances of liquor licence fees related to Christmas and Cocos Islands.

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

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

#### (o) Comparative Figures

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

#### (p) Rounding of Amounts

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

### 3. Outputs of the Department

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

The two outputs of the Department and their purposes are :

#### Output 1 - Licensing - Evaluation and determination of applications

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

#### Output 2 - Compliance audits and inspections

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

	2003/04 \$000	2002/03 \$000
<b>4. Employee Expenses</b>		
Salaries	4,504	4,390
Superannuation	512	510
Change in annual and long service leave entitlements	(16)	64
Other related expenses (I)	(3)	9
	<u>4,997</u>	<u>4,973</u>
(I) These employee expenses include superannuation, workers compensation premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee benefit liabilities at Note 22.		
<b>5. Depreciation</b>		
Furniture equipment	42	44
Computing equipment	463	419
	<u>505</u>	<u>463</u>
<b>6. Administration Expenses</b>		
Expenses incurred during the year	965	1,018
Resources received free of charge	109	142
	<u>1,074</u>	<u>1,160</u>
<b>7. Capital User Charge</b>	<u>206</u>	<u>186</u>
A capital user charge rate of 8% has been set by the Government and represents the opportunity cost of capital invested in the net assets of the Department used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.		
<b>8. Accommodation Expenses</b>		
Expenses incurred during the year	474	487
Resources received free of charge	2	1
	<u>476</u>	<u>488</u>

	2003/04 \$000	2002/03 \$000
<b>9. Other Expenses from Ordinary Activities</b>		
Bad debts expense	13	10
<b>10. User Charges and Fees</b>		
Recoups for services provided:		
<u>Net Appropriation Revenues</u>		
Gaming and Wagering Commission of Western Australia	2,524	2,700
Racing Penalties Appeal Tribunal	97	94
Racecourse Development Trust	7	80
Betting Control Board	31	49
Commonwealth Government	73	193
Liquor fees and other charges	1,625	1,538
	4,357	4,654
<b>11. Net Gain/(Loss) on Disposal of Non-Current Assets</b>		
<u>Loss on disposal of non-current assets</u>		
Furniture equipment	0	(1)
Net loss	0	(1)
<b>12. Revenues from State Government</b>		
Appropriation revenue received during the year:		
Output appropriations (I)	3,074	2,584
	3,074	2,584
The following liabilities have been assumed by the Treasurer during the financial year:		
- Superannuation (II)	58	61
Total liabilities assumed by the Treasurer	58	61

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

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

	2003/04 \$000	2002/03 \$000
<b>13. Resources Received Free of Charge</b>		
Administration expenses	109	142
Accommodation expenses	2	1
	<u>111</u>	<u>143</u>
Resources received free of charge (I)		
Determined on the basis of the following estimates provided by agencies:		
Office of the Auditor General		
- audit services	0	33
Department of Housing and Works		
- property management services	2	1
Department of Justice		
- legal services	109	109
	<u>111</u>	<u>143</u>

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

Commencing with the 2003/04 audit, the Office of the Auditor General will be charging a fee for auditing the accounts, financial statements and performance indicators. The fee for the 2003/04 audit (\$42,000) will be due and payable in the 2004/05 financial year.

<b>14. Cash Assets</b>		
Operating account	1,466	1,081
Cash on hand	6	6
	<u>1,472</u>	<u>1,087</u>

<b>15. Receivables</b>		
Trade debtors	216	148
Other debtors	51	53
GST receivable	20	14
	<u>287</u>	<u>215</u>

The Department has a significant exposure to the Gaming and Wagering Commission of Western Australia. The Commission is expected to settle its debt of \$187,975 (2002/03: \$137,158) in due course.

<b>16. Restricted Cash Assets</b>		
Accrued salaries suspense account		
Current	212	0
Non-current	0	194
	<u>212</u>	<u>194</u>

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

	2003/04 \$000	2002/03 \$000
<b>17. Amounts Receivable for Outputs</b>		
Current	30	449
Non-current	630	43
	<u>660</u>	<u>492</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.

