



# Gaming and Wagering Commission of Western Australia

**Annual Report**  
For the Year Ended 30 June 2004





# Statement of Compliance

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

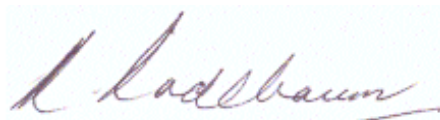
In accordance with section 66 of the *Financial Administration and Audit Act 1985*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Gaming and Wagering Commission of Western Australia for the financial year ended 30 June 2004.

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



Barry A Sargeant  
CHAIRMAN

30 August 2004



Margaret Nadebaum  
MEMBER

30 August 2004



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## Chairman's Overview

I am pleased to present the report for the Gaming and Wagering Commission of Western Australia 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.

One of the most significant events to occur during the year was the commencement of the *Racing and Wagering Western Australia Act 2003* on 1 August 2003, which achieved the restructure of the racing industry in Western Australia, by merging the principal club functions of The Western Australian Turf Club, the Western Australian Trotting Association and the 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.

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.

As part of the constitution of the Gaming and Wagering Commission of Western Australia, Mr George Davies was welcomed as a member of the Commission.

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 Commission issued its first 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, the Commission issued a further probity approval notice 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.

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 its inaugural funding round, the Gaming Community Trust approved five grants totalling \$424,550 and in the second funding round, six grants totalling \$104, 251 were awarded.

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.

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. I would also like to thank my fellow members of the Commission for their contributions.



Barry A Sargeant  
CHAIRMAN

18 October 2004



# Report on Operations

## Legislation

### *Enabling Legislation*

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

### *Legislation Administered*

The Gaming and Wagering Commission is responsible for administering the legislation outlined below. This is achieved as part of the service delivery agreement with 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;*
- *Racing and Wagering Western Australia Act 2003;*
- *Racing and Wagering Western Australia Tax Act 2003, and*
- *Racing Restriction Act 2003.*

## Legislation Impacting on the Activities of the Gaming and Wagering Commission

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

- *Anti-Corruption Commission Act 1988;*
- *Corruption and Crime Commission Act 2003;*
- *Disability Services Act 1993;*
- *Electoral Act 1907;*
- *Financial Administration and Audit Act 1985;*
- *Freedom of Information Act 1992;*
- *Parliamentary Commissioner Act 1971;*
- *Public Interest Disclosure Act 2003;*
- *Public Sector Management Act 1994;*
- *Salaries and Allowances Act 1975;*
- *State Records Act 2000;*
- *State Supply Commission Act 1991, and*

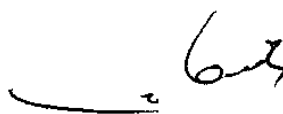
in the financial administration of the Gaming and Wagering Commission of Western Australia, we have complied with the requirements of the *Financial Administration and Audit Act 1985*, and every other written law, and exercised controls which provide reasonable assurance that the receipt and expenditure 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.



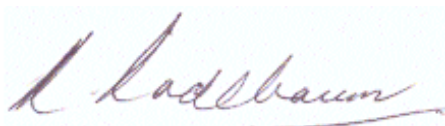
Barry A Sargeant  
CHAIRMAN

30 August 2004



Terry Ng  
PRINCIPAL ACCOUNTING OFFICER

30 August 2004



Margaret Nadebaum  
MEMBER

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 Gaming and Wagering Commission's mission statement is:

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

## Objectives and Desired Outcomes

### Objectives

The broad objectives of the Gaming and Wagering Commission are to:

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



## Outcome

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

- inspection, surveillance and regulatory review of casino, community gaming, bookmakers' on-course and telephone betting operations, on-course totalisator betting operations and betting conducted at TAB agencies;
- inspection of premises approved for the conduct of community gaming and the auditing of financial returns;
- verification and audit of casino gross revenue and casino tax;
- investigation and processing of applications for casino employee licences, community gaming permits, Racing and Wagering Western Australia director's and key employee licences, bookmaker's licences, bookmaker's employee licences and bookmaker's manager licences;
- provision of advice to the public on proposed applications and fundraising ventures, and
- investigation of gambling related illegal activities.

## Duties of the Gaming and Wagering Commission

The duties of the Gaming and Wagering Commission of Western Australia are to:

- administer the law relating to gaming and, subject to the *Betting Control Act 1954* and the *Racing and Wagering Western Australia Act 2003*, wagering;
- keep under review the conduct, extent and character of gambling operations and the provision, use and location of gaming and wagering facilities;
- formulate and implement policies for the scrutiny, control and regulation of gambling activities, taking into account the requirements and interests of the community as a whole and the need to minimise harm caused by gambling;
- grant, withhold or revoke approval in respect of gaming equipment, gaming operations and persons concerned with gambling for which a licence, permit or certificate is sought, and where appropriate, to inspect, examine or investigate relevant premises;
- administer all matters relating to any casino complex, licensed casino, casino key employee, casino employee or gaming in a casino, pursuant to the *Casino Control Act 1984* and any casino complex agreement;
- perform the functions of the Commission prescribed by or under the *Racing and Wagering Western Australia Act 2003* and administer all matters relating to those functions;

- cause licences, permits, approvals authorisations and certificates, as appropriate, to be issued in relation to persons, premises, casinos, facilities, gaming, equipment and gambling operations;
- administer a scheme for the collection and verification of the payment of bookmakers' betting levy;
- advise the Minister, either of its own motion or upon the request of the Minister, as to any matter relating to gambling;
- make recommendations to the Minister in relation to the control or supervision of particular kinds of gambling, or gambling in particular circumstances, and as to the making of regulations relating to gambling and the fees and charges to be prescribed, and
- enforce, and prosecute persons contravening, the laws relating to gambling.

## Nature and Range of Activities Undertaken

The Gaming and Wagering Commission of Western Australia is responsible for the administration and control of the conduct of gaming and wagering in Western Australia.

The Commission provides a decision-making service in respect of gaming and wagering activities, through arrangements with the Department of Racing, Gaming and Liquor. The Gaming and Wagering Commission meets at least 11 times a year to make formal decisions on the conduct of legal gambling activities.

## Sections of the Community Served

The Gaming and Wagering Commission provides a quality service to all sections of the community on a continuing basis to satisfy customer needs for the efficient administration of gambling in Western Australia.

For the convenience of customers, the Commission's services can be accessed at a centralised customer service area operated by the Department of Racing, Gaming and Liquor. All general enquiries and applications can be made at Level 1, 87 Adelaide Terrace, East Perth, between the hours of 8.30 a.m. and 5.00 p.m. on working days.

## Administrative Structure of the Gaming and Wagering Commission

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

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

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

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

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

## Commission Membership

**Mr Barry A Sargeant** (Chairman)

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

**Ms Mary M McComish** (Member)

Ms McComish is a commercial lawyer who holds the position of Assistant Dean and Associate Professor for the College of Law at the University of Notre Dame.

**Mrs Judith McGowan** (Member)

Mrs McGowan is a Lecturer in Law in the Curtin Business School at Curtin University.

**Ms Margaret L Nadebaum** (Member)

Ms Nadebaum is a retired educator and public servant.

**Mrs Wendy Silver** (Member)

Mrs Silver is the General Manager Operations at Southern Cross Care (WA) Inc.

**Mr George Davies** (Member)

Mr Davies is a retired bookmaker.

### *Declaration of Interests*

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

## 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.

### *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.

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>a</sup>.

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

## *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 will be achieved through a phased reduction of minimum bet levels to apply to all codes.

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 are to be abolished with effect as from 1 July 2004.

## 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.



## *Changes to subsidiary legislation*

### **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 and Wagering 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 are 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;
- Edenhope, Victoria;
- Penshurst, Victoria;
- The Meadows, Victoria;
- Grenfell, New South Wales;
- Sapphire Coast, New South Wales;
- Tumut, New South Wales;
- Narrandera, New South Wales;
- Tweed Heads, New South Wales;
- Junee, New South Wales;
- Temora, New South Wales;
- Grafton, New South Wales;
- Nowra, New South Wales;
- Maitland, New South Wales;
- Singleton, New South Wales;
- Casino, New South Wales;
- Redcliffe, Queensland;
- Albion Park, Queensland;
- Beenleigh, Queensland, and
- Bordertown, South Australia

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

These amendment regulations came into operation on 30 January 2004 and require the holder of a Suppliers Certificate or an Operators Certificate 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 suppliers 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 reduced 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

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

- a directive dated 22 July 2003 to issue permits to the Kalgoorlie-Boulder Raceclub for the conduct of the 2003 World Two-up Championships, and
- a directive dated 29 March 2004 to issue permits to the Returned Services League of Australia sub-branches for the conduct of Two-up on Anzac Day.

## Major Promotional, Public Relations or Marketing Activities

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

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

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

## Pricing Policy on Outputs

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

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

## Statement of Corporate Governance

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

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

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

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

### *Objective of the Statement*

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

### *Commission Meetings*

The Gaming and Wagering Commission meets at least 11 times a year and every member of the Commission is required to attend all meetings, unless leave has been obtained from the Chairman. During 2003-04, a total of 12 meetings were held.

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

## *Policy Base*

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

## *Delegation of Commission Powers*

The Gaming and Wagering Commission has delegated all of its power to the Chairman in the event that an urgent approval is required that cannot wait until the next meeting of the Gaming and Wagering Commission. Decisions relating to the administration of gambling have been delegated to:

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

## *Boundaries to be Observed by Delegates*

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

## *Delegate to Inform the Commission*

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

- by the Chairman, where an urgent approval was required:
- to authorise proceedings against any persons charged with an offence at the Burswood International Resort Casino;
- to approve persons as junket operators or representatives;
- to approve a supplier of gaming equipment to the Burswood International Resort Casino;

- to grant gaming operators and gaming equipment suppliers' certificates, pursuant to the provisions of the *Gaming and Wagering Commission Act 1987*, and
- to grant video lottery terminal permits.

### *Independent Professional Advice*

In carrying out official duties, each member of the Commission has the right to seek independent professional advice at the Commission's expense, where it is considered necessary to carry out his/her duties and subject to prior agreement of the Chairman, which cannot reasonably be withheld.

### *Access to Resources and Information*

Each member is entitled to obtain such resources and information from the Commission and/or the Department of Racing, Gaming and Liquor, including direct access to agency staff, as they may require after notifying the Chairman/ Director General of the Department of Racing, Gaming and Liquor.

### *Gaming and Wagering Commission Financial Controls*

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

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

As part of its annual reporting obligations, the Gaming and Wagering Commission is required to submit its Operating Statement, Statement of Financial Position and Statement of Cash Flows as part of its Financial Statements to the Auditor General of Western Australia for auditing. It is also required to report Performance Information in accordance with Treasurer's Instruction 904.

## 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.

Further information on the activities of the Community Gaming Trust can be found at pages 12 and 46 of this report.

## 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*.

## Output 1: Functions Performed for the Gambling Industries

**Table of Output Measures**

	<b>2003-2004 Estimated</b>	<b>2003-2004 Actual</b>	<b>Reason for Significant Variation</b>
<b>Quantity</b>			
Number of gaming audits, investigations and inspections	6000	5183	See footnote b
Number of casino operator/RWWA submissions reviewed	100	76	See footnote c
Number of certificates and permits issued	3500	2999	See footnote d
Number of casino employee licences issued	200	184	
<b>Quality</b>			
Percentage of gaming inspections and audits conducted in accordance with the Commission's approved program	98%	100%	
Percentage of satisfactory responses on casino submission/matters as related by the casino operator via a survey	80%	100%	See footnote e
Percentage of compliance of processing procedures relating to the issue of permits and licences	95%	96.7%	
<b>Timeliness</b>			
Percentage of gaming audits and inspections completed in accordance with performance agreements	90%	86.4%	See footnote f
Percentage of casino operator submissions completed within eight weeks	95%	98.7%	
Percentage of provisional licences issued within seven days	100%	98.5%	

<sup>b</sup> Reduction due to extended sick leave and temporary increase in inspectorial focus on Liquor Licensing.

