

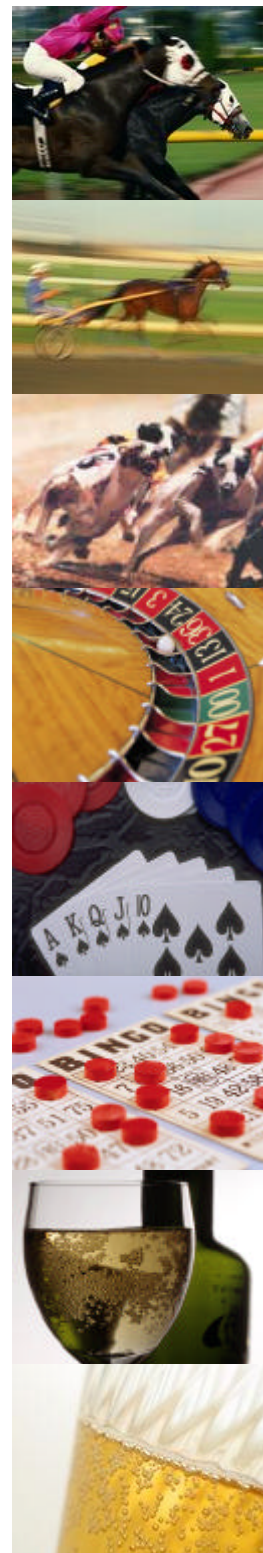


DEPARTMENT OF RACING, GAMING & LIQUOR

ANNUAL REPORT

2004-05

Level 1, 87 Adelaide Terrace
East Perth Western Australia 6104
Telephone: (08) 9425 1888 Fax: (08) 9325 1041
Email: rgl@rgl.wa.gov.au
Website: www.rgl.wa.gov.au



**HON MARK McGOWAN MLA
MINISTER FOR TOURISM; RACING AND GAMING;
YOUTH; PEEL AND THE SOUTH WEST**

In accordance with section 62 of the *Financial Administration and Audit Act 1985*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Racing, Gaming and Liquor for the financial year ended 30 June 2005.





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



Barry A Sargeant
DIRECTOR GENERAL

31 August 2005

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DIRECTOR GENERAL'S OVERVIEW

It is with pleasure that I present the report for the Department of Racing, Gaming and Liquor for the year ended 30 June 2005. The events, initiatives and achievements for the 2004-05 reporting year are featured in the body of this report.

One of the highlights of the year was the Department's participation, in conjunction with the Department of Indigenous Affairs and the WA Police, in funding the trial of the Sly Grogging Hotline, launched by the Honourable John Kobelke MLA, Minister for Indigenous Affairs on 11 September 2004.

At the launch, which took place at the Bidyadanga community, near Broome, Kimberley people were urged to work together to stamp out illegal alcohol sales in Aboriginal communities. The six-month trial combined a 24-hour hotline with radio advertising on Goolarri Media and featured West Coast Eagles' player and Kimberley identity Ashley Sampi in radio commercials and on posters promoting the strategy, which used the Drug and Alcohol Office's Enough is Enough Program catchphrase of "Enough is enough, let's work together to keep alcohol under control."

Minimising harm was also an important imperative in the successful prescription of the AWOL (alcohol without liquid) product as liquor, which effectively alleviated the danger that the AWOL product could be sold and supplied outside the regulatory framework imposed by the *Liquor Licensing Act 1988*.

Similarly, the minimisation of harm was also considered in the social and economic impact assessment conducted by the Department for the Gaming and Wagering Commission of Western Australia, in respect of the request from the Burswood International Resort Casino to modify the lay out of the casino gaming floor to accommodate 1500 gaming machines (an additional 145 gaming machines). In February 2005, the Commission approved a layout that incorporated 1500 gaming machines and 135 gaming tables.

The review of the *Liquor Licensing Act 1988* concluded on 23 May 2005 when the Independent Review Committee's report was delivered to the Minister. The progression of legislative changes arising from the Government's strategy to implement the review recommendations will be a major undertaking of the Department in the 2005-06 year.

In last year's report, I also reported on the issue of a probity approval notice, pursuant to section 14(7) of the Agreement scheduled to the *Casino (Burswood Island) Agreement Act 1985*, for Wilfex Pty Ltd, a 100 per cent owned subsidiary of Publishing and Broadcasting Limited. In August 2004, Publishing and Broadcasting Limited, through its wholly owned subsidiary PBL (WA) Pty Ltd, acquired more than 90 per cent of the voting shares in Burswood. As a result of acquiring a relevant interest in 90 per cent of Burswood shares, PBL was entitled to compulsorily acquire shares which were not acquired under the takeover bid. PBL (WA) Pty Ltd is now the 100 per cent owner of Burswood Limited.

During the reporting period, in excess of:

- 11,000 applications for licences and permits were processed; and
- 6,000 inspections and audits were conducted,

by employees of the Department of Racing, Gaming and Liquor.

As at 30 June 2005 the Department was engaged in the on-going administration of:

- 3,975 licensed premises;
- 2,577 community gaming permits and certificates;
- 1,360 licences for people working in licensed positions at the Burswood International Resort Casino;
- 46 bookmakers' licences and 35 bookmakers' employee licences; and
- 60 licences for the directors and key employees of Racing and Wagering Western Australia.

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



Barry A Sargeant
DIRECTOR GENERAL

31 August 2005

SUMMARY OF ACHIEVEMENTS, INITIATIVES AND ISSUES

The Department of Racing, Gaming and Liquor promotes and maintains the integrity of lawful gambling and liquor activities, in which all Western Australians can participate, through the licensing and regulation of suppliers, within community expectations on harm minimisation.

ACHIEVEMENTS

REVIEW OF LIQUOR RESTRICTIONS

Reviews of the liquor restrictions imposed as a result of inquiries conducted pursuant to the provisions of section 64 of the *Liquor Licensing Act 1988* into alcohol-related harm have been conducted in Meekatharra, Newman, Halls Creek, Derby and Port Hedland. In all cases, the Director of Liquor Licensing was satisfied on the evidence that the restrictions relating to packaged liquor in these communities have contributed positively to a reduction in the harm associated with the use of liquor. As a consequence, those restrictions have, in most cases, been re-applied for a further 12-month period.

Halls Creek

On 30 January 2004, the Director imposed liquor restrictions on the Kimberley Hotel and the Halls Creek Store for a period of 12 months concluding 28 February 2005.

Following a teleconference with the relevant parties on 1 March 2005, the Director extended the application of the existing conditions for a further 12 months until 28 February 2006 – an interim review will be conducted after six months. In reaching this conclusion, he also identified a new strategy in which he authorised the OIC Halls Creek Police Station with powers under section 64(3)(e) of the Act to limit the sale of certain kinds of liquor in Halls Creek for short periods of time. This will allow quick preventative action to be taken whenever there is the prospect of a major disturbance occurring in the town. The new strategy will be reviewed prior to the completion of the six month trial.

Newman

Following an inquiry in 2004 into alcohol related harm, a number of restrictive conditions were imposed on all packaged liquor outlets in Newman for a 12 month trial period. After a review in December 2004, the packaged liquor restrictions were renewed for a further period of 28 January 2005 until 31 January 2006.

However, following new information submitted by the Newman Police, the Parnpanjinya Aboriginal Association and the Newman Sobering Up Centre, a teleconference was conducted on 15 March 2005 to consider a new condition relating to port wine. In essence, evidence was presented to show that alcohol related harm and crime in Newman was still at a significant level with 58% of all crime being directly related to excessive consumption of alcohol. Of those offences, 46% related to assaults and included a high incidence of domestic violence. The participants in the teleconference argued that a restriction on high alcohol content drinks such as port wines and spirits, may assist in reducing harm.

In response to the requests from police and licensees, the Director decided to prohibit the sale of port wine on Wednesday to Saturday.

Derby

Following an inquiry in February 2004 into alcohol related harm, a number of special conditions were imposed on all six packaged liquor outlets in Derby for a 12 month trial period.

On 24 March 2005, a report on the review of those restrictions was lodged by the Derby Police. The evidence gathered by the Police indicated that the restrictions had continued to lead to a decline in the number of Police attendances and the level of alcohol-related harm in that community. Of particular note is the 26% decrease in the number of attendances; and the 18% decrease in arrests. As a result, the Director determined that the restrictions will continue for a further twelve months concluding 30 March 2006.

Meekatharra

On 11 June 2003, the Director imposed conditions on the three packaged liquor outlets in Meekatharra for a twelve month period. Those restrictions were subsequently renewed for a further 12 months, with a 6 monthly review conducted in December 2004.

Following that review, the Director decided to impose the restrictions, with some minor modification, on an indefinite basis.

Port Hedland

Following a 2003 inquiry into alcohol related harm in Port Hedland, the Director imposed a number of restrictive conditions on all packaged liquor outlets in Port Hedland and South Hedland.

On 7 and 8 April 2005 the Director travelled to Port Hedland to meet with the Town of Port Hedland Council, licensees and police to consider whether the restrictions imposed on the above licences should continue without further change. Following that meeting, the Director decided that the existing restrictions should continue for a further three (3) months until the objective evidence (i.e.: assault data, hospital emergency occasions, and sobering-up shelter admissions) can be properly evaluated. The conditions will be subject to further review prior to 15 July 2005.

RULES OF WAGERING

The *Rules of Wagering 2005* required under section 120 of the *Racing and Wagering Western Australia Act 2003* were reviewed and gazetted on 28 January 2005.

The *Rules of Wagering 2005* provide for the manner of operation for on-course and off-course wagering activities, whereas the *Betting Control Act 1954* and regulations provide for the control and regulation of those wagering activities.

The Rules of Wagering can be classified into the following three areas:

- totalisator wagering;
- bookmaker wagering; and
- totalisator agency operations.

The *Rules of Wagering 2005* were made by Racing and Wagering Western Australia (RWVA) pursuant to section 120 of the *Racing and Wagering Western Australia Act 2003* and approved by the Gaming and Wagering Commission on 24 January 2005.

RISK BASED AUDIT APPROACH

Implementation of a systematic risk based approach to the selection of audit targets, the completion and review of audit programs and the recording and analysis of results to enable the targeting of liquor and gambling organisations or venues identified as having the greatest degree of risk.

In 2004, the Operations Division developed and commissioned a computer based information system that is now used to select liquor and community gaming audit and inspection targets for inspectors. Using key criteria and information collected from previous audits and inspections, the system rates and ranks each liquor licensee and gaming permit holder according to the risk or non compliance with regulatory and legislative requirements.

To compliment the system, new audit and inspection programs have been developed that are downloaded to laptop computers and completed by inspectors in the field. Programs and information gathered as part of audits and inspections are uploaded into the information system on an inspector's return to the office. Information collected is analysed and reviewed by supervisors, and is also used in determining the organisation's new risk rating and subsequent selection in any future audit or inspection sample.

ISSUES AND TRENDS

DECISIONS OF THE AUSTRALIAN RACING MINISTERS

Decisions reached at the conference of Australasian Racing Ministers held in March 2005 continue to raise significant issues. Ministers from all jurisdictions, with the exception of Tasmania, resolved not to licence betting exchanges until the issues of responsible wagering and the effects of betting exchanges on the integrity of racing and wagering revenue streams to the racing industry and governments are resolved.

The issues of cross-border betting and betting exchanges, and the threat that they pose to the various state racing industries, have occupied the attention of the conference of Australasian Racing Ministers over the past three years.

In this respect, the Western Australian Government has, on a number of occasions, requested the Commonwealth Government to reconsider its decision of 12 July 2004 not to prohibit betting exchanges operating on Australian races.

Notwithstanding that it is an offence in Western Australia for a person to:

- bet with an offshore operator (including a betting exchange) not licensed in Western Australia; or
- to possess a record that is kept or used in connection with an offshore bet,

unless the off-shore betting operator has obtained an exemption, betting exchanges continue to accept bets from Western Australians because the State does not have legislative authority over the communications technology through which betting exchanges operate. A betting exchange does not need to have a physical presence in Western Australia because it offers its services to Western Australians via the Internet. Only the Commonwealth Government has the legislative authority to regulate telecommunications.

It is the view of the Western Australian Government that the Commonwealth's *Interactive Gambling Act 2001* has a pivotal role to play in assisting the states and territories in maintaining Australia's gambling regulatory framework.

The Commonwealth's justification for its position is the Federal/State demarcation of constitutional responsibilities, which suggests that gambling is the exclusive responsibility of the states and territories. However, this position is open to discussion, given that in 2001 the Federal Government enacted the Interactive Gambling Act, which is a major exercise of the Commonwealth's legislative authority and suggests that there may not be any constitutional obstacle to the Commonwealth Government becoming involved in gambling matters.

Should an Australian State or Territory determine to licence a betting exchange, the Western Australian Government could consider a number of strategies or options to protect the Western Australian betting product and practices from any threat to the integrity of racing activities (for further information on these strategies refer to the *2004-05 Annual Report of the Gaming and Wagering Commission of Western Australia*).

The overriding objective of applying restrictions to betting operators is to confine the activity to a group whose transactions are open to scrutiny and whereby breaches of conduct that prejudice the interests of the betting public or the racing industry can be dealt with by the regulatory authority. Integrity and probity, and the public confidence in that integrity and probity, is paramount for both the racing product and the betting that occurs on that product.

DEALING WITH ALCOHOL RELATED HARM IN REMOTE COMMUNITIES

Awareness campaigns for informing remote communities of alcohol related harm are seeing an increase in liaison between the Director of Liquor Licensing and remote communities to assist in implementing strategies to reduce alcohol related harm.

The provisions of section 64 of the *Liquor Licensing Act 1988* empower the licensing authority to impose conditions on liquor licences in order to, amongst other purposes, minimize the harm or ill-health caused to people, or groups of people, due to the use of liquor.

The awareness campaigns have taken the manner of formal inquiries under section 64 in Port Hedland, Nullagine, Meekatharra, Newman, Halls Creek and Derby. In all cases, the evidence of harm has been so significant that the Director of Liquor Licensing found it was necessary to impose a range of conditions to control the sale of packaged liquor in those communities.

Following recent reviews of these restrictions, the benefits to the communities are encouraging and have shown declines in crime (e.g. assaults and burglaries, etc.), hospitalisations and attendances by drunken persons at sobering up shelters.

The restrictions are an important catalyst for change. They highlight the circumstances of those communities and the benefits to be gained in locally managing alcohol-related harm.

PACKAGED LIQUOR SALES AT HOTELS

There is an emerging trend whereby some suburban hotels are rationalising operations from predominately on-premises consumption or entertainment premises to packaged liquor outlets (i.e. bottleshops).

A number of applications have been received from hotel licensees seeking approval to redefine and refurbish their premises in a manner that raises concern about the intent of the Liquor Licensing Act in terms of the system of licence classification.

Licensees are seeking to reduce the size of bars and consumption areas and, at the same time, substantially increase the size of the drive-thru bottleshops and packaged liquor browsing areas.