<b>18. Prepayment</b>		
Prepayment	<u>74</u>	<u>71</u>

<b>19. Plant and Equipment</b>		
Furniture equipment		
At cost	466	478
Less Accumulated depreciation	<u>256</u>	<u>231</u>
	<u>210</u>	<u>247</u>
Computing equipment		
At cost	3,348	3,313
Less Accumulated depreciation	<u>2,441</u>	<u>2,171</u>
	<u>907</u>	<u>1,142</u>
Sub-total	<u>1,117</u>	<u>1,389</u>
Add: Work in progress	<u>117</u>	<u>63</u>
Total	<u>1,234</u>	<u>1,452</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 2003/04	247	1,142	1,389
Additions	5	228	233
Disposals	(17)	(193)	(210)
Depreciation	(25)	(270)	(295)
Carrying amount at end of 2003/04	<u>210</u>	<u>907</u>	<u>1,117</u>

	2003/04 \$000	2002/03 \$000
<b>20. Payables</b>		
Current		
Trade payables	158	47
Other payables	<u>3</u>	<u>3</u>
	<u>161</u>	<u>50</u>
Non-Current		
Other payables	<u>0</u>	<u>3</u>
	<u>0</u>	<u>3</u>

	2003/04 \$000	2002/03 \$000
<b>21. Accrued Salaries</b>		
Amounts owing for the nine working days from 18 to 30 June 2004 (2002/03: six working days, 23 to 30 June 2003).	152	121

## 22. Provisions

Current		
Annual leave	30	146
Long service leave	286	327
Employment on-costs (I)	36	54
	<u>352</u>	<u>527</u>
Non-current		
Long service leave	443	310
Employment on-costs (I)	51	36
	<u>494</u>	<u>346</u>

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

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

### Employee benefit liabilities

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

Provisions for employee benefits:

Current	352	527
Non-current	494	346
	<u>846</u>	<u>873</u>

## 23. Equity

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

### Contributed equity

Opening balance	454	454
Closing balance	<u>454</u>	<u>454</u>

### Accumulated surplus

Opening balance	1,945	1,784
Change in net assets	329	161
Closing balance	<u>2,274</u>	<u>1,945</u>



## 24. Indian Ocean Territories Reimbursement Trust Fund

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

The purpose of this trust fund is to hold monies received from the Commonwealth, for services provided by the Department in relation to the regulation of gaming operations on Christmas Island. 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.

	2003/04 \$000	2002/03 \$000
Opening balance	32	25
Receipts from the Commonwealth Government	69	200
Payments from the Trust Fund	(73)	(193)
Closing balance	<u>28</u>	<u>32</u>

The closing balance for the year 2003/04 includes unexpended funds for liquor licensing services (\$17,004), casino and gaming (\$11,240).

## 25. Notes to the Statement of Cash Flows

### (a) Reconciliation of cash

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

Cash assets	1,472	1,087
Restricted cash assets (refer to Note 16)	212	194
Trust account	28	32
	<u>1,712</u>	<u>1,313</u>

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

Net cost of services	(2,914)	(2,627)
Non-cash items:		
Depreciation	505	463
Superannuation	58	61
Resources received free of charge	111	143
Net (gain)/loss on sale of non-current assets	0	1
Non-cash work in progress accruals	(1)	(2)
(Increase)/decrease in assets:		
Receivables	(67)	5
Prepayments	(2)	52
Increase/(decrease) in liabilities:		
Payables	113	(29)
Current provisions	(175)	52
Accrued salaries	31	27
Non-current provisions	148	21
Net GST receipts/(payments)	(8)	34
Change in GST in receivables/payables	2	4
Net cash used in operating activities	<u>(2,199)</u>	<u>(1,795)</u>

	2003/04 \$000	2002/03 \$000
<b>26. Commitments for Expenditure</b>		
(a) Non-cancellable operating lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are payable:		
Within 1 year	543	543
Later than 1 year and not later than 5 years	24	539
Later than 5 years	0	0
	<u>567</u>	<u>1,082</u>

(b) Other expenditure commitments

There were no other material commitments as at 30 June 2004.

These commitments are all inclusive of GST.

**27. Remuneration of Senior Officers**

Remuneration

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

\$	No.	No.
80,001 - 90,000	3	3
90,001 - 100,000	1	1
100,001 - 110,000	0	0
110,001 - 120,000	2	2
150,001 - 160,000	0	1
180,001 - 190,000	1	0
	<u>7</u>	<u>7</u>

	2003/04 \$000	2002/03 \$000
The total remuneration of senior officers is:	<u>774</u>	<u>725</u>

Senior officers include the third level of management.

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

No senior officers are members of the Pension Scheme.

## 28. Explanatory Statement

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

The following explanations are provided in accordance with Treasurer's Instruction 945. Significant variations are considered to be those greater than 10% or \$100,000.

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

Although there was no variance in the total appropriation, there was an unfavourable variance of \$339,000 in the total revenues from ordinary activities:

	2003/04 Estimate	2003/04 Actual	Variance
	\$000	\$000	\$000
Total revenues from ordinary activities	4,696	4,357	(339)

The variance was mainly due to the reduction in the annual recoups from the Commonwealth Government, and the statutory authorities as a result of the re-structure of the racing industries.