<sup>c</sup> Casino Operator and RWWA driven indicator, reduced number of submissions recorded.

<sup>d</sup> Community driven indicator with a reduced number of applications received.

<sup>e</sup> Survey conducted every two years, last survey 2003.

<sup>f</sup> Reduction due to extended sick leave and temporary increase in inspectorial focus on Liquor Licensing.



Percentage of gaming permits and certificates issued within 48 hours	100%	86%	See footnote g
<b>Cost</b>			
Average cost per gaming audit, investigation or inspection	\$302.61	\$305.99	
Average cost per casino submission reviewed	\$306.64	\$368.66	
Average cost per gaming permit issued	\$196.15	\$198.25	
Average cost per Casino Employee Licence	\$1,976.81	\$2,154.16	

Note: The costs provided for these output measures are derived from the percentage allocated to each component of the Gaming and Wagering Commission's 2003-04 budget, i.e.:

- Licensing as 38 per cent;
- Review of casino submissions as 1 per cent, and
- Compliance as 61 per cent.

### *Licensing and Permits: Evaluation and Determination of Applications*

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

Licences and permits are issued to enable:

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

<sup>9</sup> 99% of gaming permits and certificates issued within 96 hours.

## **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.

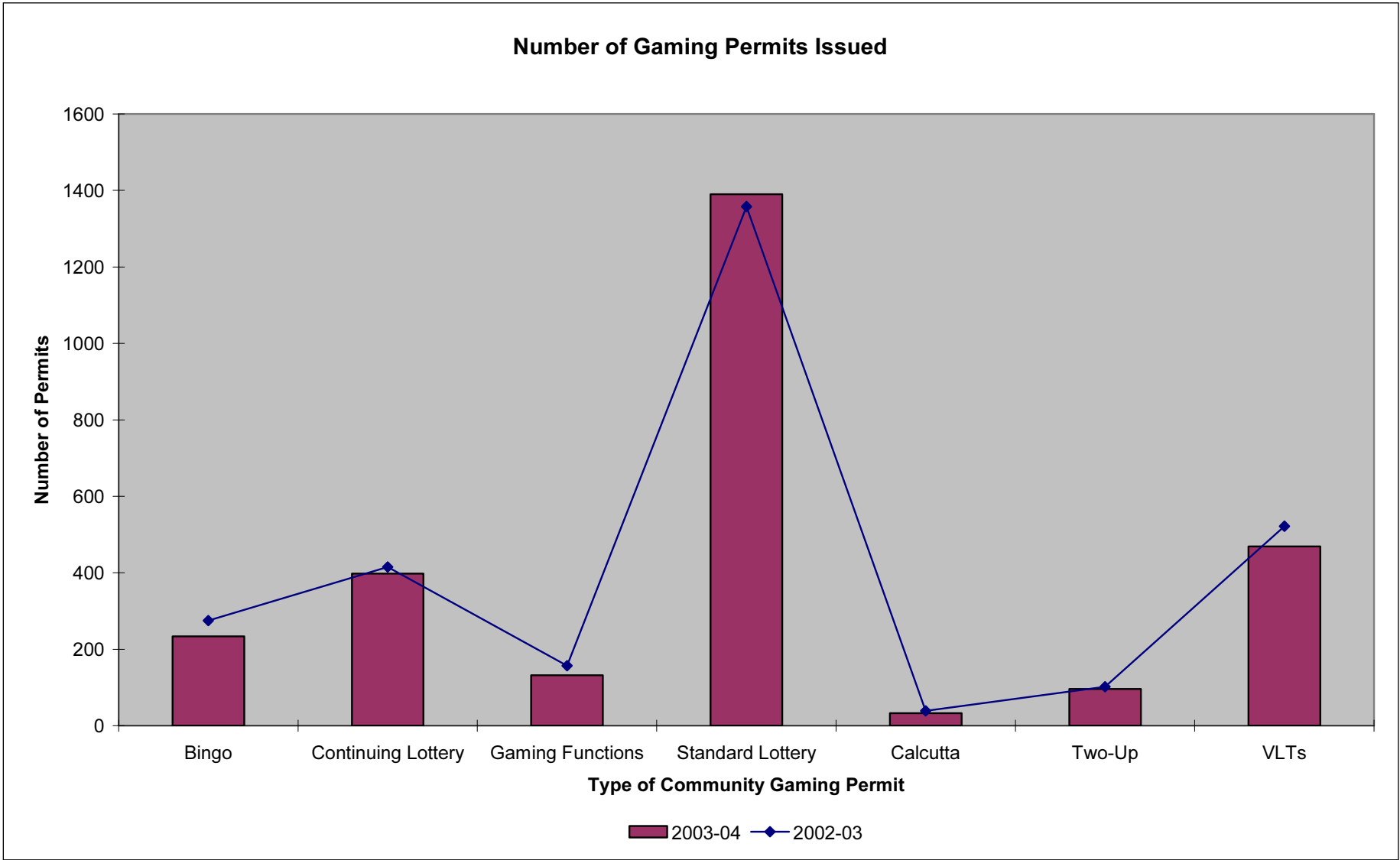
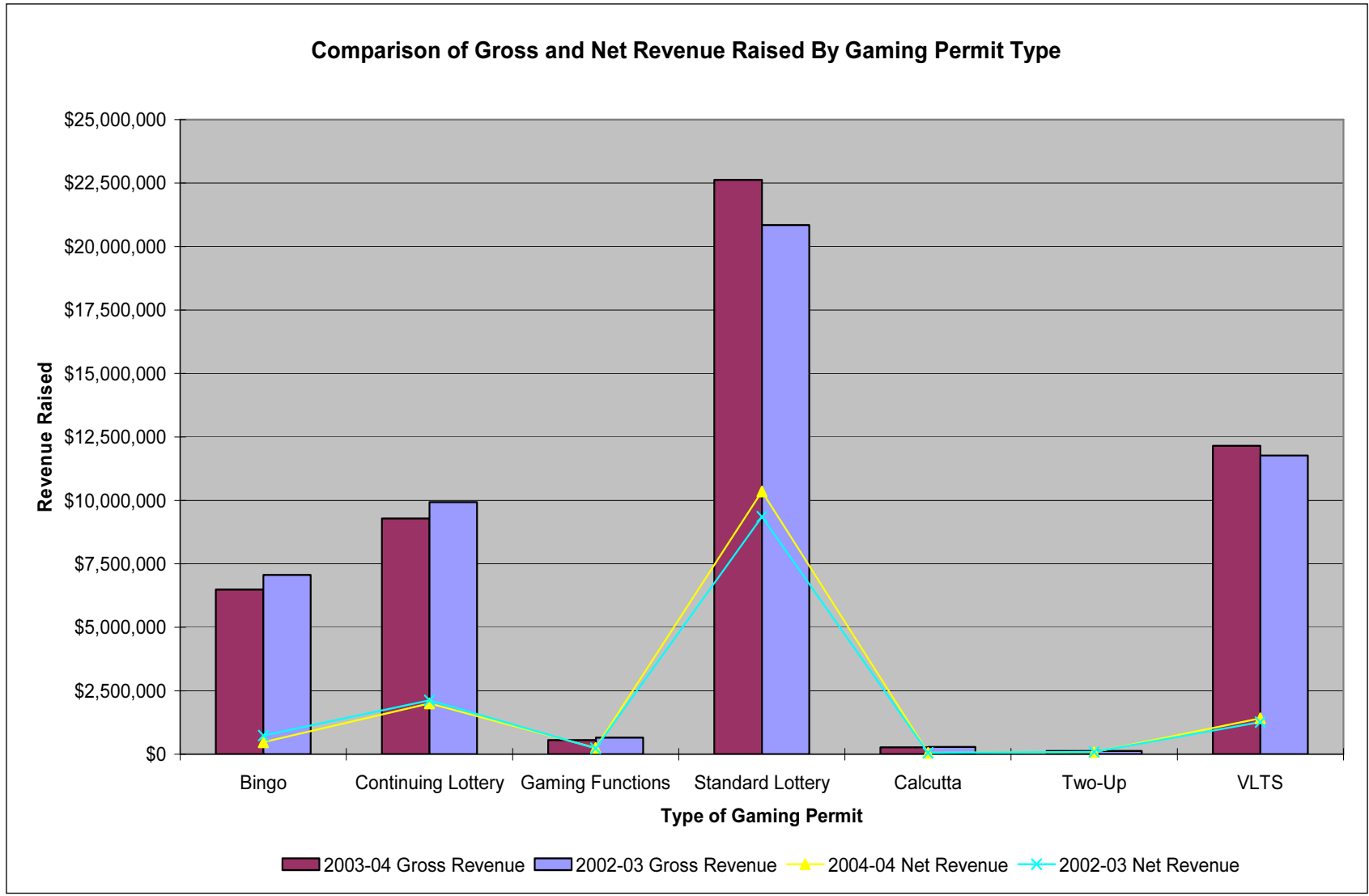


Figure 1: Number of Gaming Permits granted as at 30 June 2004 (and comparative figures for the previous year).



**Figure 2:** Revenue raised by type of gaming permit as at 30 June 2004 (including comparative figures for the previous year).