Section 41(2) of the Liquor Licensing Act states that:

Subject to this Act, during permitted hours the licensee of a hotel licence is authorised to keep open the licensed premises, or part of those premises, and, while those premises is open —

- (a) is required to sell liquor on the premises to any person for consumption on the premises; and*
- (b) may, unless the licence is a hotel restricted licence, sell packaged liquor on or from the premises to any person.*

It is the licensing authority's view that the system of licence classification under the Act prescribes functions and purposes specific to a hotel¹ and as such, a hotel licence trades quite differently to a liquor store licence.

In keeping with this interpretation, the authority is endeavouring to preserve the fundamental differences between types of licences, particularly with regard to related services, or ancillary services, such as packaged liquor sales. In this context, section 41(2)(b) prescribes hotels with a discretion in which the licensee may "...sell packaged liquor on or from the premises...", which demonstrates that the sale of packaged liquor is incidental to the main purpose of that licence, that is, the sale of liquor for consumption on the premises.

The scheme of the Act is a significant public interest factor that must be taken into consideration when determining these types of applications. If regard is not given to these public interest issues and the intent of the Act, then there is the potential for a hotel to be converted to a *quasi*/liquor store, without the applicant having to meet the stringent "public needs" test under section 38(2b) of the Act.

If such an application were to be approved, a licence granted under section 41 would begin to resemble a licence granted under section 47 and this blurring of the legislative framework is not considered to be conducive to the Act and is not consistent with the objects of section 5.

However, there are competing public interest issues that must be weighed and balanced by the licensing authority. The applicants argue that the community is demanding more packaged liquor services at different styles of venues, and that the trend whereby hotels shift the focus of the business to packaged liquor, is in keeping with the changing needs of the community. Packaged liquor outlets do not create the same level of noise and disturbance for residents living nearby.

¹ a tavern is a subcategory of a hotel licence and any reference to a hotel licence also refers to a tavern licence.

CONTROL AND OWNERSHIP OF BURSWOOD LIMITED

In September 2004, PBL (WA) Pty Ltd, a wholly owned subsidiary of Publishing and Broadcasting Limited acquired full control and ownership of Burswood Limited.

In December 2003, PBL (WA) Pty Ltd was issued a probity approval notice by the Gaming and Wagering Commission to hold more than 10 per cent of the voting shares in Burswood Limited. In August 2004, Publishing and Broadcasting Limited, through its wholly owned subsidiary PBL (WA) Pty Ltd, acquired more than 90 per cent of the voting shares in Burswood. As a result of acquiring a relevant interest in 90 per cent of Burswood shares, PBL was entitled to compulsorily acquire shares which were not acquired under the takeover bid.

PBL (WA) Pty Ltd is now the 100 per cent owner of Burswood Limited. Mr James Packer was appointed Chairman of the Burswood board on 27 August 2004.

SUSPENSION OF LICENCE - METRO CITY NIGHTCLUB

On 16 February 2005, the Director of Liquor Licensing suspended the cabaret licence held by D Club Pty Ltd, trading as Metro City Nightclub at 146 Roe Street, Northbridge, until the Licensing Authority was satisfied that each person, directly or indirectly, interested in the business conducted under the licence was a fit and proper person. The suspension of licence arose as a result of Beautex Offshore (Inc.), a company incorporated in the British Virgin Islands, assuming a position of authority in the body corporate that held the licence, without the prior approval of the Director of Liquor Licensing.

Following investigations by officers of the Department of Racing, Gaming and Liquor, the Director lifted the suspension of the licence on 23 March 2005, after being satisfied that there was nothing irregular or any other matter that would suggest that the licensee deliberately tried to mislead the Licensing Authority and there was no information before the Director that indicated that Beautex Offshore (Inc.) was unfit to hold a liquor licence.

TRIAL OF SELF SERVICE BETTING TERMINALS

In February 2005 the Gaming and Wagering Commission of Western Australia approved a six month trial of self service betting terminals in TAB agencies, including PubTABs. The Terminals allow customers to place bets without the need to engage an operator-assisted betting terminal. Payouts for successful bets can only be redeemed through presenting the betting ticket to an agency operator.

The terminals are being trialled at 20 TAB agencies and a report on all aspects of the operation of the terminals must be submitted to the Gaming and Wagering Commission at the conclusion of the trial. The Gaming and Wagering Commission will consider, in consultation with the Government, whether or not the terminals will be permitted on a permanent basis.

LAUNCH OF “SLY GROGGIN’ HOTLINE” TRIAL

On 11 September 2004, the Honourable John Kobelke MLA, Minister for Indigenous Affairs launched the trial of the State’s “Sly Groggin’ Hotline”.

At the launch, at the Bidyadanga community, near Broome, Kimberley people were urged to work together to stamp out illegal alcohol sales in Aboriginal communities as part of the “Sly Groggin’ Hotline” strategy.

The six-month trial combined a 24-hour hotline with radio advertising on Goolarri Media and is a joint initiative of the Department of Indigenous Affairs, the Department of Racing, Gaming and Liquor and the WA Police.



West Coast Eagles' player and Kimberley identity Ashley Sampi has supported the strategy which uses the Drug and Alcohol Office's Enough is Enough Program catchphrase “Enough is enough, let's work together to keep alcohol under control”.

Mr Sampi featured in the radio commercials and on posters promoting the 1800 hotline. The strategy, funded by the Department of Racing, Gaming and Liquor, is based on a Queensland model.

The commercials were aired throughout the Kimberley, with Tjurabalan communities in the Council of Australian Governments (COAG) trial area and Bidyandanga, 200 km east of Broome, selected to pilot the program.

RENEWAL OF CASINO AND CASINO KEY EMPLOYEE LICENCES

The Gaming and Wagering Commission of Western Australia is the responsible body for administering the provisions of the *Casino Control Act 1984* and the *Casino Control (Burswood Island) (Licensing of Employees) Regulations 1985*. However, licensing and inspection duties are carried on for the Commission by employees of the Department of Racing, Gaming and Liquor.

When the casino first opened in 1985, the regulations did not provide for a renewal system, which resulted in casino key employee and casino employee licences remaining in force until:

- the holder of the licence ceased to be employed or permitted to work in the casino; surrendered the licence or died; or
- the licence was cancelled by the Gaming and Wagering Commission.

The National Competition Policy Review of the *Casino Control Act 1984* and the *Gaming and Wagering Commission Act 1987* revealed anomalies between the licensing of:

- casino key and casino employee licences, which are valid for an indefinite period of time; and
- gaming operators and suppliers that were valid for three and five years, respectively.

In addition, the Commission recognised that there had been some instances where licence holders failed to advise the Chief Casino Officer, as required by the regulations, of criminal convictions incurred whilst licensed.

Accordingly, a licence renewal system was introduced to allow the Gaming and Wagering Commission to:

- review all licences on an on-going basis (including the examination of criminal records);
- continually maintain accurate personal details of all licensees, for example, photographic identification, addresses and surnames (i.e. following changes as a result of marriage or by deed-poll);
- remind licence holders of their obligations under the legislation; and
- reduce instances of non-compliance.

During the year under review, 715 licences were renewed.

WATER ON LICENSED PREMISES

On 20 November 2004 the Belvoir Homestead and Amphitheatre hosted a concert attended by approximately 4,400 people. In keeping with management practices for previous events, licensed crowd controllers were stationed near the entrance to the venue using loud speakers to inform patrons that food and drink, including water, was not permitted to be brought into the venue.

Notwithstanding that there are no specific provisions under the *Liquor Licensing Act 1988* requiring licensees to provide water at licensed premises and the fact that the Belvoir Homestead and Amphitheatre did provide free potable drinking water on the day in question, there was significant public interest generated by the licensee's decision to refuse to allow patrons to bring water onto the premises.

On 24 November 2004, in response to the issues raised, the Director of Liquor Licensing published a policy on the *Provision of Reasonably Priced, or Free, Drinking Water at Licensed Premises*.

After acknowledging that licensed premises are essentially commercial operations entitled to recover costs for infrastructure and services provided, the Director of Liquor Licensing balances those commercial concerns with responsible server practices and harm minimisation requirements.

Accordingly, the Director's policy requires licensees, other than the holders of liquor store and wholesaler's licences, to ensure that drinking water is made available either at a reasonable price or free of charge. Where licensees fail to provide reasonably priced drinking water, the Licensing Authority has power to impose a condition on a licence under section 64(3)(c) of the *Liquor Licensing Act 1988*.

BREACH OF DIRECTIONS BY BURSWOOD INTERNATIONAL RESORT CASINO

An audit in May 2004 confirmed that the control of keys at the Burswood International Resort Casino was not being conducted in accordance with the Security Operating Policies and Procedures. At the time of the audit, the grand master key could not be located. The key was subsequently located and it was established that the key was last returned to the Head of Security in December 2003, but was not placed in the safe and its location was not recorded.

As a result of the breach, Burswood International Resort Casino initiated an internal audit of the security department and retained the services of KPMG Chartered Accountants to assist in this regard.

In September 2004, the Gaming and Wagering Commission concluded that there had been a systematic break down of the security department's processes pertaining to the control over keys and in accordance with section 21(a)(4) of the *Casino Control Act 1984*, the Commission reported to the Minister for Racing and Gaming and recommended that he exercise the powers conferred by paragraph (aa) of section 21B(3) of the Casino Control Act.

The Minister did not form the opinion that he should exercise the powers conferred by section 21B(3).

ALCOHOL WITHOUT LIQUID

The Ministerial Council on Drug Strategy (MDCS) resolved at its meeting of 20 May 2004 that jurisdictions would review legislation with a view to banning the practice of inhaling alcohol vapours by the use of an AWOL device, essentially an adaptation of an oxygen machine traditionally used for aromatherapy and exercise purposes.

Critics of AWOL devices in the UK have stated that inhaling alcohol not only results in rapid intoxication, but also increases the risk of direct alcohol damage to the brain, including irreversible nerve damage, swelling and possible long term dementia. The AWOL device has also been linked to increased potential for alcohol addiction.

The prescription of —

- vapour produced via an AWOL machine; or
- contained within an aerosol can that is intended to be inhaled by humans,

as “liquor” will provide that the product can only be sold or supplied within the regulatory framework imposed by the Liquor Licensing Act and minimise harm or ill-health caused to people or any group of people due to the use of liquor.

In Western Australia it was determined to regulate the practice, rather than ban it out right as resolved by the Ministerial Council on Drug Strategy because there is no power in the *Liquor Licensing Act 1988* to ban an undesirable product.

It was important that the AWOL product be prescribed as liquor, otherwise there was a danger that the product could be sold and supplied without the regulatory framework imposed by the Liquor Licensing Act, i.e. the vapour could be sold or supplied without reference to a liquor licence or licensed premises and to persons it would not otherwise be lawful to sell liquor to on licensed premises, such as juveniles and drunken persons. In this respect, legal advice has confirmed that there was some doubt that the product would fit the Act’s definition of liquor prior to promulgation of the amendment regulations.

Advice from both Parliamentary Counsel’s Office and the State Solicitor’s Office have confirmed that without the prescription of the AWOL product as liquor, there was a danger that the term “beverage”, as used in the Act’s definition, could be narrowly construed to apply only to alcoholic liquids drunk via the mouth and not alcoholic vapours inhaled via the AWOL device.

On 4 January 2005, Executive Council approved an amendment to the *Liquor Licensing Regulations 1987* that prescribed the AWOL product as liquor. The amendments were gazetted on 11 January 2005, with immediate effect.

INCREASE IN NUMBER OF GAMING MACHINES AT BURSWOOD INTERNATIONAL RESORT CASINO

In February 2005, the Gaming and Wagering Commission approved a request from the Burswood International Resort Casino to modify the lay out of the casino gaming floor to accommodate 1500 gaming machines (an additional 145 gaming machines).

During the negotiations in 2002 regarding taxation amendments relating to the Agreement scheduled to the Casino (Burswood Island) Agreement Act, Burswood sought approval to increase the number of gaming machines from 1300 to 1500 by 2004. However, an increase in the number of gaming machines at the Burswood International Resort Casino requires the approval of the Gaming and Wagering Commission, having regard to harm minimisation, surveillance and security considerations.

While the request of the Burswood International Resort Casino was accompanied by a list of the social and economic issues for the Commission to consider, the Department of Racing, Gaming and Liquor also conducted an independent social and economic impact assessment of the proposal, in which the following characteristics of gaming machine usage at the Burswood International Resort Casino were noted:

- peak periods for gaming machines activity occur on Friday and Saturday nights between the hours of 6 p.m. and midnight, when all gaming machines tend to be in operation;
- early morning use of gaming machines is very low with approximately two per cent of gaming machines in operation; and
- on average, it was estimated that 50 per cent of gaming machines remained idle.

In addition, statistics established that gambling expenditure as a percentage of household income for Western Australia was lower than any other State or Territory and was less than half of the national average. For 2003-04, gambling expenditure as a percentage of household income for Western Australia was 1.43 per cent compared to 3.12 per cent nationally².

The impact assessment indicated that, due to the low incidence of problem gambling in Western Australia and the electronic gaming machines being located in a single venue, the increase in machine numbers was unlikely to have a negative impact.

Western Australia also has the lowest ratio of electronic gaming machines per 1,000 people (18 years and above). Based on 1,500 gaming machines, the Western Australian ratio equates to 1.02 gaming machines per 1,000 people. Increasing the number of electronic gaming machines at the Burswood International Resort Casino to 1,500 achieves an equivalent ratio as established for 1990.

Accordingly, the Commission approved the increase in the numbers of gaming machines to 1500 in February 2005. The number of gaming tables approved is 135.

² Office of Economic and Statistical Research, *Australian Gambling Statistics 2005*.

PROFESSIONAL FUNDRAISERS

The Department, on behalf of the Gaming and Wagering Commission, closely monitors the role played by professional fundraisers in the conduct of standard lotteries to promote reasonable assurance to the public on the integrity of professional fundraisers.

The *Gaming and Wagering Commission Act 1987* does not require professional fundraisers to be licensed, as the permit for the conduct of the standard lottery is issued to the charity making the application. While the licensing of fundraisers was considered and recommended by the National Competition Policy review of the Gaming and Wagering Commission Act, this recommendation did not proceed as the Department of Consumer and Employment Protection had already commenced drafting of the *Public Collections Bill 2002*, which included licensing requirements for professional fundraisers.

In order to satisfy itself about the fitness and propriety of professional fundraisers, the Commission introduced the following measures to monitor the integrity of lotteries conducted with the assistance of professional fundraisers.

- The Directors of professional fundraising companies associated with the conduct of standard lotteries are now required to obtain and forward to the Commission a national police clearance certificate. In respect of an application seeking approval of a new professional fundraiser, an enquiry will be undertaken with ASIC to ascertain if the company is listed and if so, all of the company directors will be required to obtain police clearances prior to the application for a permit being considered.
- On each occasion that an application is received with an existing professional fundraiser nominated, confirmation will be required as to whether or not there has been any change to the Directors and if so, a police clearance will be required for any new directors.
- The submission of a signed declaration, made by the permit holder under section 106 of the *Evidence Act 1906*, declaring that the proceeds from the lottery will be applied solely for the purposes set out in the application and that no subscriptions shall be applied or used for the benefit of the members of the organisation either directly or indirectly and no member of the organisation shall receive either directly or indirectly, any financial or pecuniary benefit from the marketing of fees or other fees generated by the professional fundraiser.