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

	2003/04 Actual	2002/03 Actual	Variance
	\$000	\$000	\$000
Total appropriation provided to deliver outputs for the year	3,074	2,584	490
Total revenues from ordinary activities	4,357	4,654	(297)

### *Total appropriation provided to deliver outputs for the year*

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

### *Total revenue*

The variance was explained in note 28 (i).

The retained revenue does not include the Resources Received Free of Charge. This treatment differs from the Department's published budget statements 2003/04.

### *Output expenditure*

	2003/04 Actual	2002/03 Actual	Variance
	\$000	\$000	\$000
Output 1 - Evaluation and determination of applications	3,536	3,515	21
Output 2 - Compliance audits and inspections	3,735	3,766	(31)

No significant variances in the output expenditure.

## 28. Explanatory Statement (con't)

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

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

No capital contribution was received. Funding for capital expenditure was made through the drawdown of the holding account.

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

	2003/04 Actual \$000	2002/03 Actual \$000	Variance \$000
Administered grants and transfer payments	66,784	61,446	5,338
Amount Authorised by Other Statutes - Liquor Licensing Act 1988	4,854	4,980	(126)
	<u>71,638</u>		

### Administered Grants and Transfer Payments

The claims lodged were significantly higher than expected.

### Amount Authorised by Other Statutes - Liquor Licensing Act 1988

The claims lodged were significantly lower than anticipated.

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

	2003/04 Actual \$000	2002/03 Actual \$000	Variance \$000
Casino Tax	46,758	37,941	8,817

2003/04 casino gross revenue was higher than the 2002/03 revenue.

## 29. Additional Financial Instruments Disclosures

### (a) Interest Rate Risk Exposure

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

	2003/04 \$000	2002/03 \$000
	Non-interest Bearing	Non-interest Bearing
<b>Financial Assets</b>		
Cash assets	1,472	1,087
Receivables	287	215
Restricted cash assets	212	194
Total Financial Assets	<u>1,971</u>	<u>1,496</u>
<b>Financial Liabilities</b>		
Payables	161	53
Fees in trust	52	65
Total Financial Liabilities	<u>213</u>	<u>118</u>

### (b) Credit Risk Exposure

All financial assets are unsecured.

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

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

	2003/04 \$000	2002/03 \$000
Western Australian Government agencies	<u>216</u>	<u>148</u>

### (c) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

### 30. Contingent Liabilities and Contingent Assets

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

### 31. Events Occurring After Reporting Date

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

### 32. Related Bodies

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

### 33. Affiliated Bodies

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

### 34. Supplementary Financial Information

#### (a) Write-Offs

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

	2003/04 \$	2002/03 \$
Liquor licence penalties written off by the Accountable Officer	11,665	10,140
Revenues and debts written off by the Accountable Officer	1,563	275
	<u>13,228</u>	<u>10,415</u>

#### (b) Losses Through Theft, Defaults and Other Causes

Cash shortages	<u>0</u>	<u>5</u>
----------------	----------	----------

	2003/04 \$000	2002/03 \$000
<b>35. Administered Expenses and Revenues</b>		
<b>Expenses</b>		
Transfer payments for liquor subsidies and gambling tax rebates	71,638	66,426
Receipts paid into Consolidated Fund	<u>44,385</u>	<u>38,377</u>
<b>Total administered expenses</b>	<u>116,023</u>	<u>104,803</u>
<b>Revenues</b>		
Appropriations for liquor subsidies and gambling tax rebates	71,638	66,426
Taxes collected under the Casino (Burswood Island) Agreement Act 1985	<u>46,757</u>	<u>37,941</u>
<b>Total administered revenues</b>	<u>118,395</u>	<u>104,367</u>
<b>36. Administered Assets and Liabilities</b>		
<b>Assets</b>		
Current		
Cash	10	9
Receivables	<u>3,902</u>	<u>1,530</u>
<b>Total Administered Assets</b>	<u>3,912</u>	<u>1,539</u>
<b>Liabilities</b>		
Current		
Fees in trust	<u>10</u>	<u>9</u>
<b>Total Administered Liabilities</b>	<u>10</u>	<u>9</u>



### **37. The Impact of Adopting International Accounting Standards**

The Australian Accounting Standards Board (AASB) is adopting the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005.

AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' (IFRS) requires financial reports to disclose information about the impacts of any changes in accounting policies in the transition period leading up to the adoption date.

The Department has commenced transitioning its accounting policies and financial reporting from the current Australian Standards to Australian equivalents to IFRS. The Department conducts analyses and assessments to identify areas that will be impacted by the transition to IFRS. As the Department has a reporting period ending 30 June, priority is given to the preparation of an opening IFRS balance sheet as at 1 July 2004 in accordance with AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards'. This will form the basis of accounting for Australian equivalents to IFRS, and is required when the Department prepares its fully IFRS compliant financial report for the year ended 30 June 2006. As at the reporting date, the Department is not aware of any significant differences of the transition to IFRS in view of the nature of the Department's current financial performance and position.