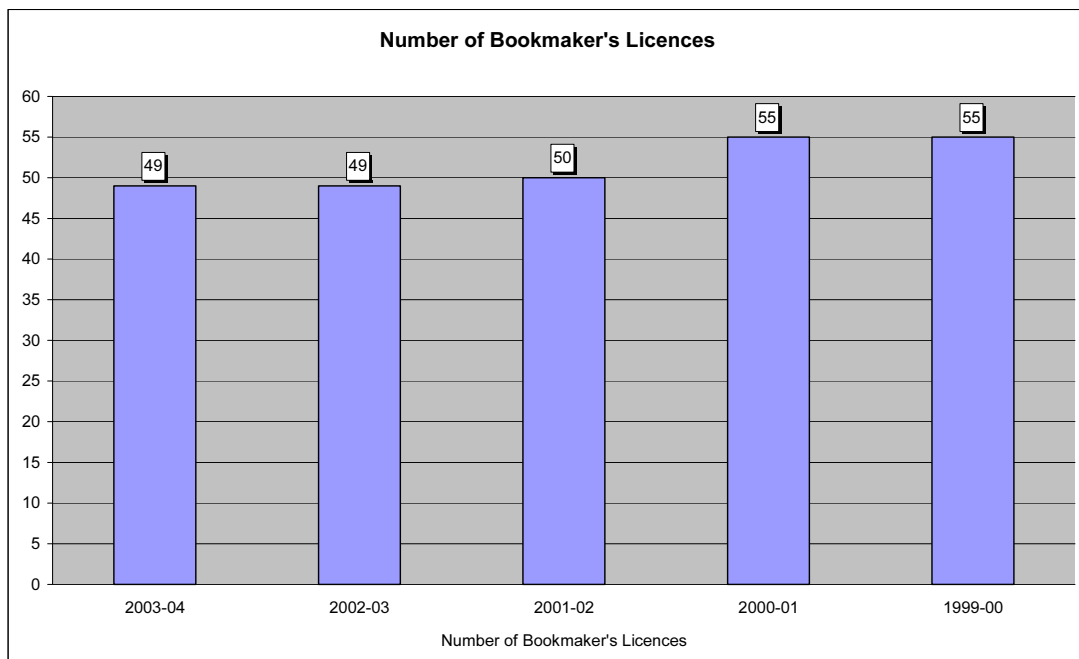
## Licensing of RWWA Positions

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

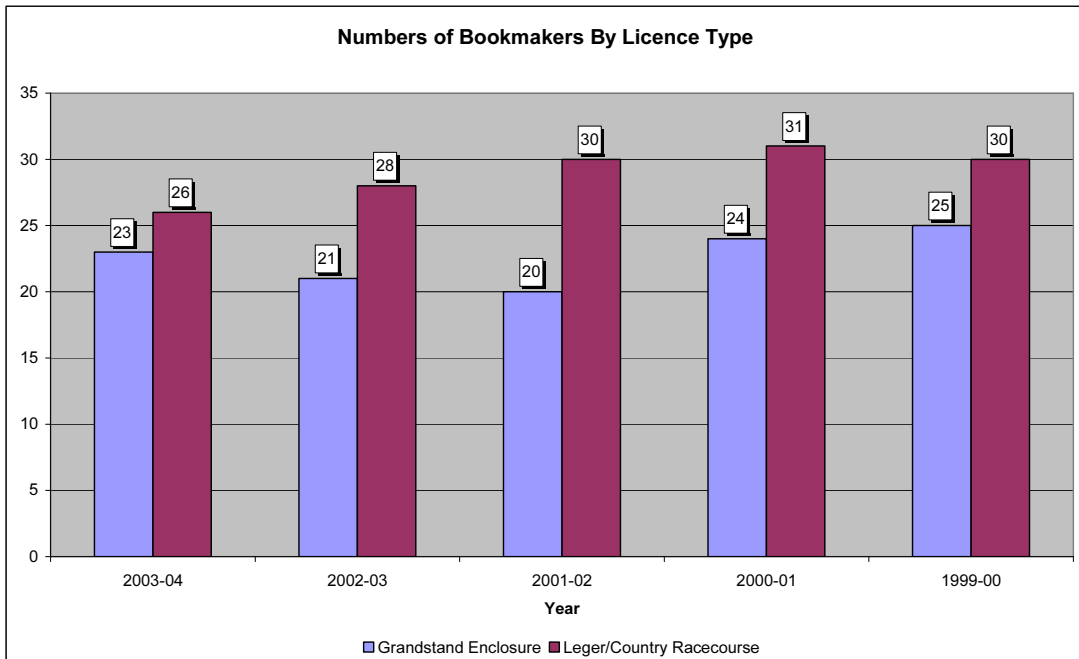
Amendments to the *Betting Control Act 1954* in September 2002 provided for, amongst other matters, a bookmaker's licence to be issued to a natural person, partnership or body corporate. A significant feature of the corporate licensing provisions was the requirement for a partnership or body corporate 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>h</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 3:** Number of Bookmaker's Licences as at 30 June 2004.

<sup>h</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.



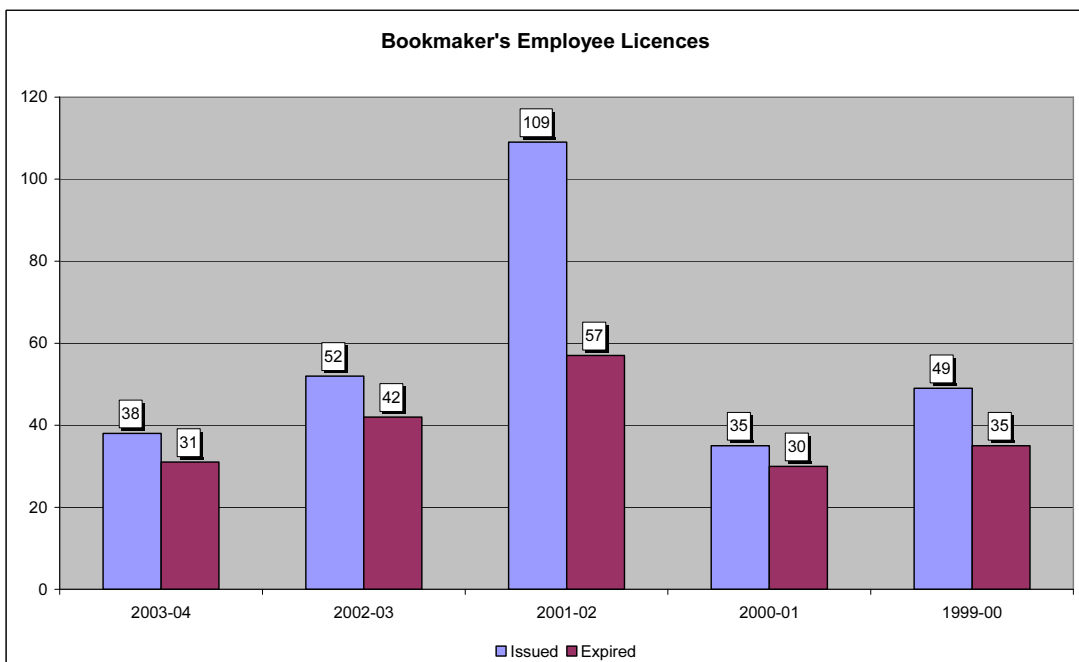
**Figure 4:** Numbers of Bookmakers by Licence Type as at 30 June 2004.

#### *Bookmaker's manager licences*

To accommodate the corporate licensing provisions, the Commission issued two bookmaker's manager licences during the year, compared to three bookmaker's manager licences issued during the previous reporting year.

#### *Bookmaker's employee licences*

The Commission issued 38 bookmaker's employee licences during the year and 31 licences expired.



**Figure 5:** Number of Bookmaker's Employee Licences as at 30 June 2004.

The amendments to the *Betting Control Act 1954*, that came into operation on 1 August 1998, established provision for the issue of a temporary bookmaker's employee's licence to cater for times when a bookmaker needed to urgently licence an employee at short notice. This provision was utilised by a number of bookmakers during the year to overcome licensed employee shortages.

Fifteen bookmakers in Western Australia are authorised to conduct internet betting. Licensed bookmakers with internet endorsement must comply with the provisions of the *Betting Control Act 1954* and with the Federal Government's *Interactive Gambling Act 2001* (Cth).

The Commonwealth Act places restrictions on interactive gambling and prohibits the provision of interactive gambling to people located in Australia. With regard to betting, the Act permits interactive wagering on horse and greyhound racing, and on sporting events (provided the transaction takes place prior to the sporting event commencing).

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

### **On-course Betting Information**

For the reporting period the total bookmaker turnover was \$118,674,454. Bookmaker telephone betting \$28,466,287 and internet betting was \$2,427,922 million and represents 26 per cent of total bookmaking turnover. Race bookmaking turnover was \$110,655,180 and sports betting turnover was \$8,019,274.

Legislation introduced in 1998/99 to allow bookmakers to attend designated sporting events was used for the Leonora Gold Gift foot race held at Leonora in June 2004.

*On-course totalisator betting statistics were not available at the time of preparing this report. However, this information and will be included in the annual Racing Industry Status Report.*

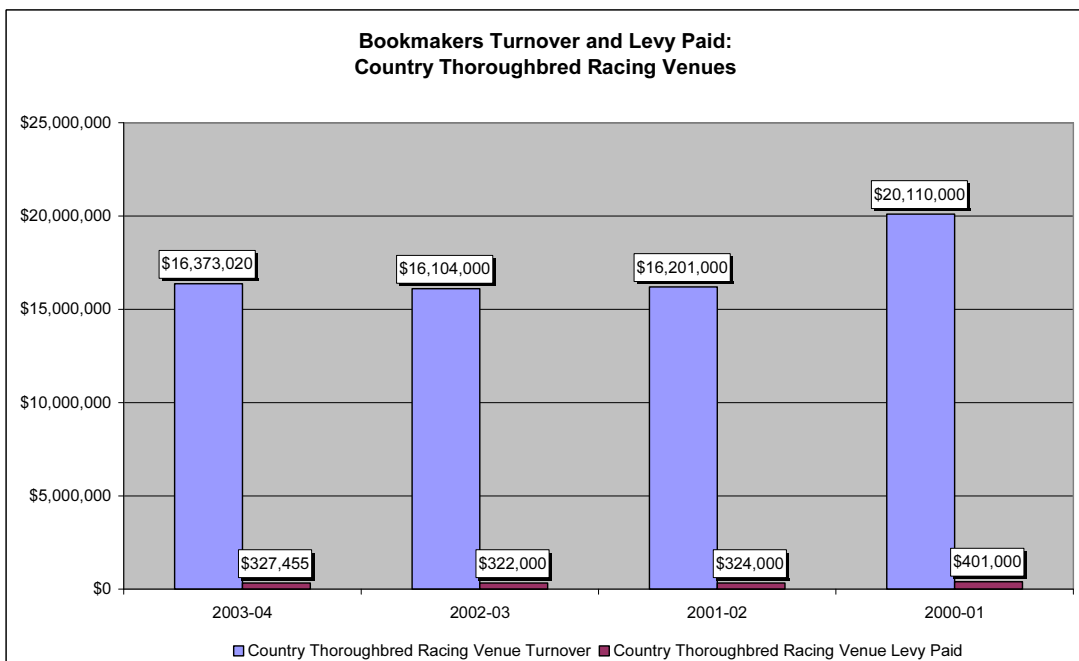
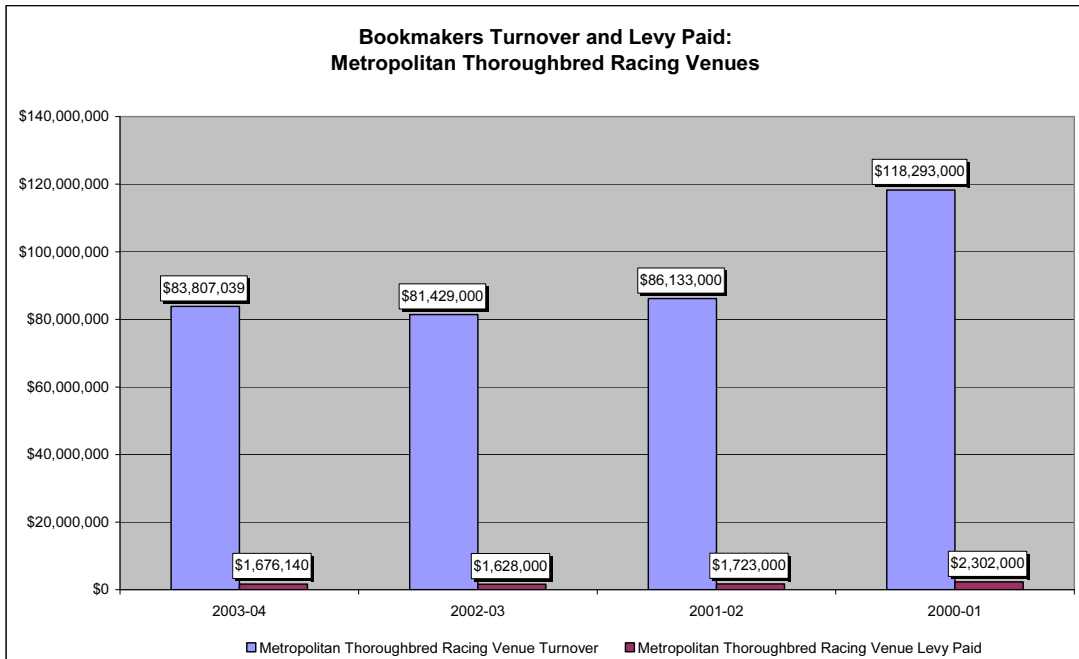
### **Bookmaker Betting Levy**

Bookmakers paid betting levy totalling \$2,253,296 on this turnover, all of which was retained by the host racing club apart from an amount of \$19,947 (0.25 per cent of sports betting turnover) which was remitted to the Gaming and Wagering Commission for disbursement as directed by the Minister for Sport and Recreation; although no funds were disbursed during the reporting year.

As reported in the 2002-03 annual report, thoroughbred and harness racing clubs have a policy of providing financial relief for bookmakers through rebates of a portion of betting levy.