The Commission had also been concerned for some time that members of the public may be unaware that not all of the proceeds raised in the conduct of the lottery, undertaken with the assistance of a professional fundraiser, are remitted for the benefit of the charity, as a percentage of the proceeds raised are retained as costs charged by professional fundraisers.

The Commission also considered it was important for the public to be informed that a percentage of the proceeds of the lottery will be paid to a professional fundraiser by requiring permit holders to print such a statement in a prominent position on the front of the lottery tickets associated with that lottery.

Commission members consider that this approach, in conjunction with the current practice of looking critically at the budgets associated with such applications, will provide that the proceeds of the gaming, after the deduction of proper expenses and prizes, will be used for a sporting, social, political, literary, artistic, scientific, benevolent, charitable or other like activity as detailed in the application.

As at 30 June 2005, the Commission was still liaising with stakeholders on the wording of the statement.

ESTABLISHMENT OF PERMANENT PUBTAB AGENCIES

During the year, the Gaming and Wagering Commission resolved that all requests from Racing and Wagering Western Australia (RWVA) to establish a permanent totalisator agency are to be accompanied by submissions showing the method used by RWVA to inform the public of the proposal and to elicit and address public interest matters, which must include, the lodgement of written submissions from:

- the relevant Local Government Authority;
- the Officer in Charge of the local Police service; and
- organisations that address health or financial issues for the relevant area, including services or programs particularly associated with problem gambling or domestic abuse.

Employees of the Department of Racing, Gaming and Liquor are responsible for ensuring that all relevant information has been collated and assessed and for making a recommendation for consideration by the Commission.

Furthermore, as at 30 June 2005, the Commission was liaising with the Department of Indigenous Affairs regarding the social impact of wagering on Aboriginal communities and how any such concerns can be adequately addressed in the social impact assessments undertaken by RWVA.

REVIEW OF THE LIQUOR LICENSING ACT

The amendments to the *Liquor Licensing Act 1988* announced by the Government in September 2003 to take effect from 1 July 2005, included the:

- replacement of the “public needs” test with a “public interest” test for the grant of a new Category A licence (e.g. hotel, liquor store);
- removal of the distinction between Category A and B licences and;
- same trading hours to apply to different licence categories when undertaking the same activities, so that the permitted trading hours for liquor stores on Sundays is consistent with the permitted trading hours for hotels selling packaged liquor.

These amendments were consistent with the National Competition Policy (NCP) obligations and were recommended in the draft report of the Department of Racing, Gaming and Liquor’s NCP Review of the Liquor Licensing Act that was released for public comment in March 2001.

In March 2004 the Government announced it would not proceed with the proposed amendments because it considered that they would not be passed by the Legislative Council. Instead, it proposed to undertake an independent review of the Liquor Licensing Act. In June 2004 Cabinet approved the Terms of Reference for the review of the Liquor Licensing Act and in September 2004 the Government appointed the following persons to the Review Committee:

- Mr Jim Freemantle (Chairperson) recently retired from the position of Chief Executive of Home Building Society and is the deputy chairman of Racing and Wagering Western Australia.
- Mr George Bray (Member), retired, has extensive experience in local government, including a period from 1991 to 1997 as Chief Executive of the City of Stirling.
- Mrs Wendy Silver (Member), General Manager Operations, Southern Cross Care WA (Inc), has extensive experience as a member of Government boards and review committees.

The review concluded on 23 May 2005 when the Independent Review Committee’s report was delivered to the Minister.

The progression of legislative changes arising from the Government’s strategy to implement the review recommendations will be a major undertaking of the Department in the 2005-06 year.

INVESTIGATION OF RESPONSIBLE SERVICE OF ALCOHOL TRAINING FOR ALL BAR STAFF

One of the matters referred by the Department of Racing, Gaming and Liquor for consideration by the Liquor Act Review committee was the issue of amending the *Liquor Licensing Act 1988* to include power for the Director of Liquor Licensing to impose conditions on a licence (or licences) requiring that all staff are trained in Responsible Service of Alcohol (RSA) practices.

The introduction of RSA training for all bar staff is an initiative being undertaken by liquor licensing authorities in other Australian States and Territories. For example, on 5 December 2003, the Government of New South Wales introduced regulations that require mandatory RSA training.

The minimisation of harm or ill-health caused to people, or any group of people, due to the use of liquor, is a primary object of the Act. As such, the policy of the Director of Liquor Licensing on *Mandatory Knowledge* is an important part of the Western Australian Government's harm minimisation initiatives.

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

As at 30 June 2005, the 'Total Changes In Equity Other Than Those Resulting From Transactions With WA State Government As Owners' amounted to \$408k. It was mainly due to the savings in the operating expenses, and the increase in the 'Service Appropriations' in the year 2004-05.

There was no significant variance in the service expenditure for Service 2 (Compliance audits and inspections), however, there was an increase of \$177k in the service expenditure for service 1 (Evaluation and determination of applications) as compared to 2003-04 results. The increase was mainly attributable to the filling of vacant positions, increases in the notional superannuation expenses, and capital user charge.

The actual payments for Gambling Tax Rebates and Liquor Subsidies for 2004-05 were \$74.33m and \$3.89m respectively. The casino tax revenue was higher than the 2003-04 revenue (2005: \$51.67m, 2004: \$46.76m).

REPORT ON OPERATIONS

This part of the annual report provides the means by which Parliament and other interested parties can be informed, not only of what the Department has achieved during the financial year, but also of the reasons behind those achievements.

RESPONSIBLE MINISTER

The Minister responsible for the Racing and Gaming Portfolio is the Honourable Mark McGowan MLA, Minister for Tourism; Racing and Gaming; Youth; Peel and the South West.

MINISTERIAL DIRECTIVES

No Ministerial Directives were received during the financial year. Legislation

ENABLING LEGISLATION

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

LEGISLATION ADMINISTERED

The Department of Racing, Gaming and Liquor, under delegation, is responsible for administering the following legislation:

- *Betting Control Act 1954*;
- *Bookmakers Betting Levy Act 1954*;
- *Casino (Burswood Island) Agreement Act 1985*;
- *Casino Control Act 1984*;
- *Gaming and Betting (Contracts and Securities) Act 1985*;
- *Gaming and Wagering Commission Act 1987*;
- *Gaming and Wagering Commission (Continuing Lotteries Levy) Act 2000*;
- *Kalgoorlie and Boulder Racing Clubs Act 1904*;
- *Kalgoorlie and Boulder Racing Clubs Amendment Act 1953*;
- *Liquor Licensing Act 1988*;
- *Racing and Wagering Western Australia Act 2003*;
- *Racing and Wagering Western Australia Tax Act 2003*;
- *Racing Penalties (Appeals) Act 1990*;
- *Racing Restriction Act 2003*;
- *Western Australian Trotting Association Act 1946*;
- *Western Australian Turf Club Act 1892*; and
- *Western Australian Turf Club (Property) Act 1944*.

LEGISLATION IMPACTING ON THE DEPARTMENT'S ACTIVITIES

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

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

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

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



Barry A Sargeant
ACCOUNTABLE OFFICER

31 August 2005



Terry Ng
PRINCIPAL ACCOUNTING OFFICER

31 August 2005

CHANGES IN WRITTEN LAW

Changes to Acts

There were no changes to the Acts administered by the Department during the 2004/05 reporting year.

Changes to Regulations³

Betting Control Amendment Regulations 2004

The *Betting Control Amendment Regulations 2004*, made under the *Betting Control Act 1954*:

1. provided a table of deductions for race day betting when a runner is:
 - a late scratching;
 - withdrawn by order of the Stewards; or
 - declared a non-starter,from a race;
2. established provision to enable minimum wager obligations to be set by the Rules of Wagering or under a permit issued by the authority controlling a race meeting under section 12(2) of the *Betting Control Act 1954*; and
3. amended regulation 61(2) to also enable time limits for bookmakers to exhibit odds on runners in each race to be established under the Rules of Wagering or under a permit issued by the authority controlling a race meeting under section 12(2) of the *Betting Control Act 1954*.

Betting Control Amendment Regulations (No. 2) 2004

The *Betting Control Amendment Regulations (No. 2) 2004*, made under the *Betting Control Act 1954*:

1. repealed regulations 72(1)(d) and 75(d) of the *Betting Control Regulations 1978*, to remove the betting limits for bookmakers accepting bets via telephone or internet;

³ Amendments to legislation are carried out by employees of the Department of Racing, Gaming and Liquor on behalf of the Gaming and Wagering Commission of Western Australia and the Racing Penalties Appeal Tribunal.

2. repealed regulation 72(4) and replaced it with a provision stating that a bet made by telephone is not rendered invalid by reason only that the bet has not been confirmed in the manner provided by regulation 72(2)(e);
3. replaced references to the Betting Control Board with references to the Gaming and Wagering Commission of Western Australia in regulation 68.

Betting Control Amendment Regulations (No. 3) 2004
Gaming and Wagering Commission Amendment Regulations (No. 2) 2004
Liquor Licensing Amendment Regulations (No. 2) 2004

These amendment regulations came into operation on 1 January 2005 and increased prescribed fees and charges (following a review in accordance with the provisions of section 55(b) of the *Financial Administration and Audit Act 1985*).

Casino Control Amendment Regulations 2004

The *Casino Control Amendment Regulations 2004*, made under the *Casino Control Act 1984* prescribe all classes of contracts for the supply of goods or services to the licensed casino, other than contracts for the provision of gaming technical services, as exempt from the definition of a controlled contract pursuant to section 29A (f) of the *Casino Control Act 1984*.

Casino Control (Burswood Island) (Licensing of Employees) Regulations 2004

The *Casino Control (Burswood Island) (Licensing of Employees) Amendment Regulations 2004*, made under the *Casino Control Act 1984*, removed the mandatory requirement for applicants for Casino Key Employee Licences to have finger prints taken.

Casino Control (Burswood Island) (Licensing of Employees) Amendment Regulations 2005

The *Casino Control (Burswood Island) (Licensing of Employees) Amendment Regulations 2005*, made under the *Casino Control Act 1984*:

- made the fee paid for an application for a casino key employee licence or casino employee licence by a person who previously held such a licence, the same as is payable on renewal of a licence (i.e. \$75), where the application is made within four months of the applicant ceasing to hold the previous licence;
- provided for the Gaming and Wagering Commission, at its discretion, to reduce, waive or refund, in whole or part, any licence fee paid under the regulations (the Commission already has this power in respect of community gaming through the provisions of the *Gaming and Wagering Commission Regulations 1988*); and
- deleted the requirement for the licence holder to sign the licence document.

Liquor Licensing Amendment Regulations (No. 3) 2004

The *Liquor Licensing Amendment Regulations (No. 3) 2004*, made under the *Liquor Licensing Act 1988*, corrected technical drafting errors contained in the *Liquor Licensing Amendment Regulations 2004*, where amendments to regulations 3A and 9A were incorrectly designated.

Liquor Licensing Amendment Regulations (No. 6) 2004

The *Liquor Licensing Amendment Regulations (No. 6) 2004*, made under the *Liquor Licensing Act 1988*, amended regulation 27 by expanding the list of offences that may be dealt with by issue of an infringement notice.

Liquor Licensing Amendment Regulations 2005

The *Liquor Licensing Amendment Regulations 2005*, made under the *Liquor Licensing Act 1988*, prescribe the Alcohol Without Liquid (AWOL) product as —

- liquor, for the purposes of paragraph (b) of the definition of “liquor” in section 3 of the Liquor Licensing Act; and
- a kind of liquor, for the purposes of paragraph (e) of the definition of “a kind” in section 3 of the Liquor Licensing Act.

The AWOL product consists of alcoholic vapours, administered via a modified oxygen machine (traditionally used for aromatherapy and exercise purposes) in which oxygen is passed through a diffuser capsule filled with alcohol (such as vodka and absinthe) and then inhaled through an oxygen pipe.

The amendment regulations also prescribed alcoholic vapours delivered via the AWOL device and alcoholic vapours intended for inhalation by humans and delivered via an aerosol container as “a kind” of liquor, to ensure that the regulatory powers under the Liquor Licensing Act apply to AWOL. In this respect, other substances prescribed in section 3 of the Act as “a kind” of liquor include wine made from grapes, wine not made from grapes, spirits and beer.

The amendment regulations also prescribe both alcoholic vapours delivered via the AWOL device and those inhaled via an aerosol container, where the substance in the aerosol container is intended to be inhaled by humans, as liquor.

Racing and Wagering Western Australia Amendment Regulations (No. 2) 2004

The *Racing and Wagering Western Australia Amendment Regulations (No. 2) 2004*, made under the *Racing and Wagering Western Australia Act 2003* amended the Regulations to clarify the authority of Racing and Wagering Western Australia (RWAA) to prohibit a person from entering onto a racecourse.

MISSION

The mission statement of the Department of Racing, Gaming and Liquor is:

To promote and maintain the integrity of lawful gambling and liquor activities through the licensing and regulation of suppliers, within community expectations on harm minimisation.

OBJECTIVES AND AGENCY LEVEL GOVERNMENT DESIRED OUTCOMES

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

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

For the desired outcomes to be achieved, the Department provides licensing and inspectorial services in respect of the liquor and gambling industries. Where the regulation of gambling activities is concerned, the Gaming and Wagering Commission of Western Australia does not employ staff in its own right, but contracts these services through a cost recovery arrangement with the Department of Racing, Gaming and Liquor, which provides licensing, inspectorial and executive support services for the Commission.

In addition to licensing liquor merchants in Western Australia, the Department, through a Service Delivery Agreement with the Commonwealth Department of Transport and Regional Services, also provides liquor licensing services for the Indian Ocean Territories of Christmas and Cocos Islands.

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

- the Department provides a free 1800 telephone number for use by country callers to minimise costs associated with contacting the Department by telephone;

- application forms, kits and other information is available for viewing and downloading from the Department's website;
- people living in regional areas are able to make application for the grant of occasional liquor licences and one-off extended trading permits at local court houses, through an arrangement between the Department of Racing, Gaming and Liquor and the Department of Justice;
- the Director of Liquor Licensing continues to work effectively with regional communities, where members of the community seek his assistance in addressing alcohol related harm within the community (see page 6); and
- the Department's inspectorial program extends to regional areas.

DECLARATION OF INTERESTS BY SENIOR OFFICERS

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

ADMINISTRATIVE STRUCTURE OF THE DEPARTMENT

NAMES AND RESPONSIBILITIES OF SENIOR OFFICERS

Mr Barry A Sargeant M.Com FCPA
Director General

As at 30 June 2005, Mr Sargeant was the Accountable Officer for the Department of Racing, Gaming and Liquor, a position he has held since 1992. Mr Sargeant also holds office as Chairman of the Gaming and Wagering Commission of Western Australia in an *ex officio* capacity. As Director General, Mr Sargeant is the administrative head and accountable officer for the operations of the Department of Racing, Gaming and Liquor. Mr Sargeant is also the employing authority for all staff.