## Certification of Financial Statements

*For the Year Ended 30 June 2004*

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 year ended 30 June 2004 and the financial position as at 30 June 2004.

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



Barry A Sargeant  
ACCOUNTABLE OFFICER

6 August 2004



Terry Ng  
PRINCIPAL ACCOUNTING OFFICER

6 August 2004

# Opinion of the Auditor General on the Department's Financial Statements



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF RACING, GAMING AND LIQUOR  
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

#### Audit Opinion

In my opinion,

- (i) the controls exercised by the Department of Racing, Gaming and Liquor provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Department at June 30, 2004 and its financial performance and cash flows for the year ended on that date.

#### Scope

##### *The Director General's Role*

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

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

##### *Summary of my Role*

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

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

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

D D R PEARSON  
AUDITOR GENERAL  
September 8, 2004



# Outcomes, Outputs and Performance Information

## 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 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.

## Outcomes

The desired outcome of 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.

### Effectiveness Indicators

#### ***Output 1: Licensing – Evaluation and determination of applications***

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

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.

#### ***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.

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<sup>k</sup>. In this regard, the higher the percentage of compliance, the more effective the enforcement programs.

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

### Audited Effectiveness Indicator

	2003-04	2002-03	2001-02	2000-01	1999-00
Percentage of licensees/ service providers that were found to comply with audit requirements and statutory criteria.	95.9%	96%	94%	94.9%	95.3%
Total Inspections.	8,329	7,547	7,768	7,681	8,327

### 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 applications determined.

	2003-04	2002-03	2001-02	2000-01	1999-00
Average cost of determining applications	\$323	\$316	\$291	\$293	\$309

#### 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.

#### Efficiency Indicator 1.2

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

	2003-04	2002-03	2001-02	2000-01	1999-00
Average cost of conducting inspections	\$448	\$499 <sup>1</sup>	\$458	\$365	\$418

<sup>1</sup> The increase in average cost of inspections was due to a reduction in the number of inspections conducted from the previous year. This was brought about by a significant reduction in inspectorial hours as a result of extended sick leave and acting arrangements.

## Certification of Performance Indicators

*For the Year Ended 30 June 2004*

I hereby certify that the performance indicators 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 the Department for the financial year ended 30 June 2004.

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

Barry A Sargeant  
DIRECTOR GENERAL

6 August 2004



# Opinion of the Auditor General on the Department's Performance Indicators



AUDITOR GENERAL

## INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF RACING, GAMING AND LIQUOR  
PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2004

### Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Department of Racing, Gaming and Liquor are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended June 30, 2004.

### Scope

#### *The Director General's Role*

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

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

#### *Summary of my Role*

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

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

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

D D R PEARSON  
AUDITOR GENERAL  
September 8, 2004



## Contacting the Department of Racing, Gaming and Liquor

**The Department of Racing, Gaming and Liquor's customer service area is located at:**

Level 1, Hyatt Centre  
87 Adelaide Terrace  
East Perth, 6004  
Western Australia

Where the stairs at 87 Adelaide Terrace present a barrier for people with disabilities, alternative access may be obtained by utilising the elevator located on the ground floor at 3 Plain Street.

**The Department's postal address is:**

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

**Telephone contact numbers for the Department are:**

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

**Facsimile numbers for the Department are:**

- Licensing Branch: **08 9325 1041**
- Inspections Branch: **08 9221 7108**
- Casino Inspectorate: **08 9362 7798**
- Director General: **08 9325 1636**

The Department's **Public Interest Disclosure Officer**, Ms Dorothy McLauchlin, can be contacted on telephone number 08 9425 1802.

The Department's **website** can be accessed at [www.rgl.wa.gov.au](http://www.rgl.wa.gov.au) and **e-mail enquiries** can be addressed to [rgl@rgl.wa.gov.au](mailto:rgl@rgl.wa.gov.au).

A known member of staff can be emailed by using the following address convention: [firstname.secondname@rgl.wa.gov.au](mailto:firstname.secondname@rgl.wa.gov.au).



## Production Acknowledgements



Financial Statements  
Prepared by:

*Terry Ng*  
*Principal Accounting Officer*



Annual Report coordination,  
design and desktop  
publishing:

*Brett Snell*  
*Policy and Planning Officer*

This report has been written in Microsoft Word 2002. Tables and graphs were prepared using Microsoft Excel 2002 and imported into Microsoft Word.

Primary fonts used are Trebuchet and Arial.