### Thoroughbred Racing Venues

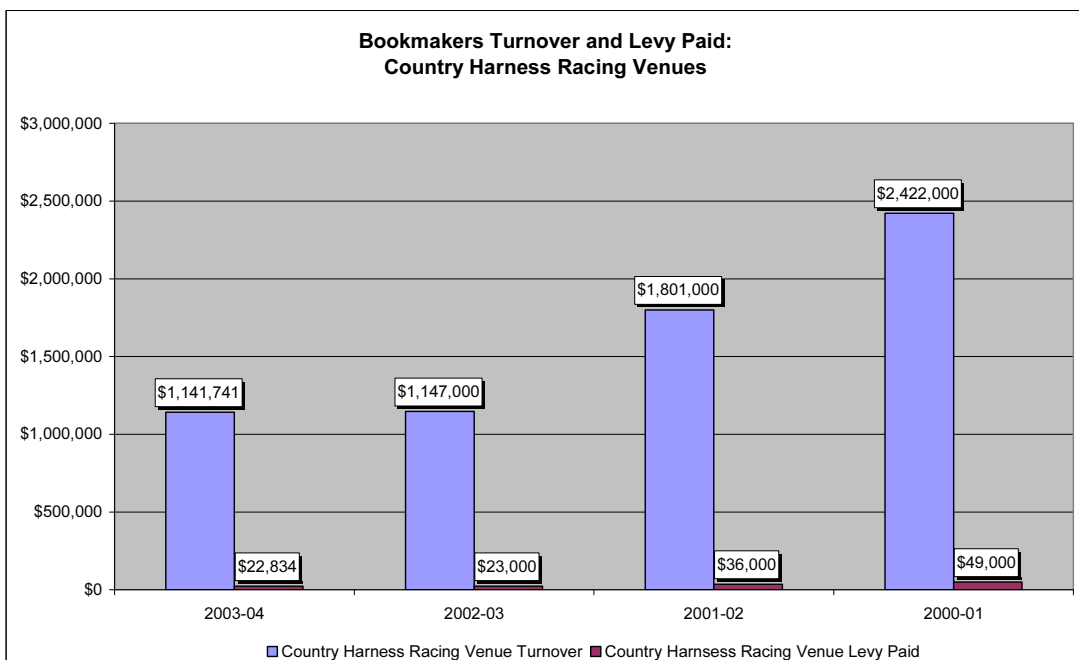
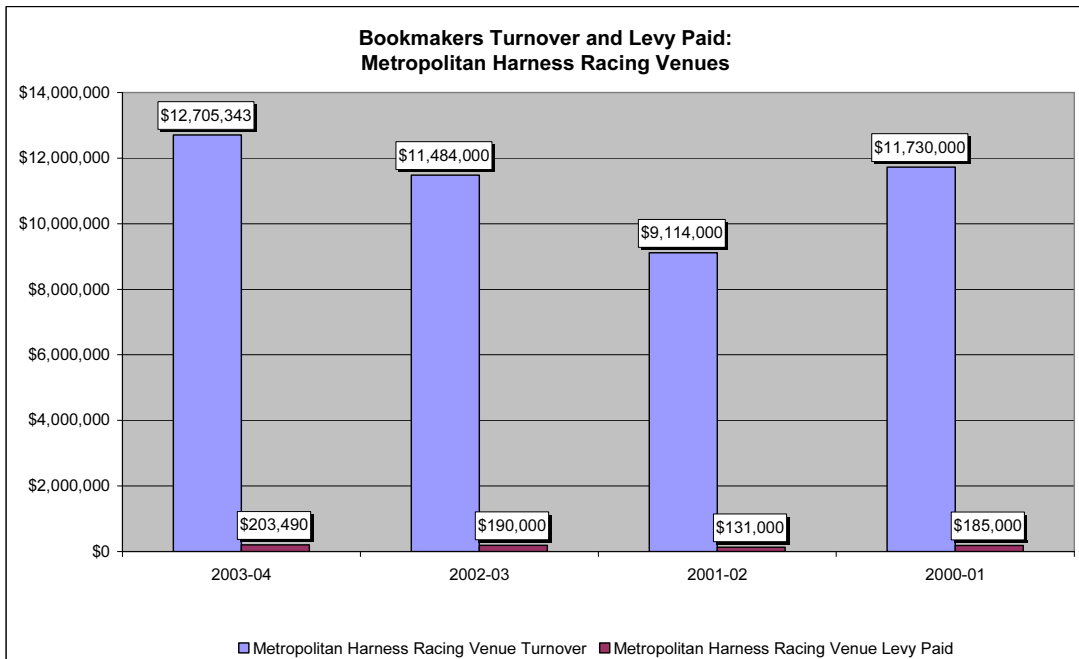
The total bookmakers turnover for thoroughbred racing venues was \$100,180,059, which includes turnover associated with sports betting, telephone betting and internet betting (for further information on sports betting, telephone betting and internet betting components pages 34 and 35), with a levy of \$2,003,596 being paid. A breakdown of bookmakers turnover and levy paid in respect of metropolitan and country thoroughbred racing venues is provided in the following graphs.





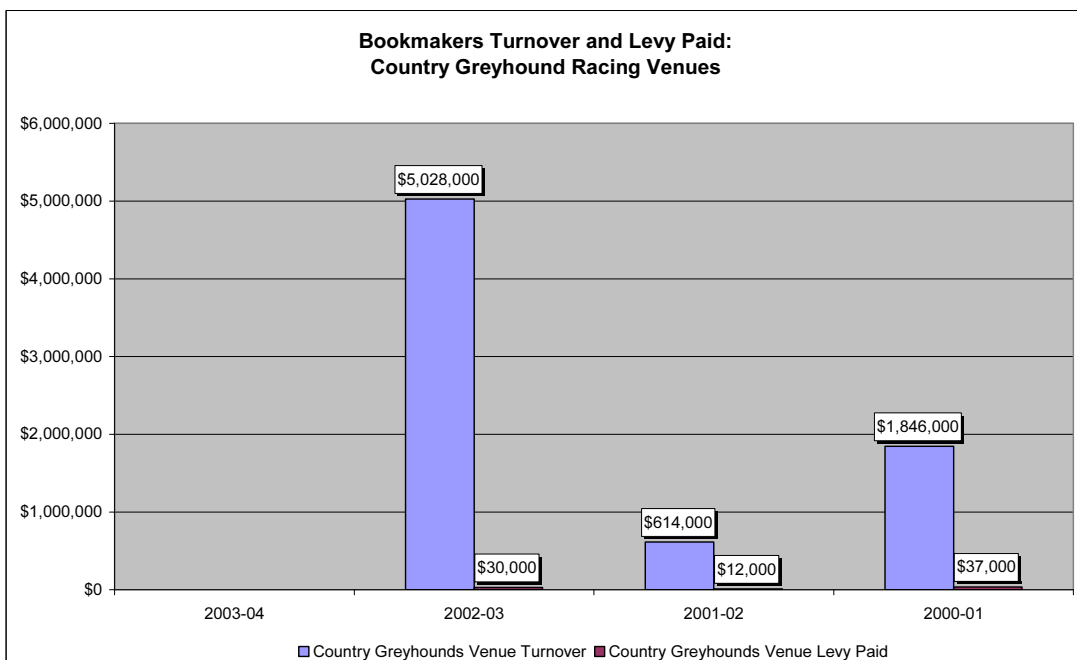
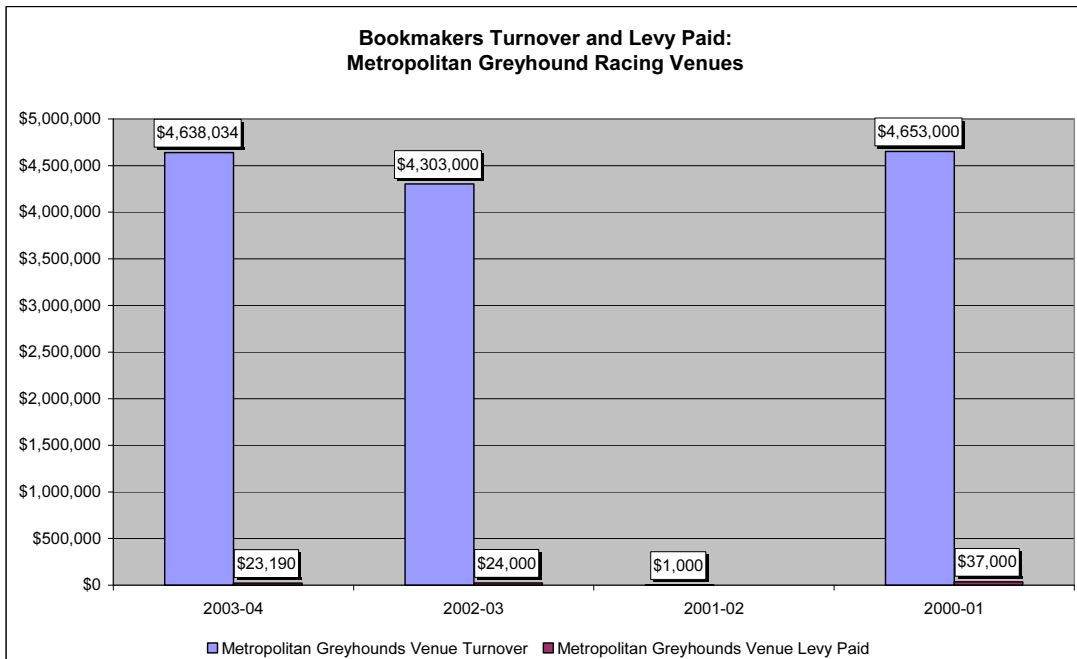
## Harness Racing Venues

The total bookmakers turnover for harness racing venues was \$13,847,085, which includes turnover associated with sports betting, telephone betting and internet betting (for further information on sports betting, telephone betting and internet betting see pages 34 and 35), with a levy of \$226,324 being paid. A breakdown of bookmakers turnover and levy paid in respect of metropolitan and country harness racing venues is provided in the following graphs.



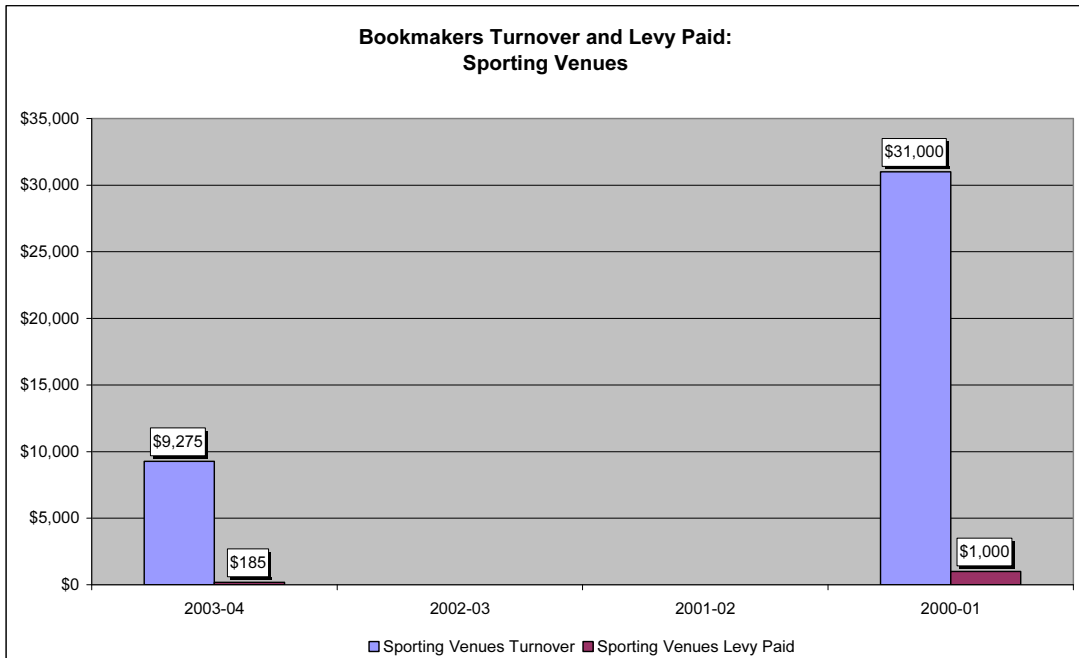
## Greyhound Racing Venues

The total bookmakers turnover for greyhound racing venues was \$4,638,034, which includes turnover associated with sports betting, telephone betting and internet betting (for further information on sports betting, telephone betting and internet betting see pages 34 and 35), with a levy of \$23,190 being paid. A breakdown of bookmakers turnover and levy paid in respect of metropolitan and country greyhound racing venues is provided in the following graphs.