Mr David Halge MBA
Director Operations

Mr Halge has over 30 years experience in public sector management, of which the last 17 years has been at a senior level in the regulation of the gaming industry. As Director Operations, Mr Halge is responsible for the overall management of the Operations Division, which has primary responsibility for the provision of inspection, investigation, licensing and audit/risk assessment functions.

Ms Dorothy McLauchlin
Director Corporate Services

Ms McLauchlin has extensive experience in senior human resource and corporate management roles in the private, tertiary education and government sectors. As Director Corporate Services, Ms McLauchlin is responsible for the overall management of the Corporate Services Division, which has primary responsibility for the provision of financial, human resource, information technology, information management,

strategic planning, policy development and executive support services.

Mr Peter Minchin
Acting Director of Liquor Licensing

Mr Minchin has over 20 years experience in the public sector, with the last 11 years as a senior manager with the Department of Racing, Gaming and Liquor. As the acting Director of Liquor Licensing, Mr Minchin is responsible for performing the statutory functions and exercising statutory powers as prescribed by the *Liquor Licensing Act 1988*.

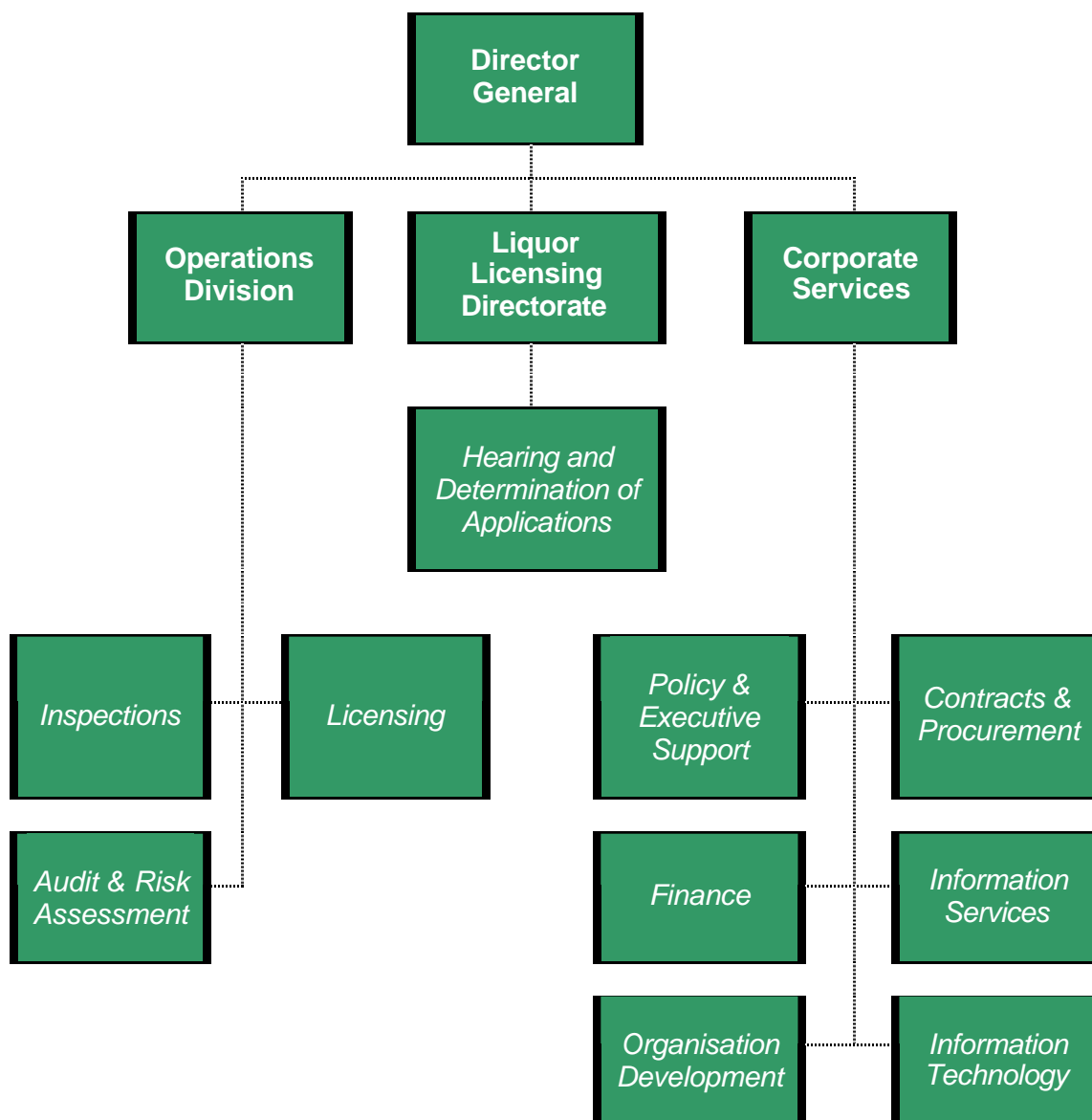
Mr Ray Younger
Manager Policy and Executive Support

Mr Younger has 17 years experience in public sector management in regulatory roles. He also has extensive experience in law enforcement. As Manager Policy and Executive Support, Mr Younger is responsible for providing research, policy, legislative reviews and executive support services.

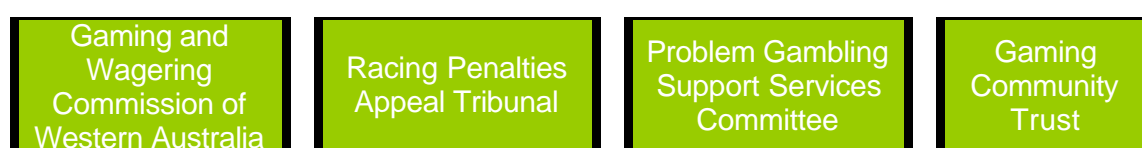
Mr Michael Connolly B.Sc., B.Bus.
Manager Inspections

Mr Connolly has 21 years experience in the public sector, including the last 15 years in various regulatory roles within the department. In addition to his experience he holds the Bachelor Degree qualifications of B.Sc. Security and B. Bus. with a major in accounting. As Manager Inspections, Mr Connolly is responsible for the conduct of inspection programs associated with the racing, gaming and liquor industries and in determining the compliance levels of those industries with the requirements of legislation.

ORGANISATIONAL STRUCTURE



ASSOCIATED BODIES



SERVICE 1: LICENSING - EVALUATION AND DETERMINATION OF APPLICATIONS

The Department:

- receives;
- processes; and
- determines,

applications in accordance with the legislation it administers under delegation.

In this respect, decisions made by the Director of Liquor Licensing and by the Gaming and Wagering Commission of Western Australia are relevant to Service 1.

Additional services offered under Service 1 include:

- executive support to the Gaming and Wagering Commission of Western Australia (for further information on the Gaming and Wagering Commission of Western Australia, refer to the *2004-05 Annual Report of the Gaming and Wagering Commission of Western Australia*);
- administering the funds of the Gaming Community Trust, a body 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 application of moneys standing to the credit of the Trust Fund for the benefit of the community (for further information on the activities of the Gaming Community Trust, refer to the *2004-05 Annual Report of the Gaming and Wagering Commission of Western Australia*);
- executive support to the Problem Gambling Support Services Committee, which 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 (for further information on the activities of the Problem Gambling Support Services Committee, refer to the *2004-05 Annual Report of the Gaming and Wagering Commission of Western Australia*); and
- executive support for the Racing Penalties (Appeal) Tribunal in the form of a registry service, where the Registrar accepts Notices of Appeal, arranges the listing and hearing of matters before the Tribunal, acts as the Tribunal's bench clerk during hearings and maintains a comprehensive index of all matters heard by the Tribunal (for further information on the activities of the Racing Penalties (Appeal) Tribunal, refer to the *2004-05 Annual Report of the Racing Penalties (Appeal) Tribunal*).

Licences and Permits issued under the Liquor Licensing Act

During the year under review:

- 181 new liquor licences;
- 3,531 occasional licences; and
- 1,394 one-off extended trading permits,

were granted by the Director of Liquor Licensing and delegates acting on the Director's behalf.

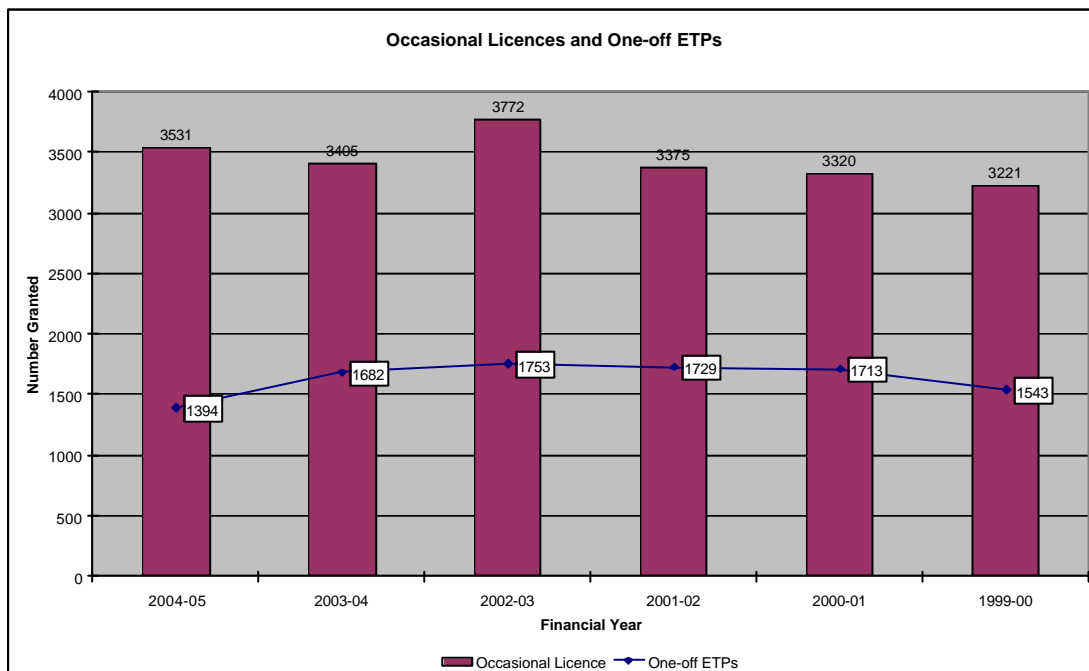


Figure 1: Number of Occasional Licences and Extended Trading Permits granted as at 30 June 2005 (and comparative numbers for previous years). These figures represent applications lodged, but not necessarily determined during the year under review.

Liquor Licensing Directorate

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

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

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

To assist the Director, a Liquor Licensing Directorate has been established within the Department of Racing, Gaming and Liquor, to:

- determine applications in accordance with the provisions of the *Liquor Licensing Act 1988*;
- monitor the standards of licensed premises;
- ensure compliance with the requirements of the Act;
- facilitate various Liquor Accords and Community Alcohol Agreements;
- develop and implement policy consistent with Government objectives;
- provide policy advice;
- negotiate and liaise with industry groups on high level matters, such as Accords, Industry Training, etc.;
- consider section 117 complaints and be responsive to such complaints; and
- expeditiously determine any other matters arising from the administration of the Act.

Significant Liquor Licensing Decisions

Capel Bull Liquor Store: Proxi Pty Ltd v Pack & Anors [2004] WALLC 7

On 1 September 2004, His Honour Judge Greaves handed down his findings in respect of the review of the decision of the Director of Liquor Licensing on the competing applications in Capel for two conditional grants of liquor store licences (Capel Bull Liquor Store and Celebrations at Capel).

After hearing the evidence in this case, Judge Greaves dismissed the application for review and confirmed the grant of a licence for the premises to be known as Celebrations at Capel.

Of importance was the Judge's finding that:

...One consideration which in my view distinguishes the two applications is the range of liquor to be offered at the respective premises...

...The Proxi applicant proposes a range... comprising some 910 lines, while... the Pack applicant proposes a range of some 1,700 lines. I further take into account that the evidence satisfies me that Mr Pack has extensive liquor store and general retailing experience. It is quite clear that he has demonstrated that experience in the course of developing his existing business in Capel...

Another important outcome of this decision was the finding that:

...A further consideration which seems to me to be relevant under the Act is that if the Pack application is to be preferred, the grant of that application may result in a situation arising where competition can occur in relation to the sale of packaged liquor in the town of Capel. That competition must only be in the public interest and I take it into account in deciding this case. The converse, of course, being that if the application by Proxi is to be granted, then the tavern and liquor store will be operated by related interests...

Halls Head Tavern and Murdoch Guild Tavern: Bename Pty Ltd v Director of Liquor Licensing [2004] WALLC 6; and Murdoch University Guild of Students v Director of Liquor Licensing

On 25 October 2004, His Honour Judge Greaves handed down his decision in respect of two cases raising a common question of law as a preliminary issue to two separate reviews of decisions of the Director of Liquor Licensing.

When each application for review under section 25 of the *Liquor Licensing Act 1988* was lodged with the Liquor Licensing Court, the Director submitted notices of intervention, pursuant to the provisions of section 69(11) of the Liquor Licensing Act. The purpose of the interventions was to adduce evidence and make representation in relation to the decision made by the Director.

The preliminary question of law determined by Judge Greaves was whether the Director has standing to intervene in reviews of his decisions, and if so, to what extent.

The importance of this decision is the finding that:

...In the determination of the preliminary issue in these cases it is important to keep in mind the nature of review proceedings under s25(1) of the Act and the nature of proceedings under s64 of the Act, as I have explained them. In each case, the Court is required to conduct the inquiry under s64 of the Act afresh. While the Director is seeking in each case to intervene in relation to the review of his own decision in the proceedings it is not necessary for the Court to determine the correctness of his decision in each case. Where that occurs, it seems to me to be of little consequence that the Director may adopt an adversarial role in the inquiry... In my opinion, the Director should be before the Court to represent the public interest. For these reasons I conclude that the Director has standing to intervene in the review of his decision in each case...

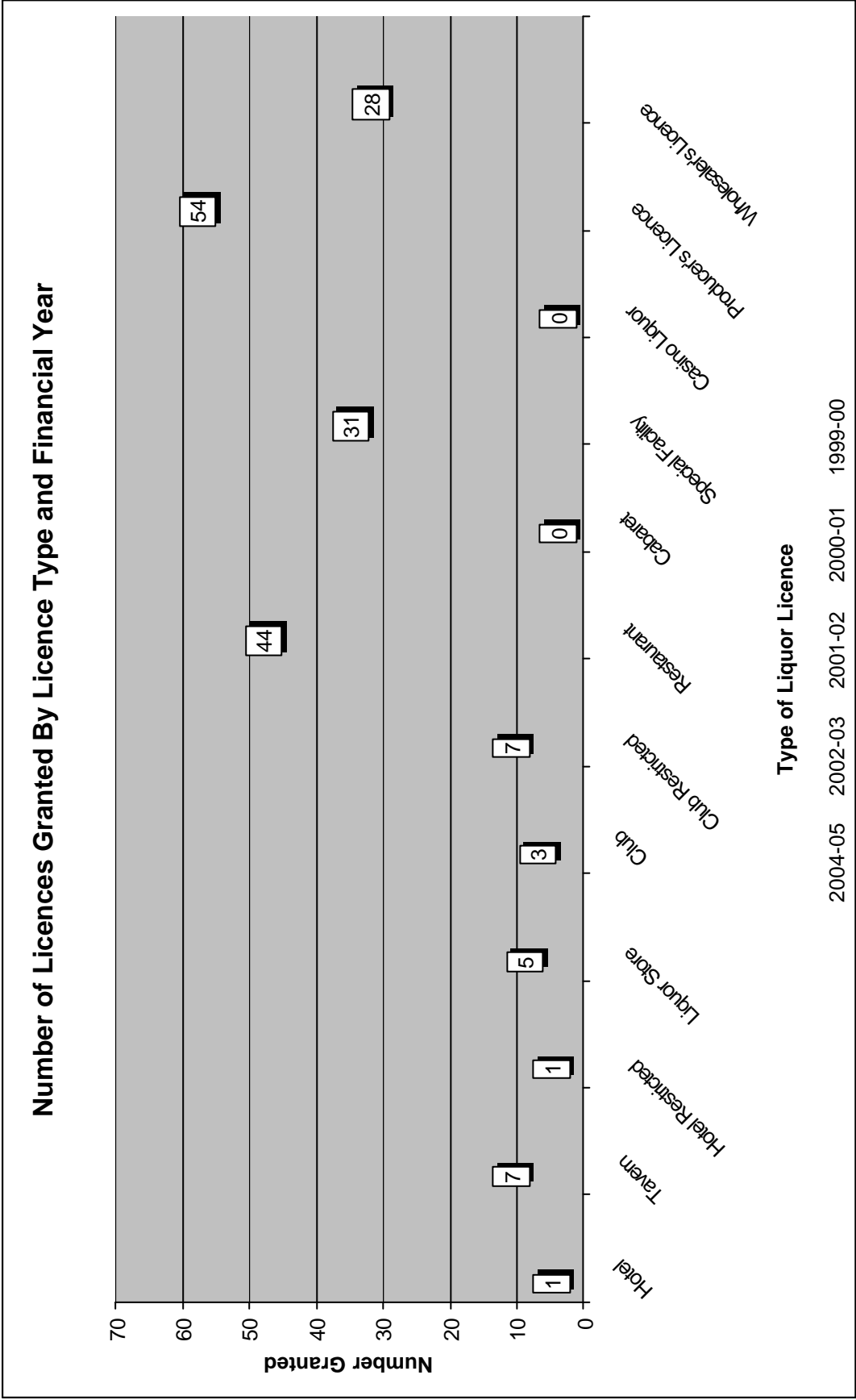


Figure 2: Number of licence granted by licence type as at 30 June 2004 (with comparative figures for previous years).

Murdoch Guild Tavern: Murdoch University Guild of Students v Director of Liquor Licensing [2005] WALLC 4

On 25 February 2005, His Honour Judge Greaves delivered his findings on an inquiry conducted under section 64 of the Act as to whether the court should exercise discretion to maintain a condition imposed by the Director of Liquor Licensing on the Murdoch Guild Tavern.

The condition to which the enquiry related was: "The offer, promotion or advertising of free or cheap liquor, or any promotional practice that may encourage irresponsible drinking is prohibited."

After hearing the evidence, Judge Greaves found that:

...the licensee advertised free and cheap liquor in the manner I have described. In my opinion, it is then necessary to determine whether on the evidence, it is established that the licensee sold free and reduced price liquor as advertised... On the evidence, I find it is more likely than not that following the publication of the advertisement, the licensee supplied free or reduced price liquor as advertised in the manner I have described...

A significant outcome in this case was the Judge's finding that:

...In my opinion, those facts are sufficient in this case to activate the discretion under s64 of the Act...for the exercise of the power to impose the condition...

Accordingly, the Judge determined that the condition imposed by the Director should be maintained for a period of 12-months, in order to prohibit the practices advertised and in order to prevent irresponsible drinking.

Hudson Gallery: Apthorp v Goldbay Corporation Pty Ltd & Ors [2004] WALLC 9

On 1 December 2004, His Honour Judge Greaves handed down his findings in respect of a section 117 complaint against the licensee of the Hudson Gallery, King Street, Perth. The grounds of the complaint were those specified in section 117(1) (a) and (b) and related to the premises' impact on the amenity of the area and undue noise and disturbance.

After hearing all of the evidence in the case, His Honour determined that the grounds of the complaint had, in the main, been made out.

In particular, the Judge found that:

- the noise emanating from the licensed premises exceeded the assigned noise levels under the *Environmental Protection (Noise) Regulations 1997* on many occasions;
- the level of amplified music and attendant patron noise in the premises is, on the balance of probabilities, regularly excessive and unduly disturbing; and
- that the behaviour of persons in the vicinity of the premises was unduly annoying and disturbing.

The Judge did not, however, accept that the amenity, quiet or good order of the neighbourhood was unduly disturbed by activities on the premises.

In reaching these findings, His Honour concluded that the licensee should be required to install sound attenuation measures and sound limiting devices at the premises so as to minimise the level of noise emanating from Hudson Gallery, in order to reduce noise levels experienced by the complainant in their residence.

The Court also indicated that it will consider orders in respect of the imposition of conditions on the licence relating to security staff, security cameras and the disposal of bottles, etc, after 9 p.m.

Application for the Grant of a Restaurant – 77 Espresso, Perth

On 14 July 2005, the Acting Director of Liquor Licensing delivered his decision in respect of the application by Lancaster Estate Pty Ltd for the grant of a restaurant licence for premises to be known as 77 Espresso, and situated on St Georges Terrace, Perth.

In this case, the applicant sought the restaurant licence for a premises that: had no kitchen facilities for the preparation of meals; only proposed to serve two styles of wine from a single supplier; was to provide a limited range of food prepared off-site by an unrelated entity; and the toilet facilities were located off-site some 40 metres away.

Following consideration of the submissions, the Acting Director formed the view that the premises were not suitable to be licensed as a restaurant. In reaching that conclusion, the Acting Director stated that:

...section 50(3)(a) provides that every restaurant licence is subject to a condition that the business conducted at the licensed premises must consist primarily and predominantly of the regular supply to consumers of meals to be eaten there. A copy of the menu...indicates that the majority of meals on offer would not satisfy the definition of a meal under the Act. The majority of food...is mostly in keeping with a café and would not be considered a genuine meal....

After considering the proposed arrangements in light of the provisions of the Act, I find that the premises are unsuitable to operate as a licensed restaurant because:

- there are insufficient food production facilities within the premises;*
- the licensing authority would be unable to properly regulate the premises in order to maintain a reasonable standard of kitchen facilities;*
- the evidence does not demonstrate that the proposed premises will satisfy the requirements of section 50(3)(a) of the Act;*
- access to toilets is unsatisfactory with patrons having to travel up to 40 metres and down an escalator; and*

- *the provision of only two white wines and two red wines as the range of liquor on offer is so limited as to be incompatible with public expectations for a licensed restaurant.*

Finally, to allow a restaurant to operate in the manner proposed...would be inconsistent with the proper development of the liquor and hospitality industries (refer section 5(2)(a)).

The application was therefore refused.

Section 64 Inquiries

Section 64 of the *Liquor Licensing Act 1988* provides that, in relation to any licence, or to any permit, the licensing authority may, at its discretion, impose conditions in addition to the conditions specifically imposed by the Act, or in such a manner as to make more restrictive a condition specifically imposed by the Act.

In the year under review, a total of nine section 64 inquiries were conducted by the licensing authority in relation to alcohol related harm and suspected breaches of the Act by licensees, five of which were reviews of conditions imposed on licences as a result of previous section 64 inquiries.

Inquiry into Irresponsible Advertising at the Reef Hotel, Bunbury

Following concern raised by the Police in Bunbury about the manner in which liquor was being sold and supplied at the Reef Hotel, the licensing authority undertook an inquiry in June/July under section 64 of the Act.

In essence, liquor was being dispensed in test tube “shooters” by female bar staff who were walking amongst patrons in the bar area. The patrons, to whom these shooters were supplied, already had liquor in hand and would then skull the test tube shooters.

This activity was occurring at the same time as another promotion whereby patrons could receive a “\$100 Party Starter” for ten or more people. After affording the licensee an opportunity to respond to the allegations made about the irresponsible practices, the Acting Director found that liquor had been supplied and promoted at the premises in a manner that was: contrary to the policy on the “*Responsible Promotion of Liquor*”; contrary to the licensee’s own Management Plan; and incompatible with the principles of harm minimisation.

As a result, a restrictive condition was imposed on the licence pursuant to section 64(3)(ca), (cc), (ga) and (gh) of the Liquor Licensing Act.

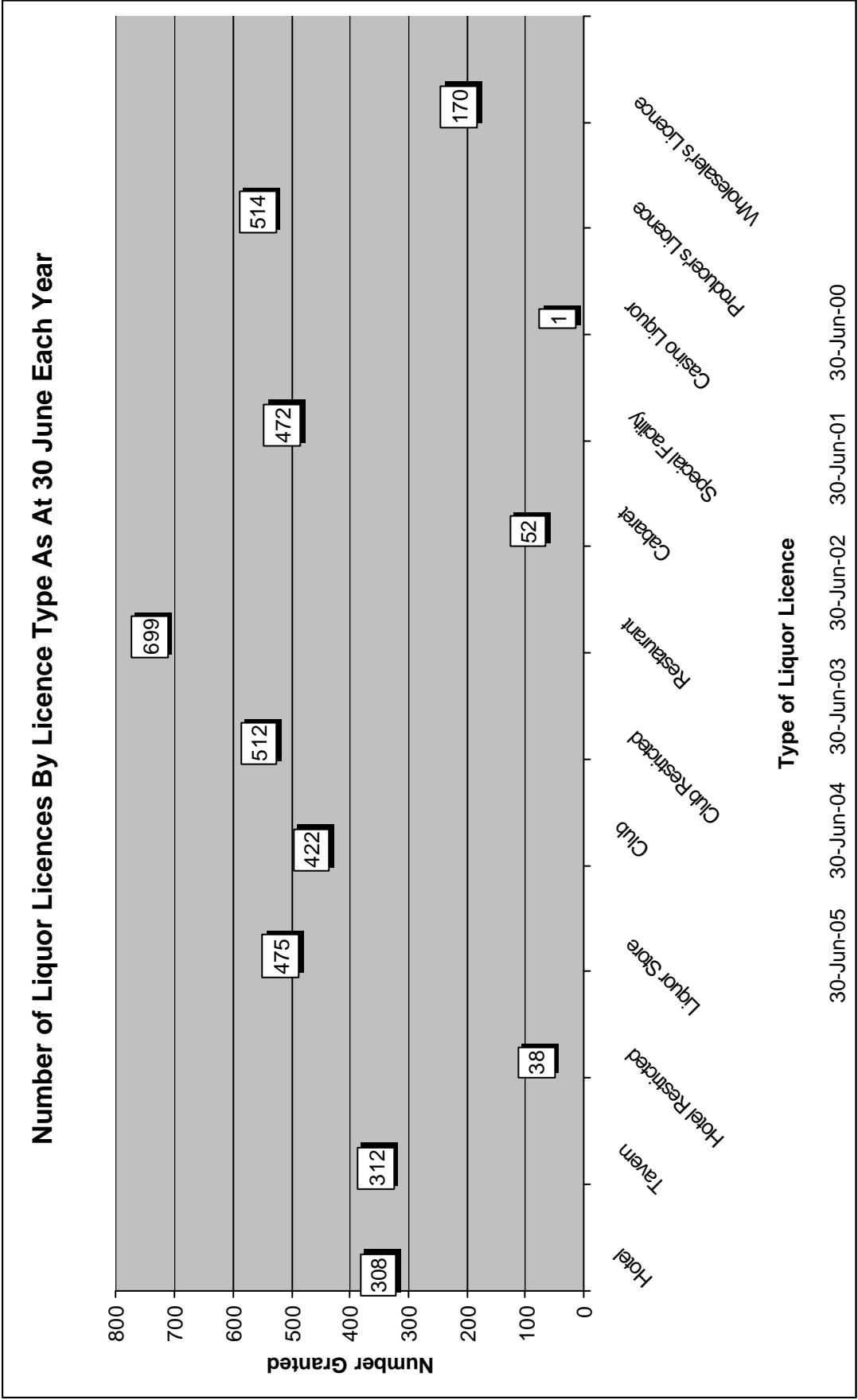


Figure 3: Number of Liquor Licences as at 30 June 2005 (and comparative figures for previous years).

Section 95 Complaints

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

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

During 2004-2005, the Director lodged seven section 95 complaints before the Liquor Licensing Court. Of particular interest was the complaint lodged against the licensee and the approved manager of the Northside Tavern, Merredin.

Northside Tavern, Merredin

On 30 June 2005, His Honour Judge Greaves found that grounds for disciplinary action under section 95 of the *Liquor Licensing Act 1988* existed against both the licensee (Viewtown Pty Ltd) and the approved manager, Mr William Hedley, of Northside Tavern in Merredin.

Action was taken against both defendants for selling and supplying liquor to drunken persons. In this case, Mr Hedley was observed selling a carton of Bundy & Dry cans to a customer who appeared heavily intoxicated and was stumbling on his feet. At a later stage, and in relation to another customer, a barmaid had removed two drinks from the customer who was intoxicated, after which Mr Hedley purchased two further drinks for that customer. At the time of that sale, Mr Hedley himself was observed to be intoxicated.

In finding that the complaint had been established, His Honour found that –

... in my view the circumstances fall only very short from a case where the court might conclude that the person concerned is not a fit and proper person to hold that position of authority...

The penalty imposed was by way of the following orders:

- the tavern licence be suspended for a period of 7 days commencing 1 July 2005;
- each defendant to enter into bond for a period of 2 years in the sum of \$10,000 each, to be forfeited in the event of either the licensee or Mr Hedley being found in breach of the Liquor Licensing Act by the District Court during that period; and
- the defendants to pay costs of the complainant in the amount of \$1100.