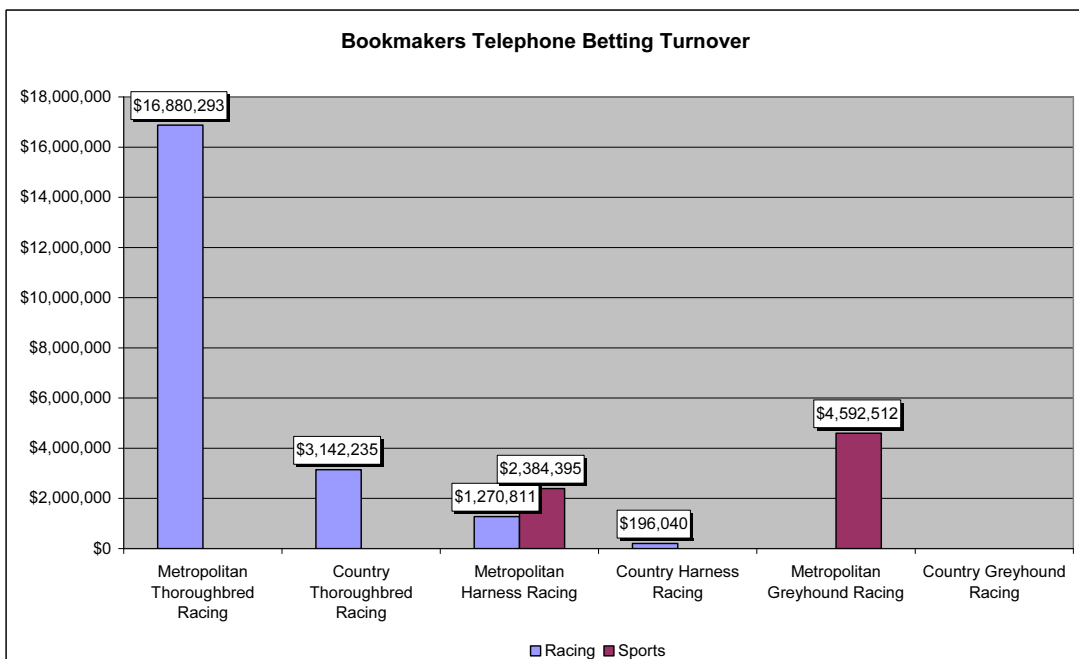
### Sporting Venues

The total bookmakers turnover for sporting venues was \$9,275, with a levy of \$185.50 being paid. A breakdown of sporting venues is provided in the following graph.



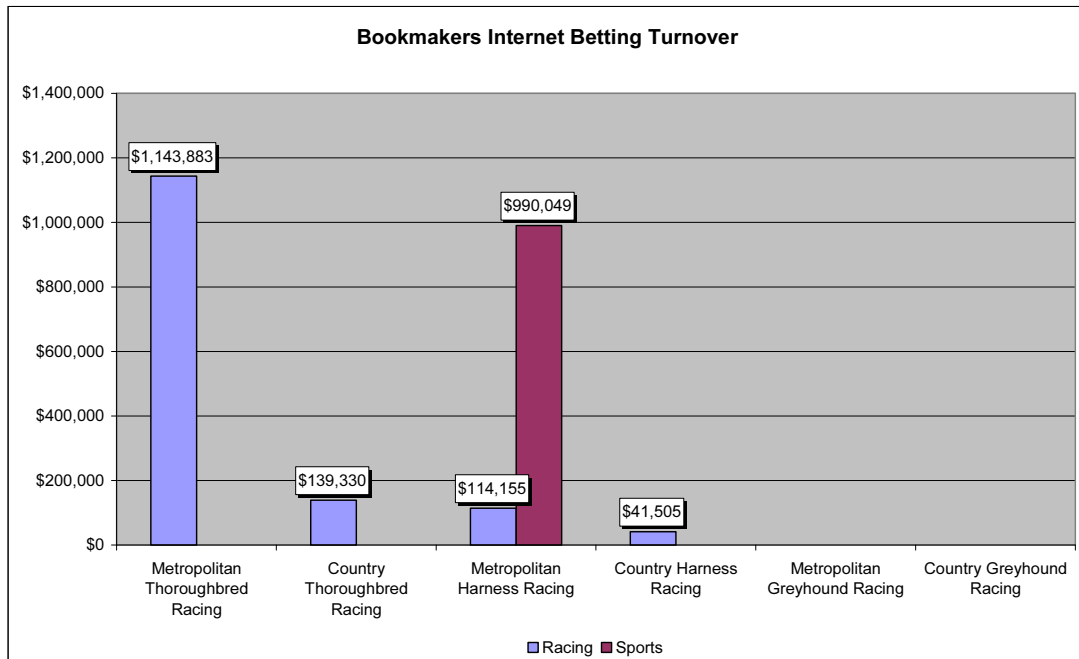
### Bookmakers' Telephone Betting Turnover

The total bookmakers turnover in respect of telephone betting turnover was \$28,466,287. A breakdown of turnover by racing code is provided in the following graph.



### Bookmakers Internet Betting Turnover

The total bookmakers turnover in respect of telephone betting turnover was \$2,427,922. A breakdown of turnover by racing code is provided in the following graph.



### GST Rebates

Bookmakers and racing clubs continue to benefit from the Government's rebate on GST for gross gambling margins. Rebates for the period under review totalled \$1,313,930.

## *Compliance: Inspections and Audits*

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

In this respect, risk based compliance assessment programs are used to assess compliance in relation to bookmakers' on-course and telephone betting operations, on-course totalisator betting, betting conducted at TAB agencies, casino gaming and community gaming. Inspections and audits are carried out, on behalf of the Commission, by the Inspectorate of the Department of Racing, Gaming and Liquor.

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

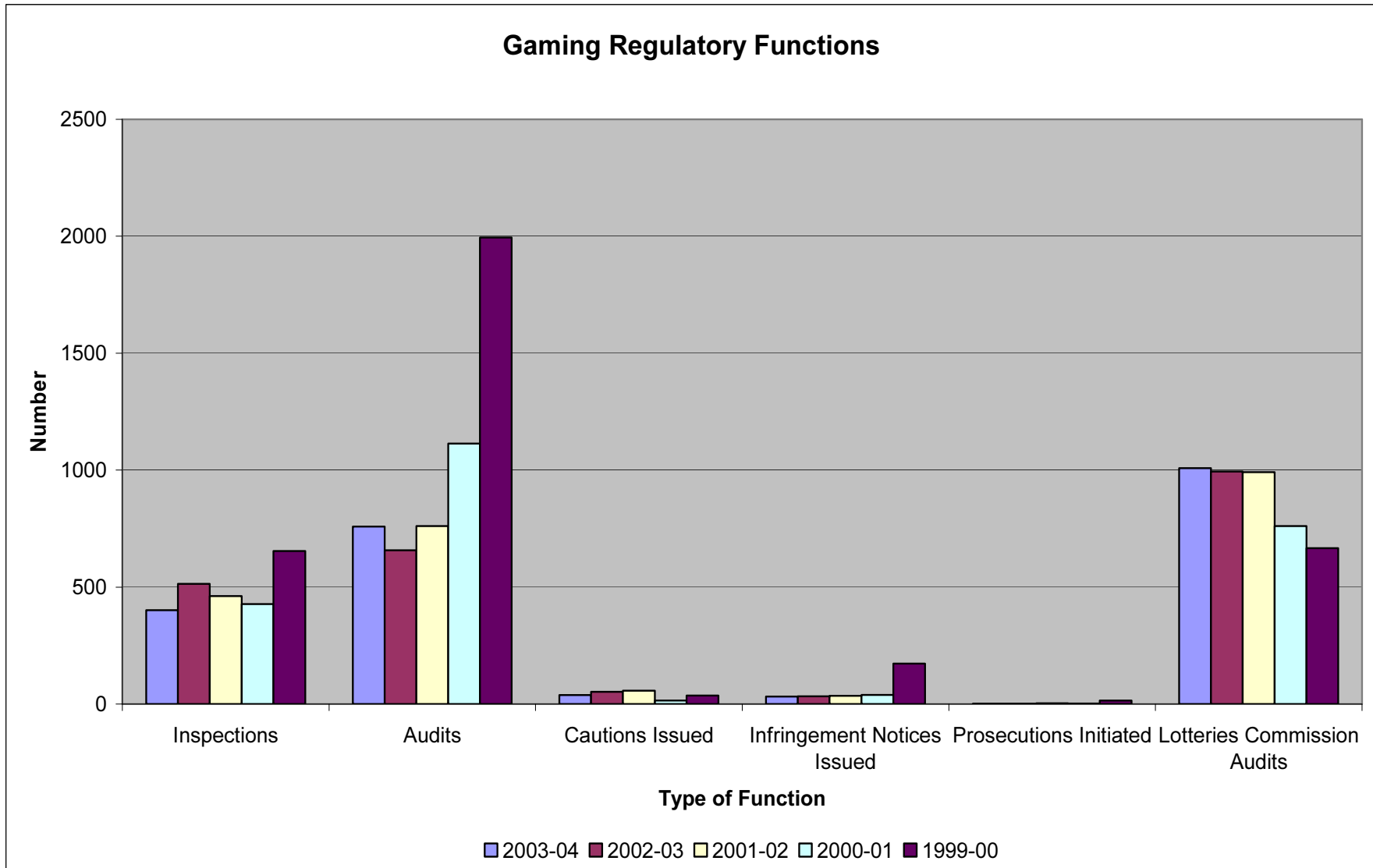
- 81 TAB agency audits and 4 agency inspections, which returned a high rate of compliance.
- 103 bookmaker and on-course totalisator inspections and audits;
- 29 structured audits were conducted to obtain reasonable assurance as to casino gaming operations, and
- 759 audits and 401 inspections were undertaken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

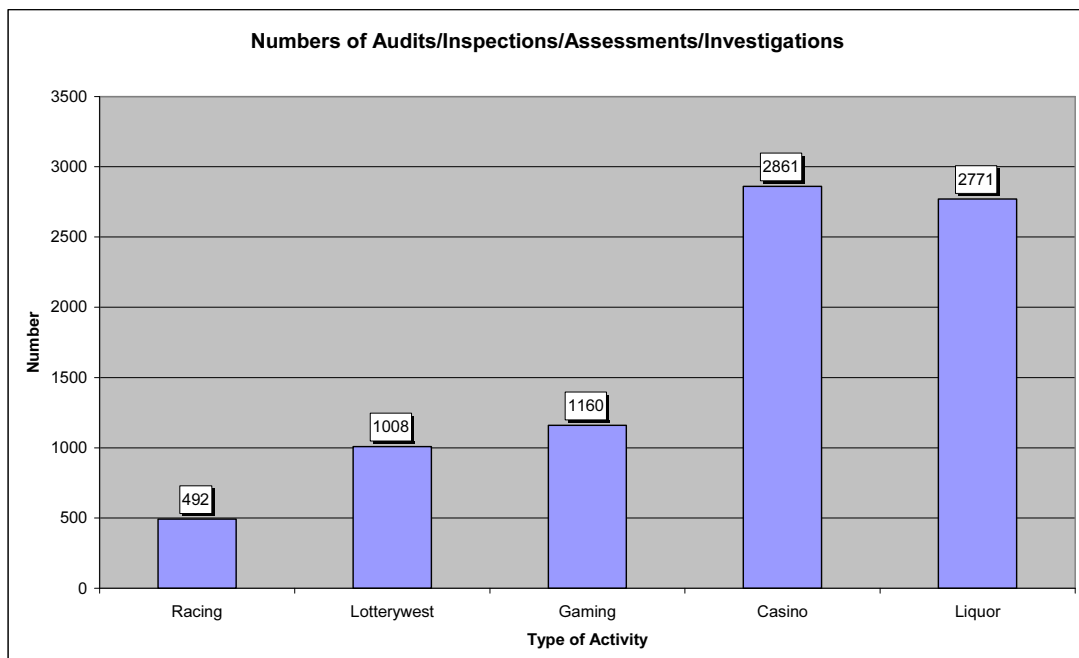
- 56 infringement notices issued by Inspectors to persons who entered the casino whilst subject to a prohibition notice (an additional 11 infringement notices for the same offence were also issued by Police Officers) and 4 infringement notices were issued by Inspectors to patrons for cheating;
- 32 infringement 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;



**Figure 6:** Summary of gaming regulatory functions as a 30 June 2004 (and comparative figures for previous years).

- 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.