Summary of Liquor Licensing Applications

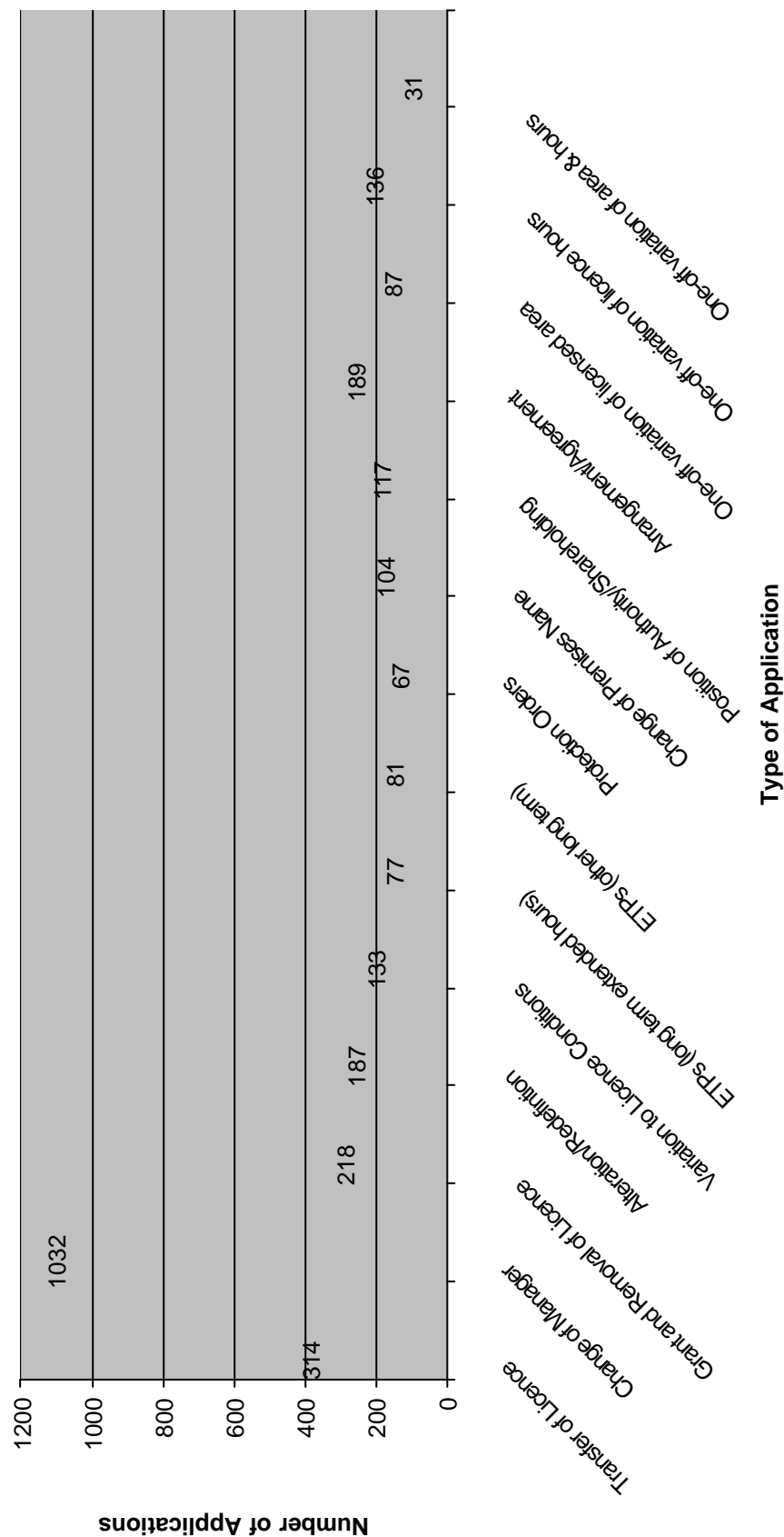


Figure 4: Comparison of the number of liquor licensing applications lodged as at 30 June 2005 (and comparative numbers for previous years). These figures represent applications lodged, but not necessarily determined during the year under review.

Section 117 Complaints

Section 117 of the Act provides for complaints to be made to the Director of Liquor Licensing about noise or behaviour related to licensed premises. During the year under review, four section 117 complaints were heard by the Director of Liquor Licensing, in respect of the following premises:

- Fast Eddy's Café (Fremantle);
- Divers Tavern;
- Old Swan Brewery Restaurant; and
- Colonial Brewing Company.

Of those four complaints, the one concerning the Old Swan Brewery Restaurant is still unresolved as a result of one of the parties seeking a review of the Director's decision at the Liquor Licensing Court.

New Policies

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

- *Standards of Licensed Premises – Maintenance of Toilet Facilities*, which became effective on 12 July 2004;
- *Approval for Off-Site Storage of Liquor – Section 4(6) of the Liquor Licensing Act 1988*, which became effective on 27 June 2005.

Licences and Permits issued under the Casino Control Act, Gaming and Wagering Commission Act, Betting Control Act and Racing and Wagering Western Australia Act

As delegates of the Gaming and Wagering Commission of Western Australia, staff of the Licensing Branch issued 2,577 gaming permits, which resulted in the raising of a total amount of \$51,561,302, of which \$19,412,859 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.

Licences and permits are issued to enable:

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

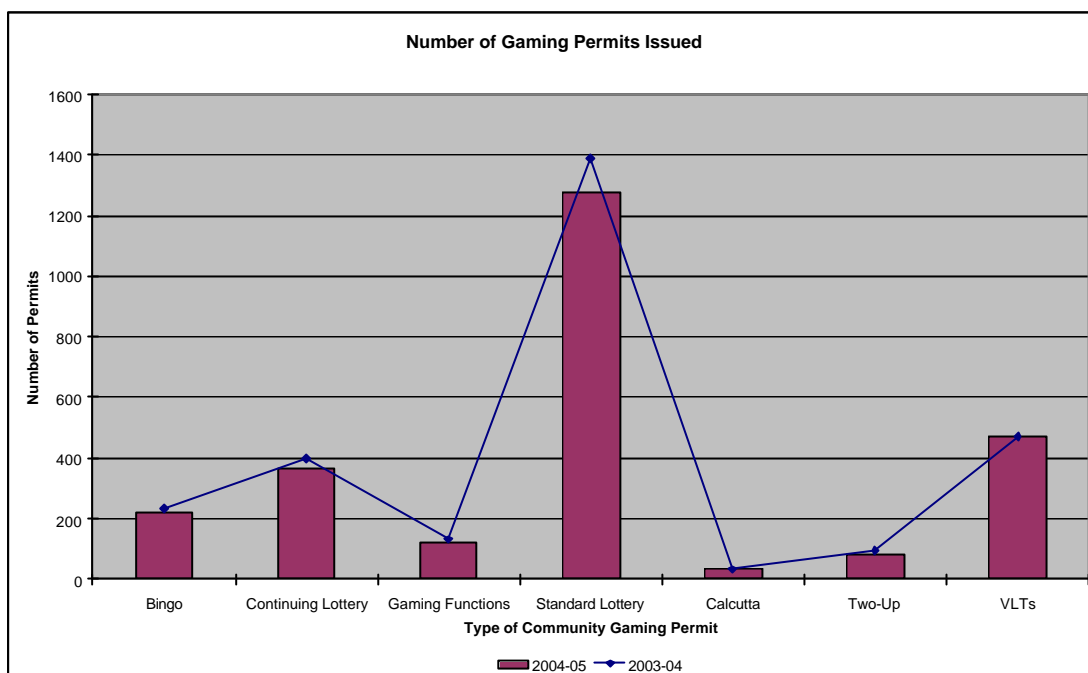


Figure 5: Number of Community Gaming Permits as at 30 June 2005 (and comparative figures for the previous year).

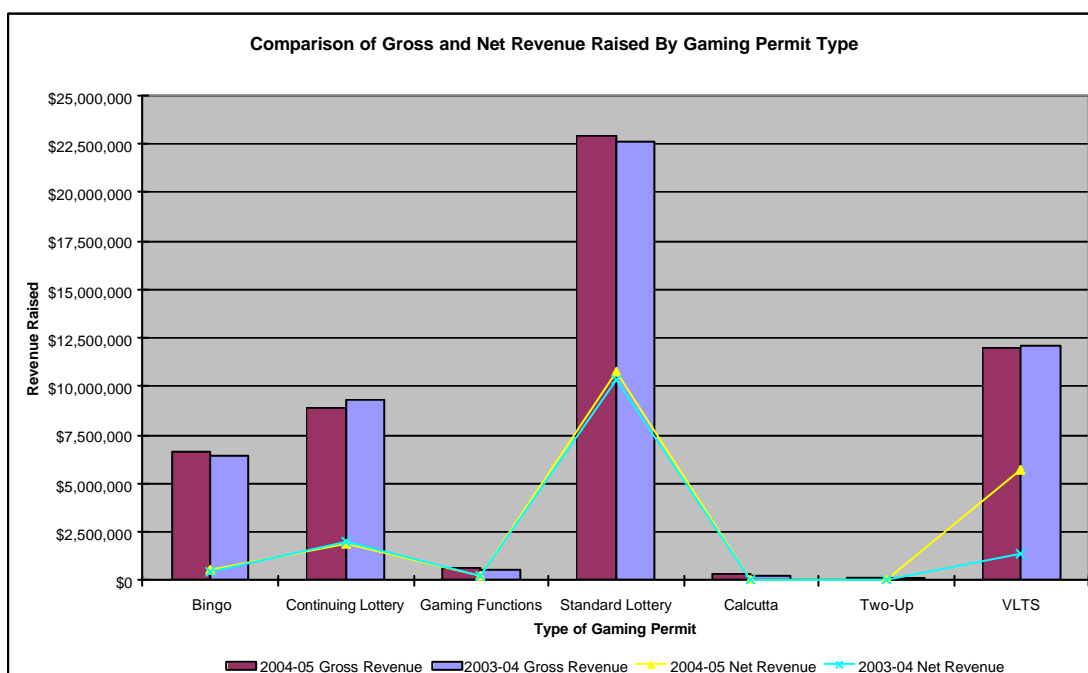


Figure 6: Gross and net revenue raised by type of Community Gaming Permit as at 30 June 2005 (including comparative figures for the previous year).

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 2004-05 was 473, compared to 469 for 2003-04. Video Lottery Terminal turnover for 2004-05 was \$11.9 million, compared to \$12.1 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.

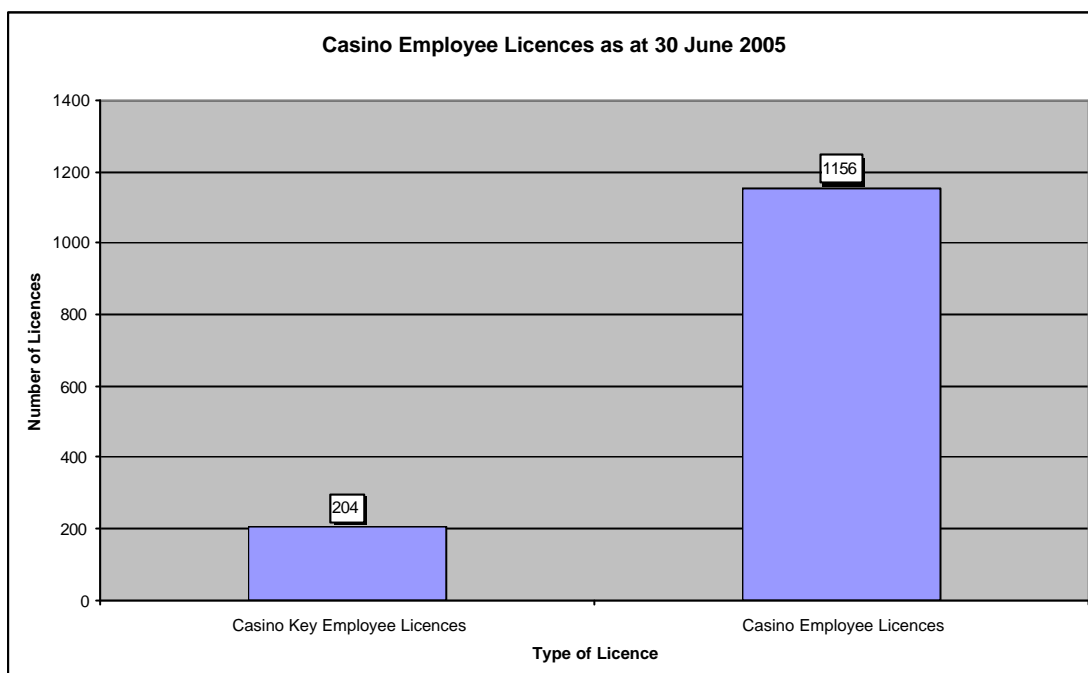


Figure 7: Numbers of Casino Employee Licences as at 30 June 2005.

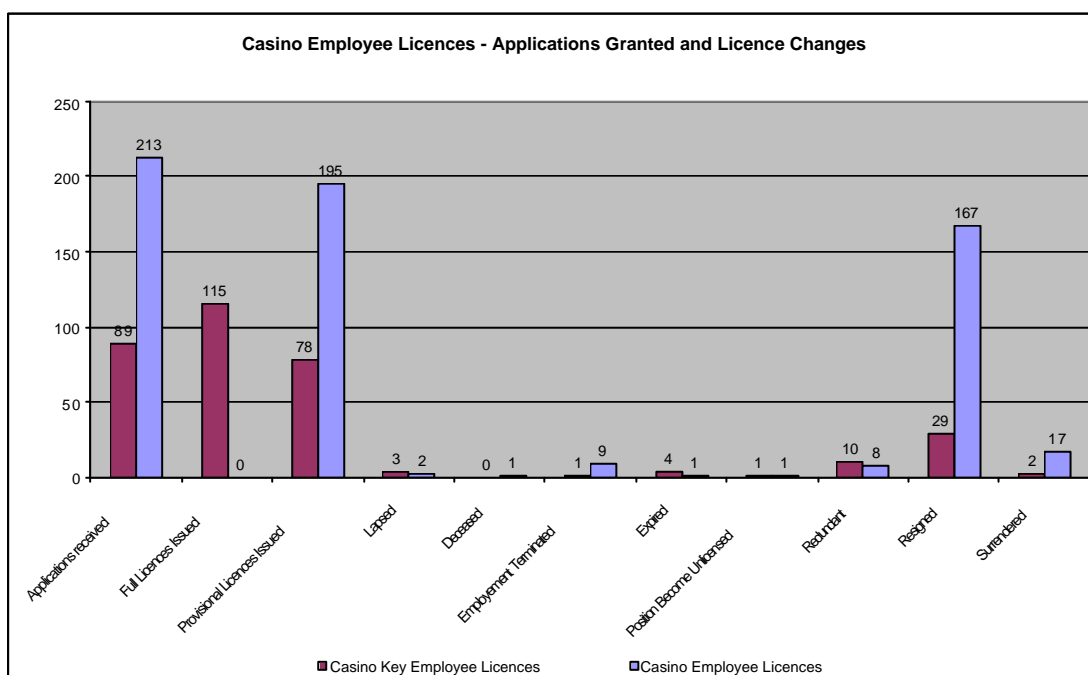


Figure 8: Casino Employee Licensing - Applications granted and licence changes for the 2004-05 reporting year.

Licensing of RWWA Directors and Key Employees

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

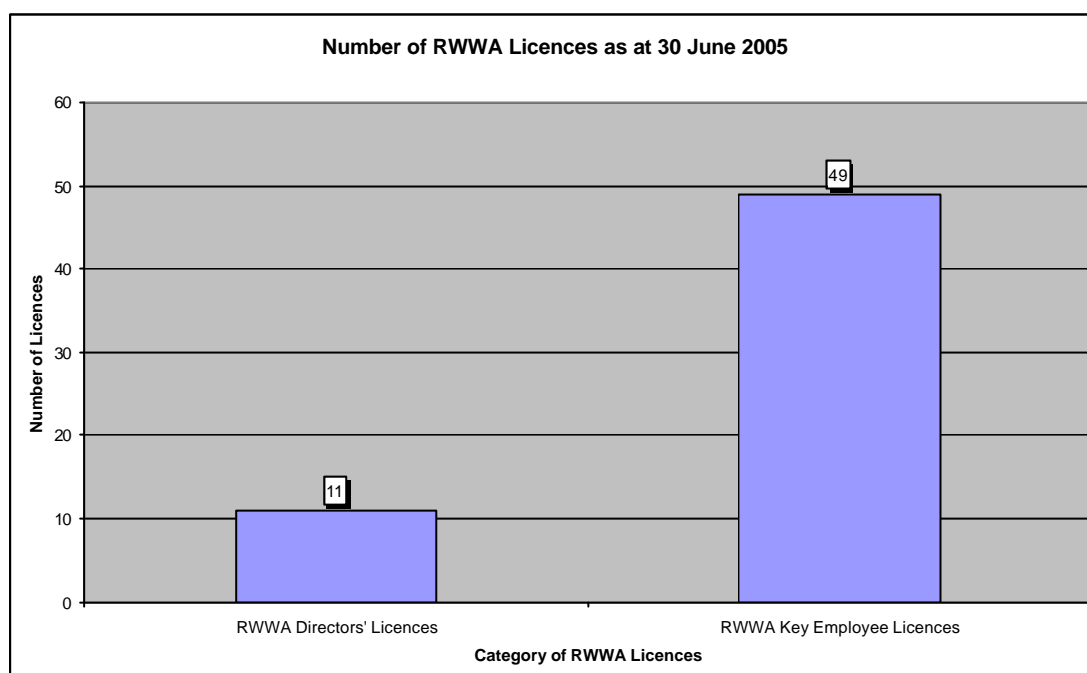


Figure 9: Numbers of RWWA Licences as at 30 June 2005.

Licensing of Bookmaker Operations

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

The number of licensed bookmaking operations in the State as at 30 June 2005⁴ was 46.

⁴ The Department's reporting year does not correlate with the racing year, which runs from 1 August to 31 July each year. Therefore, these figures do not represent a full reporting year. Figures for the whole racing year will be provided in the *2005 Racing Industry Status Report*, which will be published later in the year.

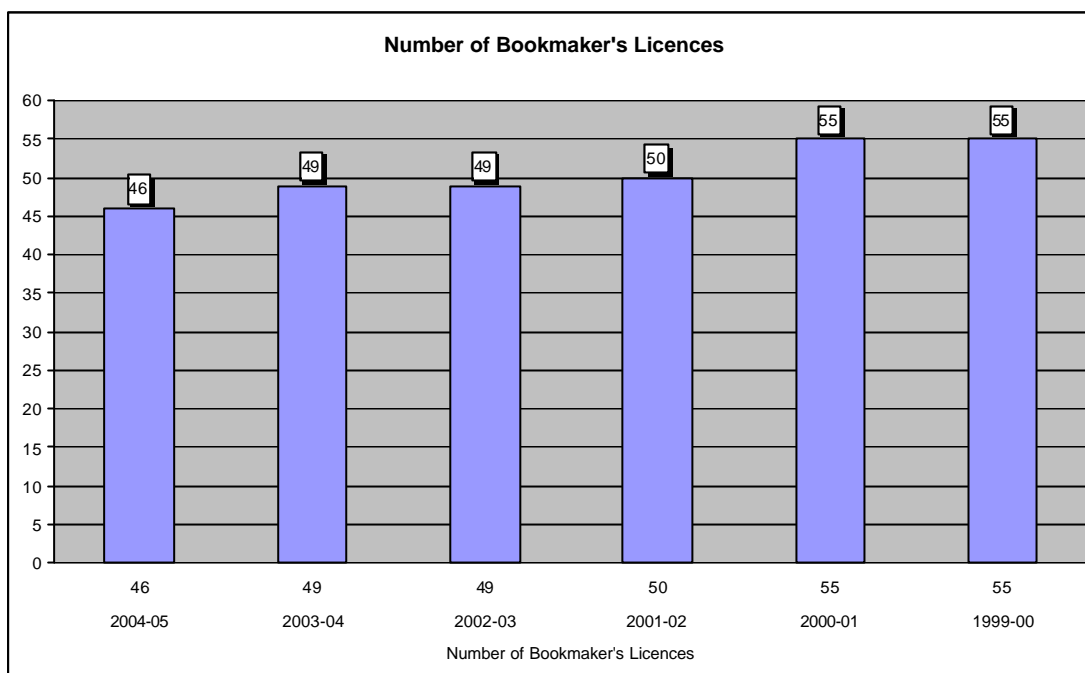


Figure 10: Numbers of Bookmaker's Licences as at 30 June 2005 (and comparative figures for previous years).

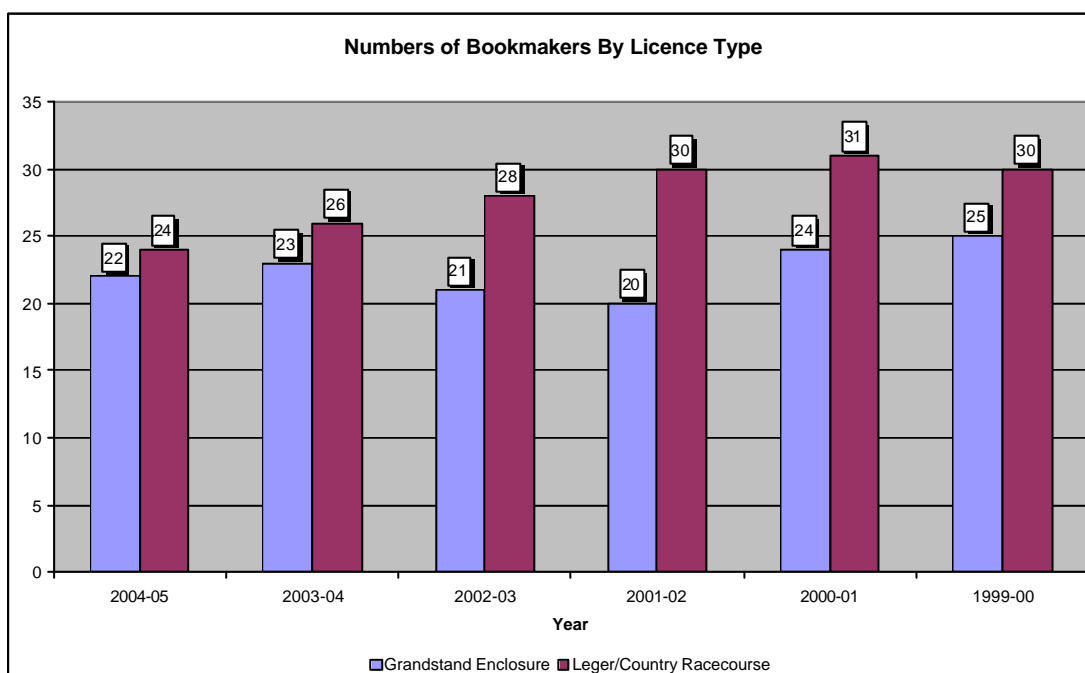


Figure 11: Number of Bookmakers by Licence Type as at 30 June 2005 (and comparative figures for previous years).

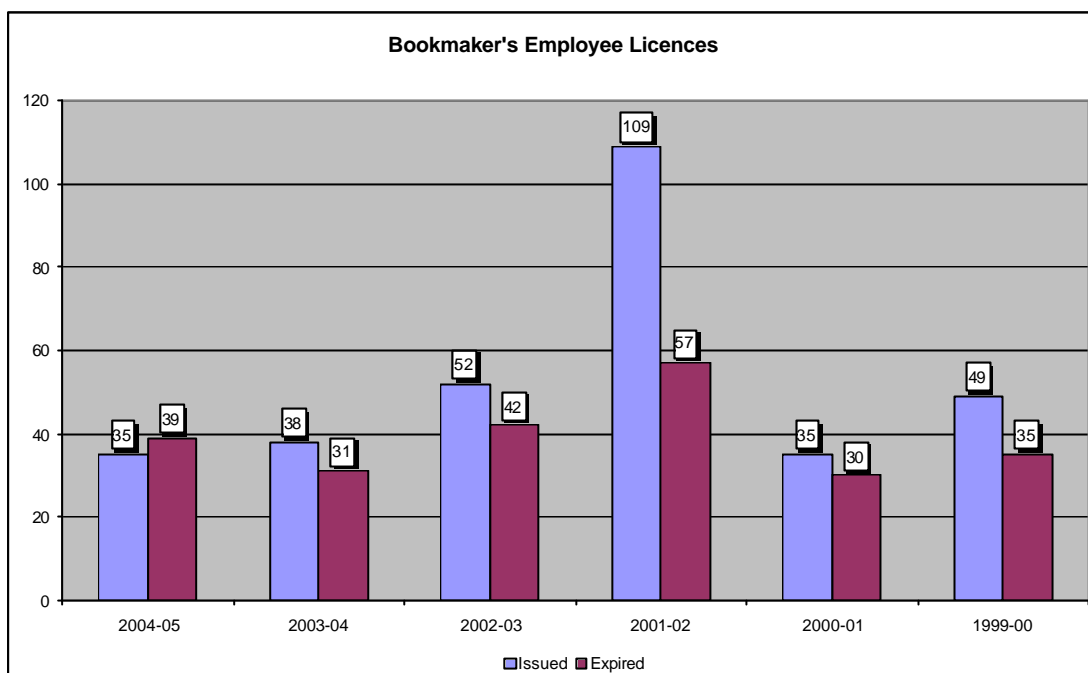


Figure 12: Numbers of Bookmakers' Employee Licences Issued and Expired as at 30 June 2005 (and comparative figures for previous years).

SERVICE 2: COMPLIANCE AUDITS AND INSPECTIONS

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

Inspectorial functions include:

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

On behalf of the Gaming and Wagering Commission and the Director of Liquor Licensing, the inspectorial program enforces the provisions of the *Betting Control Act 1954*, *Casino Control Act 1984*, *Gaming and Wagering Commission Act 1987*, *Liquor Licensing Act 1988* and the *Racing and Wagering Western Australia Act 2003*, so that adequate controls are put in place to establish compliance with legislative requirements and to monitor the ongoing effectiveness of those controls.

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

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

- 178 TAB agency audits;
- 27 bookmaker and on-course totalisator inspections and audits;
- 3,271 inspections and audits to obtain reasonable assurance as to casino gaming operations;

- 464 audits and 236 inspections of community gaming operations; and
- 888 inspections of licensed premises.

In addition:

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

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

- 59 infringement notices by Inspectors to persons who entered the casino whilst subject to a prohibition notice or were found cheating (an additional 5 infringement notices for the same offences were also issued by Police Officers);
- 57 infringement notices for offences relating to a breach of permit conditions in relation to community gaming; and
- 168 work orders in respect of licences premises; and
- 45 infringement notices by Inspectors, pursuant to the provisions of the *Liquor Licensing Act 1988*.

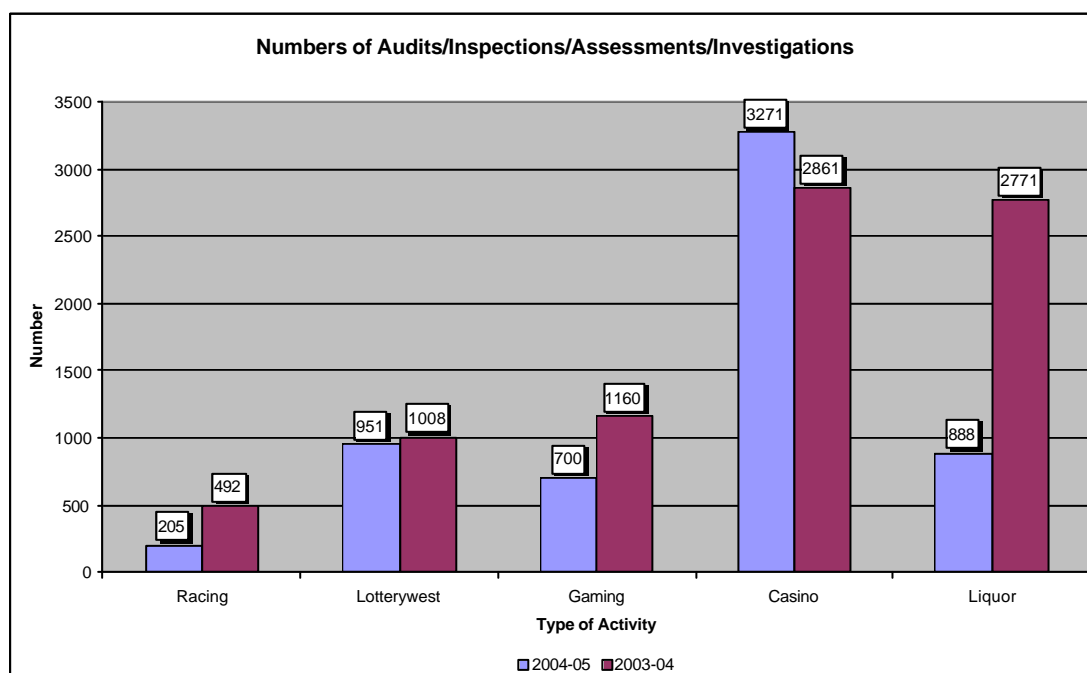


Figure 13: Number of Audits/Inspections/Assessments/Investigations undertaken in 2004-05, with comparative figures from the 2003-04 reporting year.