**Figure 7:** Number of gaming regulatory functions by regulated industry.

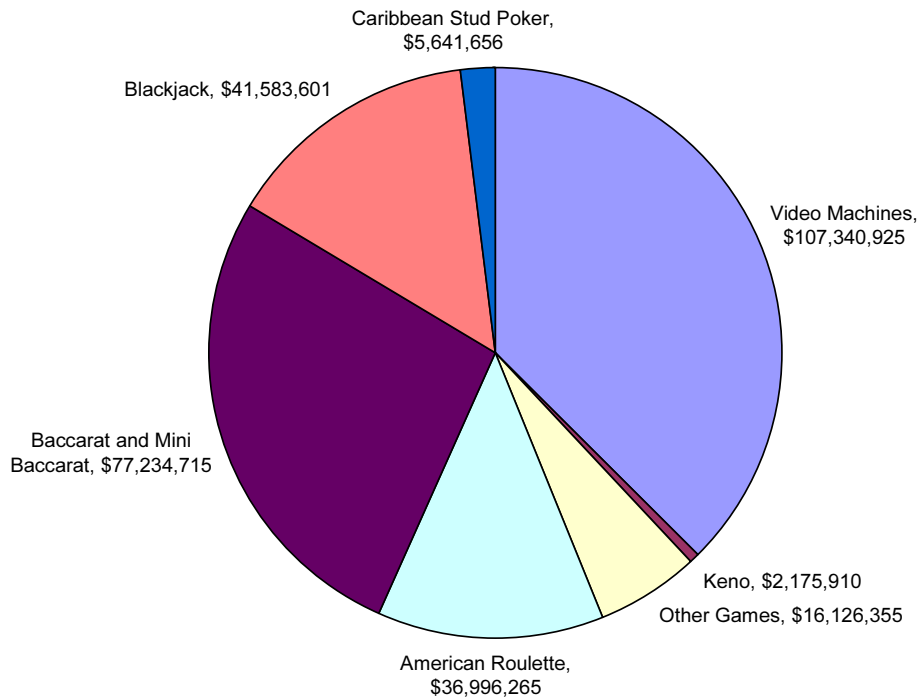
### Audits Conducted for Lotterywest

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 acting on behalf of the Commission assessed four GST re-imbursment claims from Lotterywest and conducted one GST reimbursement audit.

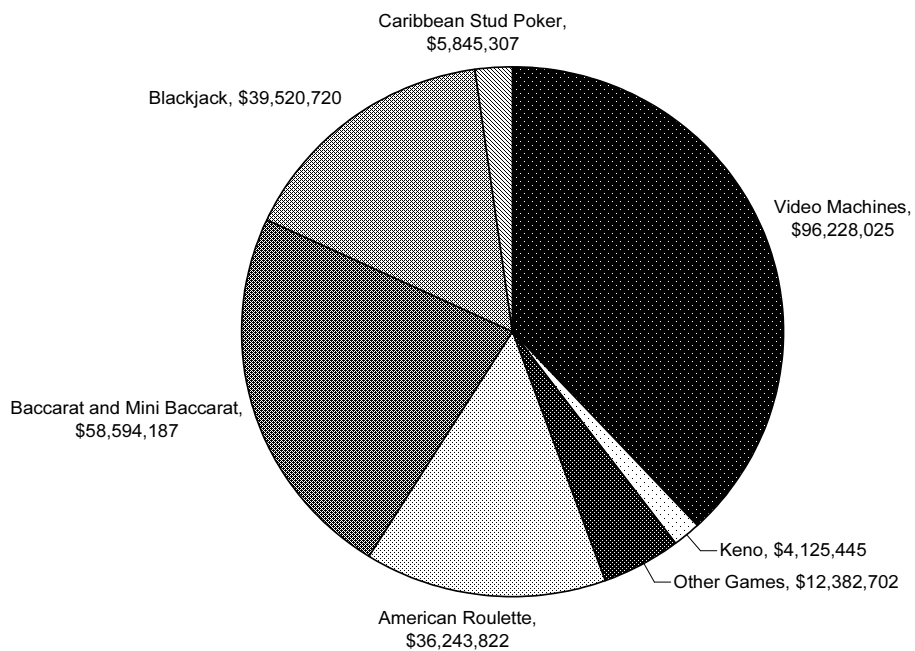
## Casino Gaming Revenue

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 pie charts show a breakdown of revenue by game type for both the 2003-04 and 2002-03 reporting years:

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



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





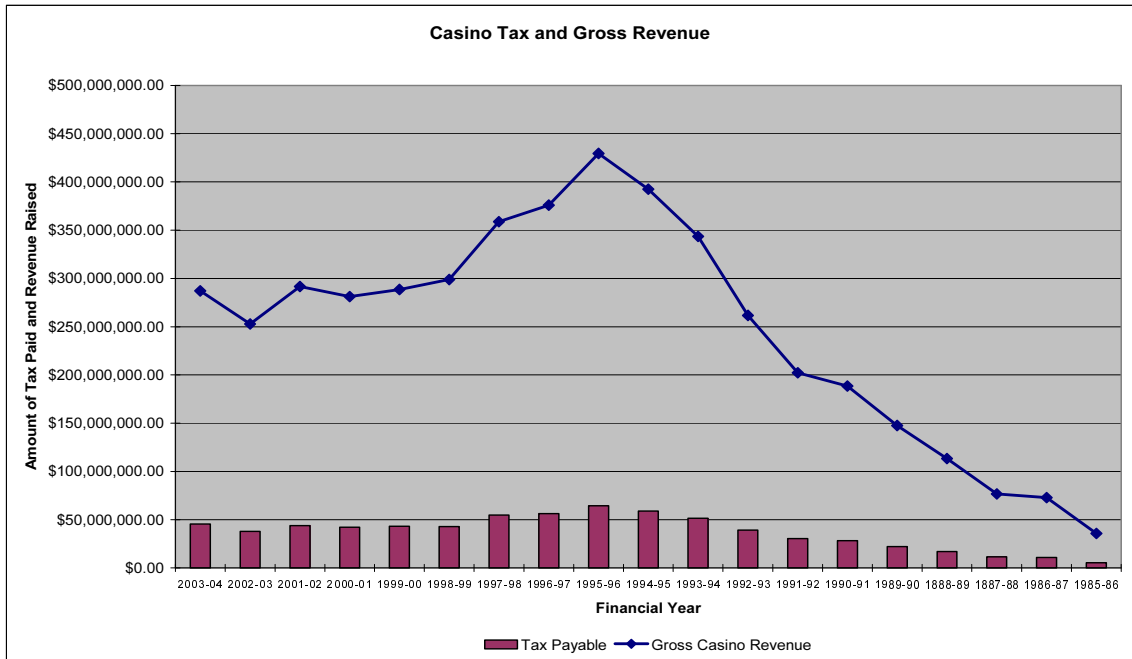


Figure 8: Comparison of casino revenue and tax.

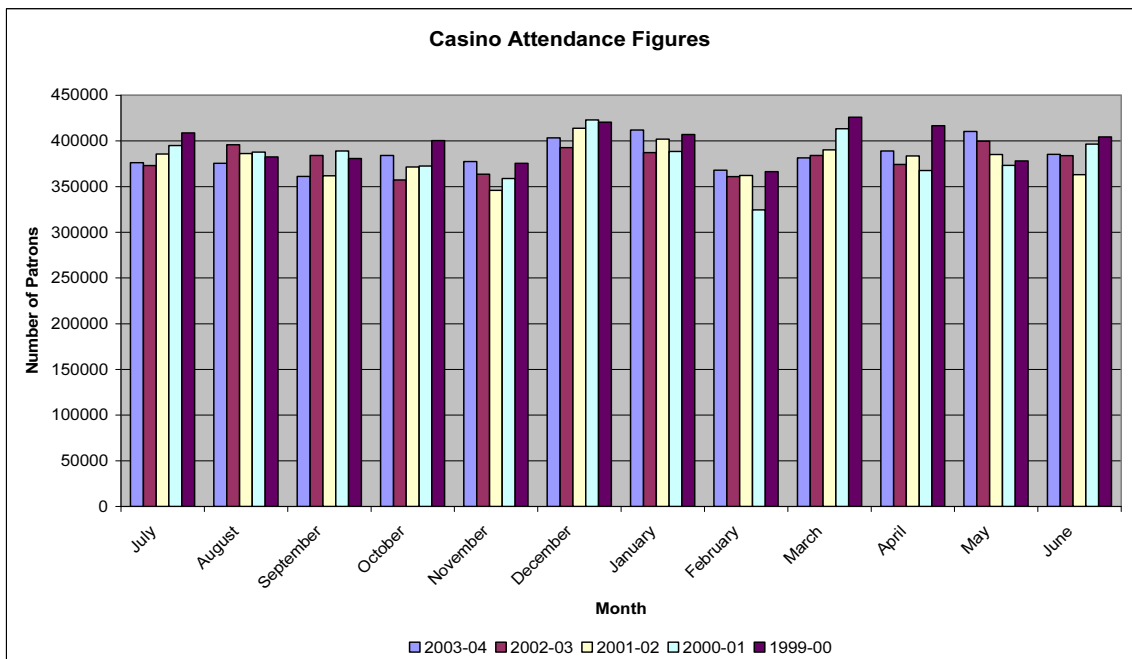


Figure 9: Casino attendance figures per month for the year under review (and comparative figures for previous years).

## Major Achievements for 2003-04

### **Policy: Conduct of Bookmaking Operations Other than During a Scheduled Race Meeting**

Amendments to the *Betting Control Act 1954* in September 2002 enabled, amongst other matters, the conduct of race betting by bookmakers at a racecourse at times other than during a scheduled race meeting. The principal intent of the legislation was not aimed at establishing permanent full time bookmaking operations on non-race days, although the effect of the amendment is that this type of facility can be established. To facilitate the implementation of this type of betting operation, the Commission implemented the following policy.

- Where inclement weather or similar circumstances has forced the cancellation, abandonment or postponement of a race meeting, the Commission authorises the continuation of bookmaking activities at the relevant racecourse where the meeting has been cancelled/abandoned/postponed. The conduct of betting by bookmakers is subject to:
  - (i) being approved by the committee or other authority in control of the racecourse;
  - (ii) being supervised by a steward or other person appointed by the racing club for that purpose;
  - (iii) the racing club advising the Gaming and Wagering Commission of the conduct of betting other than during a scheduled race meeting within seven days of that betting taking place, and
  - (iv) the racing club providing the Gaming and Wagering Commission with a Race Day Return in accordance with section 18A(1) of the *Betting Control Act 1954*.
- Where a racing club wishes to hold a function where there is no scheduled race meeting, eg Melbourne Cup Day, and the attendance of bookmakers is required, the relevant racing club(s) must apply in writing to the Gaming and Wagering Commission no later than seven days before the event. The racing club must provide in its application the following detail:
  - (i) nature of function;
  - (ii) name(s) of bookmaker(s) attending, and
  - (iii) name of the steward or other person appointed by the racing club to supervise the conduct of betting.
- Where a bookmaker seeks, on an *ad hoc* basis, to provide a betting service from a racecourse where no meeting is scheduled, but wishes to field on a race meeting being held at an alternative racecourse, the bookmaker must apply in writing to the Gaming and Wagering Commission at least two weeks prior to the proposed dates. Bookmakers must provide the following information in their applications:

- (i) the individual date(s) involved;
- (ii) written approval from the relevant racing club or other authority controlling the race meeting, and
- (iii) the name of the steward or other person appointed by the racing club to supervise the conduct of betting.

Approval has been granted for bookmakers to provide a betting service from a racecourse where there has been no scheduled race meeting on 16 occasions during 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 jockeys, trainee drivers 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 held its inaugural meeting on 2 February 2004.

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

As part of the Commission's ongoing commitment to systems development, a racing module that complements the Commission'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 Commission'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 ten 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 negotiations between the Trustee 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:

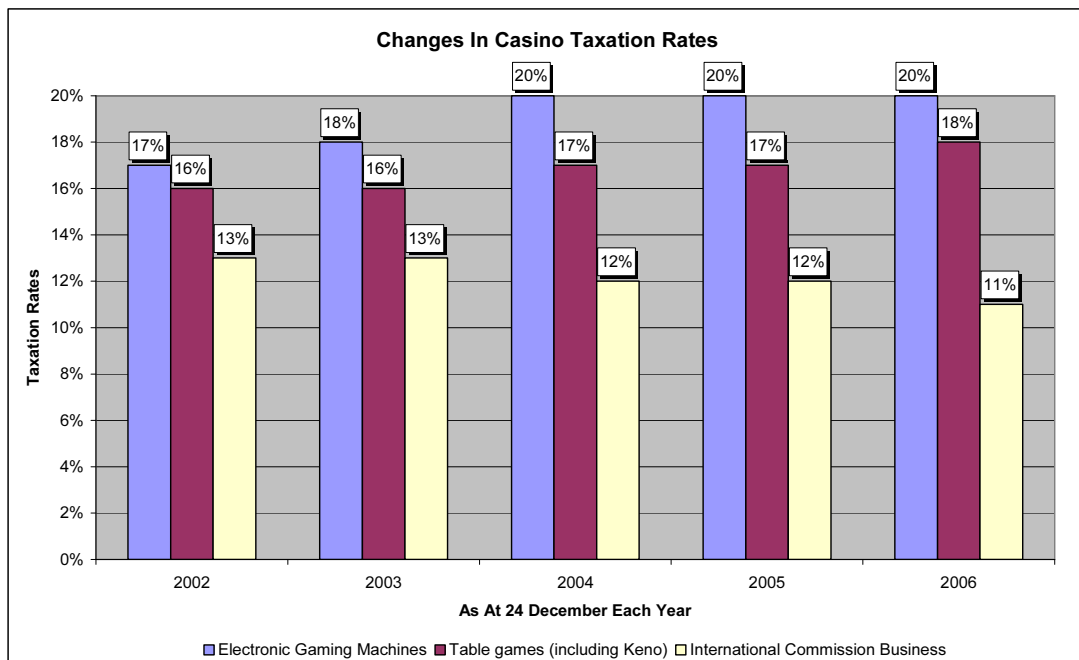


Figure 10: Casino Taxation Rates.

## 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, the Gaming Commission of Western Australia issued 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.

## 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 12), 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 \$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>i</sup> to establish a basketball club for indigenous youth and provide lighting to existing basketball courts.

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<sup>i</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.



## **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 explaining the legislative requirements and minimum standards for record keeping and control for holders of continuing lottery permits 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 provides them with simple accounting tools and information on how to maintain financial records. It is proposed to develop similar booklets in respect of other community gaming permits.

### **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 gambling 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 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 processes the principles and practices described in the Australian Auditing Standards have been adopted.

## 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 Gaming and Wagering Commission of Western Australia:

### *General Publications*

- Annual Report of the Gaming and Wagering Commission of Western Australia.

### *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.



## Report on Equity, Access & Customer Focus

### Freedom of Information

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

### Recordkeeping Plans

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

### Compliance with Public Sector Standards and Ethical Codes

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

### Public Interest Disclosure

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

## Advertising and Sponsorship

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

1. Total expenditure for 2003-04 was \$1,115.00
2. Expenditure was incurred in the following areas:

<b>Advertising Agencies</b>		<b>Name of Advertising Agency</b>	
Market research organisations	Nil		Nil
Government agencies	\$977	State Law Publisher, Department of Premier and Cabinet	\$977
Polling organisations	Nil		Nil
Direct mail organisations	Nil		Nil
Media advertising organisations	\$137	The West Australian Newspaper	\$137



## Financial Statements

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

This part of the Annual Report contains:

- Financial Statements;
- Accompanying Notes;
- Certification of the Financial Statements, and
- the Opinion of the Auditor General.

**Gaming and Wagering Commission of Western Australia**  
**Statement of Financial Performance**  
*for the year ended 30 June 2004*

	Note	2003/04 \$	2002/03 \$
<b>COST OF SERVICES</b>			
<b>Expenses from ordinary activities</b>			
Board members expenses	14	44,375	35,000
Superannuation	1 (g), 14	3,994	3,150
Bad debt expenses	25	6,350	2,450
Services and contract fees	1 (b)	2,573,397	2,765,671
Total cost of services		<u>2,628,116</u>	<u>2,806,271</u>
<b>Revenues from ordinary activities</b>			
<i>Revenue from operating activities</i>			
Fees and charges	1 (i), 2	2,834,031	2,664,751
<i>Revenue from non-operating activities</i>			
Interest revenue		47,026	44,745
Total revenues from ordinary activities		<u>2,881,057</u>	<u>2,709,496</u>
<b>NET COST OF SERVICES</b>	13 (b)	<u>(252,941)</u>	<u>96,775</u>
<b>CHANGE IN NET ASSETS</b>		<u>252,941</u>	<u>(96,775)</u>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS</b>		<u>252,941</u>	<u>(96,775)</u>

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

**Gaming and Wagering Commission of Western Australia**  
**Statement of Financial Position**  
*as at 30 June 2004*

	Note	2003/04 \$	2002/03 \$
<b>Current Assets</b>			
Cash assets	3, 19 (a)	1,182,363	892,873
Restricted cash assets	4, 19 (a)	2,530,759	1,547,476
Receivables	5, 19 (a)	66,651	66,056
Inventories	1 (e), 6	3,603	0
<b>Total Current Assets</b>		<b>3,783,376</b>	<b>2,506,405</b>
<b>Total Assets</b>		<b>3,783,376</b>	<b>2,506,405</b>
<b>Current Liabilities</b>			
Payables	7, 19 (a)	246,930	195,265
Fees in trust - Security Deposits	8, 19 (a)	748,154	702,143
Fees in trust - Problem Gambling Support Services	9, 19 (a)	63,931	37,721
Fees in trust - Gaming Community Trust Fund	10, 19 (a)	862,300	807,612
Fees in trust - Sports Wagering Account	11, 19 (a)	856,374	0
<b>Total Current Liabilities</b>		<b>2,777,689</b>	<b>1,742,741</b>
<b>Total Liabilities</b>		<b>2,777,689</b>	<b>1,742,741</b>
<b>NET ASSETS</b>		<b>1,005,687</b>	<b>763,664</b>
<b>Equity</b>			
Contributed equity	12	(10,918)	0
Accumulated surplus		1,016,605	763,664
<b>TOTAL EQUITY</b>		<b>1,005,687</b>	<b>763,664</b>

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



# Gaming and Wagering Commission of Western Australia

## Statement of Cash Flows

for the year ended 30 June 2004

	Note	2003/04 \$ Inflows (Outflows)	2002/03 \$ Inflows (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Board members expenses		(48,369)	(38,150)
Supplies and services		(2,520,435)	(2,765,156)
GST payments on purchases		(44,164)	(20,659)
GST payments to taxation authority		(34)	(9,382)
<b>Receipts</b>			
Fees and charges		2,815,989	2,667,631
Interest received		47,386	46,339
GST receipts on sales		39,117	29,862
<b>Net cash provided by/(used in) operating activities</b>	13 (b)	<b>289,490</b>	<b>(89,515)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipts from fees in trust		2,007,320	960,881
Payments from fees in trust		(1,024,037)	(618,494)
<b>Net cash provided by investing activities</b>		<b>983,283</b>	<b>342,387</b>
<b>Net increase in cash held</b>		<b>1,272,773</b>	<b>252,872</b>
Cash assets at the beginning of the financial year		2,440,349	2,187,477
<b>CASH ASSETS AT THE END OF THE FINANCIAL YEAR</b>	13 (a)	<b>3,713,122</b>	<b>2,440,349</b>

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

## **1. STATEMENT OF ACCOUNTING POLICIES**

The Gaming and Wagering Commission of Western Australia was formed on 30 January 2004 from an amalgamation of the Gaming Commission of Western Australia and the Betting Control Board, pursuant to the Racing and Gambling Legislation Amendment and Repeal Act 2003.

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 year.

### **(a) General**

(i) 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.

### **(ii) Basis of Accounting**

The financial 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.

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

### **(b) Services performed for the Gaming and Wagering Commission of Western Australia by the Department of Racing, Gaming and Liquor**

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

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

### **(c) 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.

### **(d) Cash**

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

### **(e) Inventories**

Inventories are valued on a first in first out basis at the lower of cost and net realisable value.

**(f) Receivables and Payables**

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

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

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

**(g) Employee benefits**

**(i) Annual and Long Service Leave**

The Gaming and Wagering Commission of Western Australia does not employ staff. Section 18 of the Gaming and Wagering Commission Act 1987 provides for the Commission to utilise the staff and facilities of the Department of Racing, Gaming and Liquor. The cost of the services provided by the Department of Racing, Gaming and Liquor is recouped from the Commission as a service fee. Accordingly, provisions have not been made for annual and long service leave.

**(ii) Superannuation**

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

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

The note disclosure required by paragraph 6.10 of AASB 1028 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The GESB's records are not structured to provide the information for the Commission. Accordingly, deriving the information for the Commission is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

**(h) Insurance**

Insurance for the following areas is provided through Riskcover and arranged by the Department of Racing, Gaming and Liquor:

- (i) Worker's Compensation
- (ii) Property and Business Interruption
- (iii) General and Professional Liability
- (iv) Motor Vehicle
- (v) Miscellaneous
- (vi) Personal Accident - Board Members.

**(i) Fees and charges**

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

(j) **Comparative figures**

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year. Due to the restructure, the comparative figures presented related to the Gaming Commission of Western Australia.

	2003/04 \$	2002/03 \$
<b>2. FEES AND CHARGES</b>		
Casino licence fees	2,061,838	1,987,509
Betting related fees	44,201	0
Community gaming	481,214	480,868
Gaming infringements	10,750	11,014
Recoups for services provided	220,689	172,809
Other revenues	15,339	12,551
	<u>2,834,031</u>	<u>2,664,751</u>
<b>3. CASH ASSETS</b>		
Interest bearing account at the Commonwealth Bank of Australia	<u>1,182,363</u>	<u>892,873</u>
<b>4. RESTRICTED CASH ASSETS</b>		
Security Deposits	748,154	702,143
Problem Gambling Support Services	63,931	37,721
Gaming Community Trust Fund	862,300	807,612
Sports Wagering Account	856,374	0
	<u>2,530,759</u>	<u>1,547,476</u>
<b>5. RECEIVABLES</b>		
Receivables for goods and services supplied	60,580	64,972
GST receivable	6,071	1,084
	<u>66,651</u>	<u>66,056</u>
The Commission does not have any significant exposure to any individual customer or counterparty.		
<b>6. INVENTORIES</b>		
Betting tickets	654	0
Betting ledgers	2,949	0
	<u>3,603</u>	<u>0</u>
<b>7. PAYABLES</b>		
Amounts payable for goods and services received	<u>246,930</u>	<u>195,265</u>
<b>8. FEES IN TRUST - SECURITY DEPOSITS</b>		
Opening balance	702,143	500,018
Receipts	692,069	646,932
Payments	(646,058)	(444,807)
Closing balance	<u>748,154</u>	<u>702,143</u>
Fees in Trust - Security Deposits represent security deposits received from organisations conducting lotteries/raffles as a guarantee of the distribution of prizes, plus interest income.		

	2003/04 \$	2002/03 \$
<b>9. FEES IN TRUST - PROBLEM GAMBLING SUPPORT SERVICES</b>		
Opening balance	37,721	43,787
Receipts	237,258	165,348
Payments	<u>(211,048)</u>	<u>(171,414)</u>
Closing balance	<u>63,931</u>	<u>37,721</u>

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

**10. FEES IN TRUST - GAMING COMMUNITY TRUST FUND**

Opening balance	807,612	661,284
Receipts	160,274	148,601
Payments	<u>(105,586)</u>	<u>(2,273)</u>
Closing balance	<u>862,300</u>	<u>807,612</u>

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

**11. FEES IN TRUST - SPORTS WAGERING ACCOUNT**

Opening balance	0	0
Receipts	917,719	0
Payments	<u>(61,345)</u>	<u>0</u>
Closing balance	<u>856,374</u>	<u>0</u>

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

**12. EQUITY**

<u>Contributed equity</u>		
Opening balance	0	0
Distribution to owners (I)	<u>(10,918)</u>	<u>0</u>
Closing balance	<u>(10,918)</u>	<u>0</u>

(I) The equity withdrawal arises from the transfer of the following assets and liabilities from the Betting Control Board to the Commission on 30 January 2004:

<u>Assets</u>		\$
Cash assets	46,756	
Other assets	498	
Inventories	<u>4,557</u>	
	51,811	
<u>Liabilities</u>		
Payables	6,059	
Other liabilities	<u>56,670</u>	
	<u>62,729</u>	

Accumulated surplus

Opening balance	763,664	860,439
Change in net assets	<u>252,941</u>	<u>(96,775)</u>
Closing balance	<u>1,016,605</u>	<u>763,664</u>

	2003/04	2002/03
	\$	\$
<b>13. NOTES TO THE STATEMENT OF CASH FLOWS</b>		
<b>(a) Reconciliation of cash</b>		
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	1,182,363	892,873
Restricted cash assets (refer to Note 4)	<u>2,530,759</u>	<u>1,547,476</u>
	<u>3,713,122</u>	<u>2,440,349</u>
<b>(b) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</b>		
Net cost of services	252,941	(96,775)
(Increase)/decrease in assets:		
Receivables	4,392	11,185
Inventories	(3,603)	0
Increase/(decrease) in liabilities:		
Payables	51,665	(3,809)
Transfer of net liabilities from Betting Control Board	(10,918)	0
Net GST receipts/(payments)	(5,081)	(179)
Change in GST in receivables/payables	94	63
Net cash provided by/(used in) operating activities	<u>289,490</u>	<u>(89,515)</u>

**14. REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY**

The number of members of the Accountable Authority whose total of fees, salaries, superannuation and other benefits for the financial year, falls within the following band:

	No.	No.
\$0 - \$10,000	<u>6</u>	<u>6</u>
	<b>2003/04</b>	<b>2002/03</b>
	\$	\$
The total remuneration of the members of the Accountable Authority is : (the Chairman does not receive remuneration.)	<u>48,369</u>	<u>38,150</u>

No members of the Accountable Authority are members of the Pension Scheme.

## 15. OUTPUT INFORMATION

The only output of the Commission is Functions Performed for the Gaming and Wagering Industry. The details disclosed in the Statement of Financial Performance represent all details of expenses and revenues from ordinary activities for this output.

## 16. EXPLANATORY STATEMENT

It is impractical to comment on the variations between 2003/04 and 2002/03 as the actuals are not comparable due to the part year effect as a consequence of the merger of the Gaming Commission of Western Australia and the Betting Control Board on 30 January 2004.

	2003/04 \$	2002/03 \$
<b>17. REMUNERATION OF AUDITOR</b>		
The total of fees paid or due and payable to the auditors of the Commission for the financial year is as follows:		
Fees to the Auditor General:		
- for external audit	<u>7,000</u>	<u>6,000</u>
<b>18. ADMINISTERED TRANSACTIONS</b>		
<b>Administered revenue</b>		
<b>(a) Video Lottery Terminals</b>	<u>261,471</u>	<u>261,455</u>
Video Lottery Terminals are an electronic alternative to break open bingo tickets. The Commission collects 3.25% of the cash collected by a Video Lottery Terminal under regulation 18AA of the Gaming and Wagering Commission Regulations 1988. The Commission retains 1% to cover the cost of administering Video Lottery Terminals, the remaining 2.25% is collected on behalf of the Government and paid into the Consolidated Fund. The amount reported here as administered revenue represents Government's 2.25% share of this income.		
<b>(b) Continuing Lottery Levy</b>	<u>218,588</u>	<u>226,695</u>
As from 1 July 2000, pursuant to section 104G of the Gaming and Wagering Commission Act 1987, the Commission collects a levy of 3.25% of the face value of Continuing Lottery tickets sold by licensed suppliers. The Commission retains 1% as controlled revenue and remits the remaining 2.25% to the Consolidated Fund. The amount disclosed here represents Government's 2.25% share of this item.		

**19. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES**

**a) Interest rate risk exposure**

The Commission's exposure to interest rate risk and effective interest rates on financial instruments are:

	Weighted average effective interest rate	Floating interest rate	Non-interest bearing	Total 30 June 2004	Total 30 June 2003
		\$	\$	\$	\$
<b>30 June 2004</b>					
<b>i) Financial assets</b>					
Cash assets	5.115%	1,182,363		1,182,363	892,873
Restricted cash assets	5.115%	2,530,759		2,530,759	1,547,476
Receivables			66,651	66,651	66,056
<b>Total financial assets</b>		<b>3,713,122</b>	<b>66,651</b>	<b>3,779,773</b>	<b>2,506,405</b>
<b>ii) Financial liabilities</b>					
Payables			246,930	246,930	195,265
Fees in trust -Security Deposits			748,154	748,154	702,143
Fees in trust - Problem Gambling Support Services			63,931	63,931	37,721
Fees in trust - Gaming Community Trust Fund			862,300	862,300	807,612
Fees in trust - Sports Wagering Account			856,374	856,374	0
<b>Total financial liabilities</b>			<b>2,777,689</b>	<b>2,777,689</b>	<b>1,742,741</b>

**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 Commission's maximum exposure to credit risk in relation to those assets.



**20. OTHER COMMITMENTS**

As at 30 June 2004 the Commission did not have any other material capital or expenditure commitments.

**21. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

**Contingent Liabilities**

The Commission is not aware of any contingent liabilities as at balance date.

**Contingent Assets**

In addition to the assets incorporated in the financial statements, the Commission has the following contingent assets as at balance date:

(a) Charge over land for a value of \$100,000 owned by a third party as security for the full retail value of prizes on offer in a raffle, in lieu of a cash deposit.

(b) Guarantees and undertakings of \$922,000 from patrons as security for the full retail value of prizes on offer in a raffle/lottery, in lieu of cash deposits.

**22. EVENTS OCCURRING AFTER REPORTING DATE**

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

**23. RELATED BODIES**

The Commission 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.

**24. AFFILIATED BODIES**

The Commission 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.

**25. SUPPLEMENTARY FINANCIAL INFORMATION**

**WRITE-OFFS**

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

	2003/04	2002/03
	\$	\$
Uncollectable gaming infringement debts written off by the Accountable Authority.	<u>6,350</u>	<u>2,450</u>

**26. 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 Commission has commenced transitioning its accounting policies and financial reporting from the current Australian Standards to Australian equivalents to IFRS. The Commission conducts analyses and assessments to identify areas that will be impacted by the transition to IFRS. As the Commission 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 Commission prepares its fully IFRS compliant financial report for the year ended 30 June 2006. As at the reporting date, the Commission is not aware of any significant differences of the transition to IFRS in view of the nature of the Commission's current financial performance and position.

## Certification of Financial Statements

*For the Year Ended 30 June 2004*

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



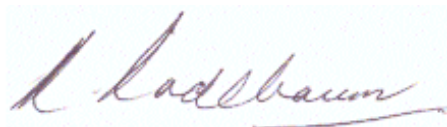
Barry A Sargeant  
CHAIRMAN

30 August 2004



Terry Ng  
PRINCIPAL ACCOUNTING OFFICER

30 August 2004



Margaret Nadebaum  
MEMBER

30 August 2004

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



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### GAMING AND WAGERING COMMISSION OF WESTERN AUSTRALIA FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

#### Audit Opinion

In my opinion,

- (i) the controls exercised by the Gaming and Wagering Commission of Western Australia provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (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 Commission at June 30, 2004 and its financial performance and cash flows for the year ended on that date.

#### Scope

##### *The Commission's Role*

The Commission 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 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.

Handwritten signature of D D R Pearson in black ink.

D D R PEARSON  
AUDITOR GENERAL  
October 14, 2004



## Outcomes and Performance Information

### Government Desired Outcomes

The desired outcome of the Gaming and Wagering Commission of Western Australia is the promotion and maintenance of the integrity of lawful gambling activities.

### 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.

#### Audited Effectiveness Indicators

	2003-04	2002-03	2001-02	2000-01
Percentage of unlawful gambling detected in relation to total audits	1.50%	2.04%	1.91%	4.2%
Number of violation reports issued in relation to casino gaming	4	2	2	3

## Audited Efficiency Indicators

	2003-04	2002-03	2001-02	2000-01
Cost per Gambling Certificate/Permit issued	\$198	\$299	\$178	\$181
Cost per Casino Employee Licence issued	\$2,154	\$2,712	\$2,142	\$1,824
Cost of monitoring the integrity of casino gaming operations over one year (see footnote j)	\$160,899	\$111,198	\$286,267	\$243,722
Cost per instance of unlawful gambling detected (see footnote k)	\$12,871	\$10,535	\$8,854	\$4,018
Cost per casino submission received	\$368	\$404	\$353	\$283

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

<sup>k</sup> The efficiency indicator for this activity is derived by dividing the cost allocation for the activity by the number of breaches detected. The increase in the unit cost of detecting unlawful gambling is largely due to a decrease in the number of non-compliance organisations (i.e. from 94 in 2002-03 to 75 in 2003-04).

## Certification of Performance Indicators

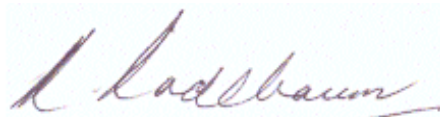
*For the Year Ended 30 June 2004*

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 Gaming and Wagering Commission of Western Australia, and fairly represent the performance of the Commission for the financial year ended 30 June 2004.



Barry A Sargeant  
CHAIRMAN

30 August 2004



Margaret Nadebaum  
MEMBER

30 August 2004

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



AUDITOR GENERAL

## INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### GAMING AND WAGERING COMMISSION OF WESTERN AUSTRALIA PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2004

#### **Audit Opinion**

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

#### **Scope**

##### *The Commission's Role*

The Commission 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 black ink, appearing to read 'D D R Pearson'.

D D R PEARSON  
AUDITOR GENERAL  
October 14, 2004





## Contacting the Gaming & Wagering Commission

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

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

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

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

### **Facsimile numbers for the Commission are:**

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

Gaming permit application forms and brochures, together with general information on the Gaming and Wagering Commission, are available on the Department of Racing, Gaming and Liquor's **website** 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*  
*Department of Racing, Gaming and Liquor*



Annual Report coordination,  
design and desktop  
publishing:

*Brett Snell*  
*Policy and Planning Officer*  
*Department of Racing, Gaming and Liquor*

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.