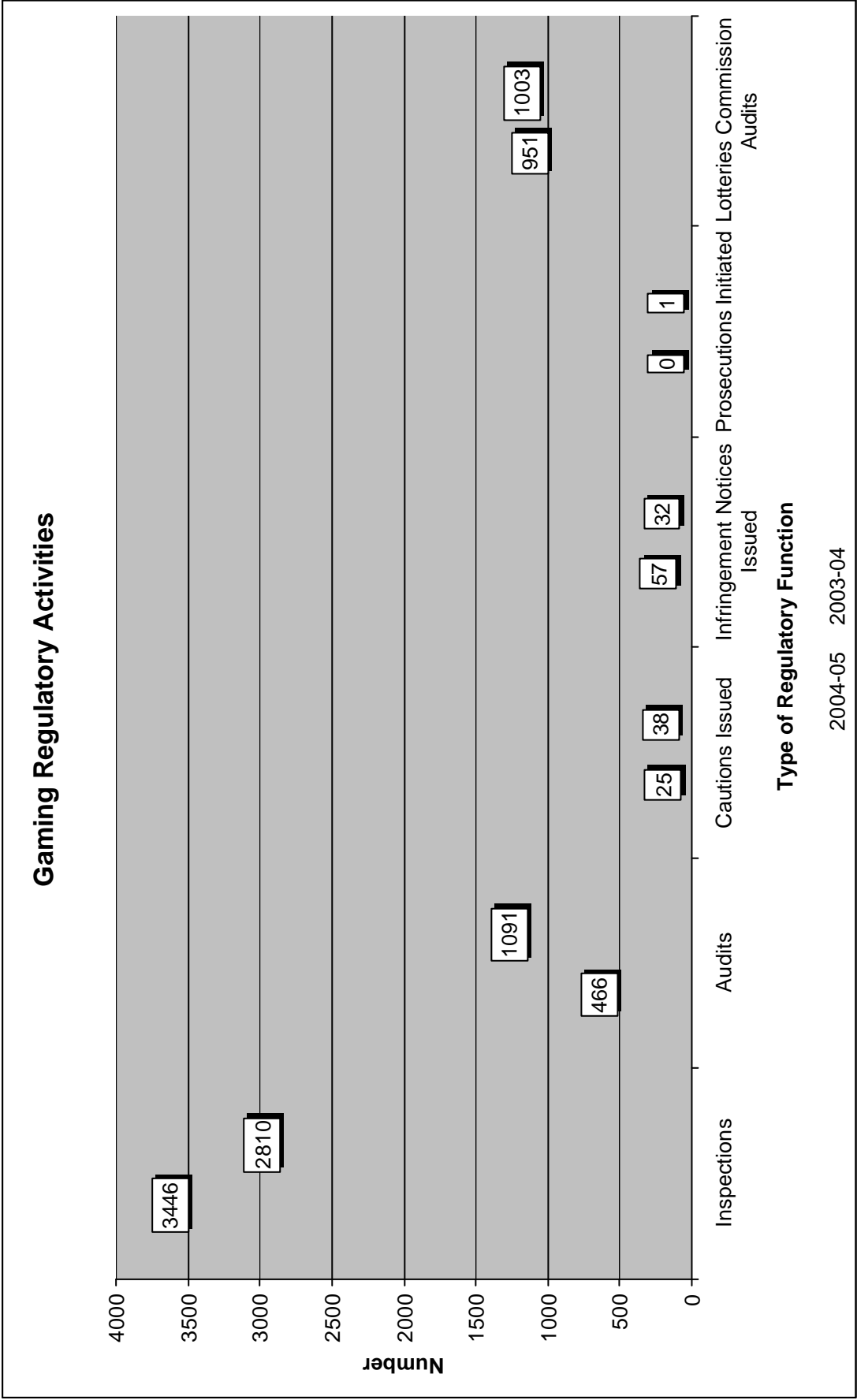


Figure 14: Comparison of the number of Gaming Regulatory Activities for 2005-05, with comparative figures from the 2003-04 reporting year.

CORPORATE GOVERNANCE

This part of the Annual Report contains compliance information that the Department is required to report on, as a consequence of legislative or Ministerial instruction, including the Government's Strategic Planning Framework *Better Planning: Better Services*.

Corruption Prevention

(Premier's Circular 2005/02: Corruption Prevention)

As at 30 June 2005, the Department has developed a draft policy on reporting misconduct. The policy commits the Department to a strong position on ethical standards and is accompanied by guidelines and procedures that outline the Department's risk management activities that have been developed to prevent corruption and misconduct.

Public Interest Disclosures

(Public Interest Disclosure Act 2003, s. 23(1)(f))

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

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

As at 30 June 2005, no Public Interest Disclosures have been made.

Risk Management

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

Internal Audit

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

Information Technology

The Department's Information Technology Section continued to provide support to the Department's internal clients through the provision of a stable and secure technology environment, technical support and business systems development. During the year, work was completed on the development of a computerised system that included functionality to enable the implementation of a systematic risk based approach to the selection of audit targets, the completion and review of audit programs and analysis of results to enable the targeting of liquor and gambling organisations or venues identified as having the greatest degree of risk.

Following the completion and implementation of this system, work has now begun on investigating the feasibility of introducing on-line application and licensing functionality utilising a similar risk based approach.

Information Management

The Department has made significant progress on the introduction of electronic document management (EDM), particularly in support of liquor and gaming activities. The introduction of EDM has also facilitated progress towards compliance with the requirements of the *State Records Act 2000* and of the Records Keeping Plan.

Information Statement

(Freedom of Information Act 1992, s. 96-97)

The *Freedom of Information Act 1992* requires agencies to publish an annual information statement in a manner approved by the Attorney General. The Attorney General has approved the publication of the statement either as a stand alone document or in agencies' annual report.

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

A formal application for information must:

- be in writing;
- give enough information to enable the requested documents to be identified;
- give an Australian address to which notices can be sent;
- be accompanied by a \$30 application fee, unless the information relates to a personal matter which is free of charge. An additional charge may apply for the processing of non-personal information. The fee is reduced by 25 per cent for pensioners and disadvantaged persons, and

- be addressed to the:

FOI Coordinator
Level 1, 87 Adelaide Terrace
EAST PERTH WA 6004

Before lodging a formal application, it is recommended that applicants discuss the matter with the Department's Freedom of Information Coordinator, who can be contacted by telephoning (08) 9425 1888.

Under the *Freedom of Information Act 1992*, agencies are required to respond to applications for information within 45 days of receipt, unless an extension of time is granted. The average time to process applications during 2004/05 was 27 days.

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

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

During 2004/05, the Department received fifteen applications for information under the Freedom of Information Act.

Full access to information was granted in respect to two of the applications, with edited access allowed for ten of the applications, one application was refused and two applications were under consideration as at 30 June 2005.

Recordkeeping Plan

(*State Records Act 2000, s. 61 and State Records Commission Standards, Standard 2, Principle 6*)

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

The Department of Racing, Gaming and Liquor is currently on track for compliance with Standard 2: Recordkeeping Plans and is planning to submit documents in relation to Principle 4 to the State Records Office of Western Australia by the required date of 31 December 2005.

The Department has commenced implementation of an online Recordkeeping Awareness Training course developed by CALM and Techniworks Action Learning. The Department has purchased an initial block of 15 licences and will be evaluating feedback from this trial session before rolling the course out to the remainder of the agency by 31 December 2005. It is intended that all new employees undertake this course as part of their induction to the agency.

The objective of this course is to provide every employee with the opportunity to develop a clear understanding of their role and responsibilities in creating, managing and maintaining government records in a manner that is compliant with the legislative requirements of the Western Australian *State Records Act 2000* and the State Records Principles and Standards.

Advertising and Sponsorship

(*Electoral Act 1907, s. S175ZE*)

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

1. Total expenditure for 2004-05 was \$9,981.85.
2. Expenditure was incurred in the following areas:

Advertising Agencies		Name of Advertising Agency	
Market research organisations	Nil		Nil
Government agencies	\$9,981	<i>State Law Publisher, Department of Premier and Cabinet</i>	\$9,981
Polling organisations	Nil		Nil
Direct mail organisations	Nil		Nil
Media advertising organisations	Nil		Nil

Sustainability

(*Premiers Circular 2004/14: Sustainability Code of Practice for Government Agencies*)

Through the State Sustainability Strategy, the Western Australian Government has defined sustainability as meeting the needs of current and future generations through an integration of environmental protection, social advancement, and economic prosperity.

Premier's Circular 2004/14 requires agencies to give effect to the code through the preparation of three-year Sustainability Action Plans. The first Sustainability Action Plans were required by 31 December 2004, an obligation that the Department was able to meet.

A qualitative summary of the Department's targets and priority areas as set out in its Sustainability Action Plan is provided in the following table:

Commitment	Intent	Timetable	Response
Ensure procurement complies with the sustainability approach outlined in Buying Wisely supply policies.	Procurement that incorporates environmental considerations enables the Department to meet its obligations under State Supply Commission policies. This will enable the Department to deliver the greatest value to the community for the expenditure made on its behalf. The Department takes into account sustainability and environmental issues in all procurement activity.	Immediate and ongoing in accordance with State Supply Commission policies and guidelines. Regularly reviewed by external agencies, such as the Office of Auditor General and the State Supply Commission.	The Department complies with State Supply Commission policies and guidelines for procurement. Where available, Department of Treasury and Finance Common Use Agreements are used as these have already taken sustainability factors into account in their formation and evaluation for the provision of goods or services. The State Supply Commission Health Check 7 was completed in March/April 2005 for PCs and notebooks.
Improve environmental performance through minimising waste and resource consumption and maximising recycling.	By embracing the principles of minimising waste and maximising recycling the Department is able to contribute to sustainability objectives. The Department is participating in Energy Smart Government Program to reduce stationary energy usage by 12 per cent by 2006/07.	Waste audit to be conducted and targets for waste reduction to be set by 30 June 2005. On-going/energy usage monitored monthly.	The Department utilises Department of Treasury and Finance Common Use Agreements for waste paper and cardboard recycling, including confidential bins. Waste audit commenced in accordance with requirements.
Incorporate sustainability considerations into the design, procurement, leasing, construction, maintenance of government buildings and other built assets.	Comply with provisions relating to energy efficiency in the Department of Housing and Works Office Accommodation Policies.	Accommodation leased under auspices of Commercial Property Branch, Department of Housing and Works. Self assess tenancy using Australian Building Greenhouse Rating.	Required to self assess office tenancy using Australian Building Greenhouse Rating by 1 July 2005. Assessed at five star, highest possible rating.
Minimise the number of vehicles, reduce vehicle use, maximise fuel efficiency and promote alternative fuels and modes of travel.	Use of vehicles is integral to inspectorate programs and business functions. However, the Department's policy is to routinely replace six cylinder with four cylinder vehicles following assessment of need. Pool vehicles, other than Government Vehicle Scheme, are not used for commuting purposes. Use of public transport for travel in CBD where appropriate.	Ongoing as vehicle lease periods expire and replacement required.	Vehicle pool now has four cylinder vehicles only. Majority of Government Vehicle Scheme vehicles are also four cylinder. Reduction of paid parking bays.

Waste Paper and Other Recycling

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

The policy of the office is for superseded and serviceable IT equipment to be transferred to the Education Department. Where IT equipment is obsolete and unserviceable, the policy provides for it to be transferred to a local recycling company.

Energy Smart Government policy

In accordance with the *Energy Smart Government policy*, the Department of Racing, Gaming and Liquor has committed to achieving a 12 per cent reduction in non-transport related energy use by 2006/07, with an 8 per cent reduction targeted for 2004/05. The savings achieved have exceeded the reduction target by 18.8 per cent.

Energy Smart Government program	Baseline	2004/05	Variation %
Energy Consumption (MJ)	757148	554440	26.8
Energy Consumption (GJ)	757	554	26.8
Energy Cost (\$)	33399	24494	26.7
Greenhouse Gas Emissions (tonnes of CO ₂)	194	140	27.8
<i>Performance Indicators</i>			
MJ/sqm ⁵	380	278	26.8
MJ/FTE ⁶	8804	6311	28.3
(The actual PI varies depending on agency functions)			

In addition, the following energy saving initiatives were undertaken:

- continuation of energy management action plans;
- continued monitoring of energy usage; and
- sustainability factors, taken into account where relevant, in Departmental procurement.

⁵ Note: the sqm of the office has not changed since the baseline measurement was made.

⁶ Note: 2004-05 figures are based on 87.85 FTEs, as opposed to a FTE baseline of 101 for 2002-03.

Staff Profile

Chart 15 (below) provides a breakdown of the profile of employees of the Department of Racing, Gaming and Liquor as at 30 June 2005. Chart 16 presents the same information as at 30 June 2004.

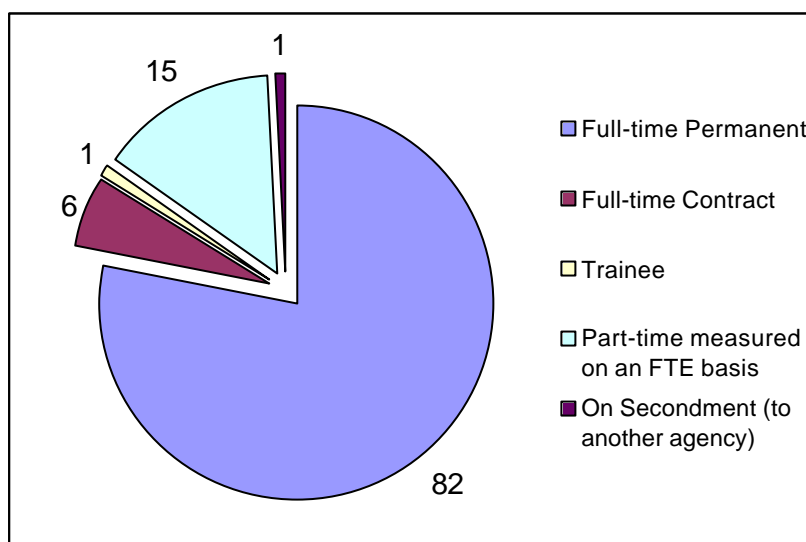


Figure 15: Staff profile as at 30 June 2005

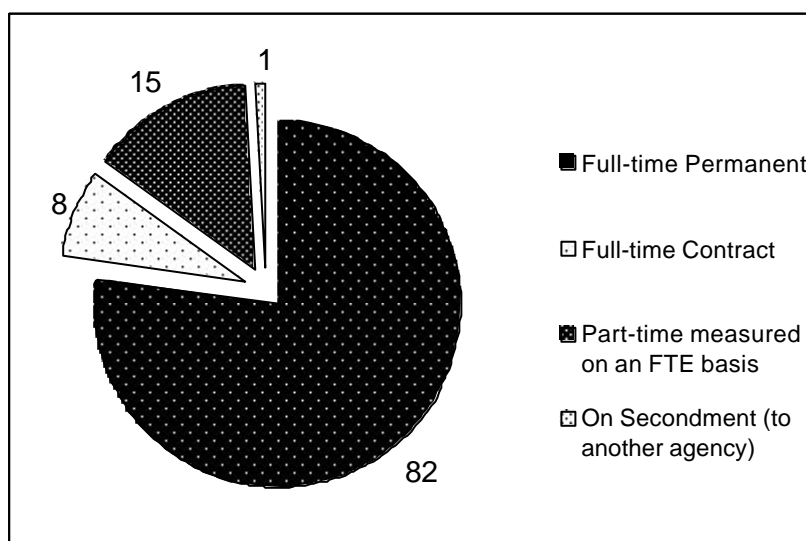


Figure 16: Staff profile as at 30 June 2004

Worker's Compensation

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

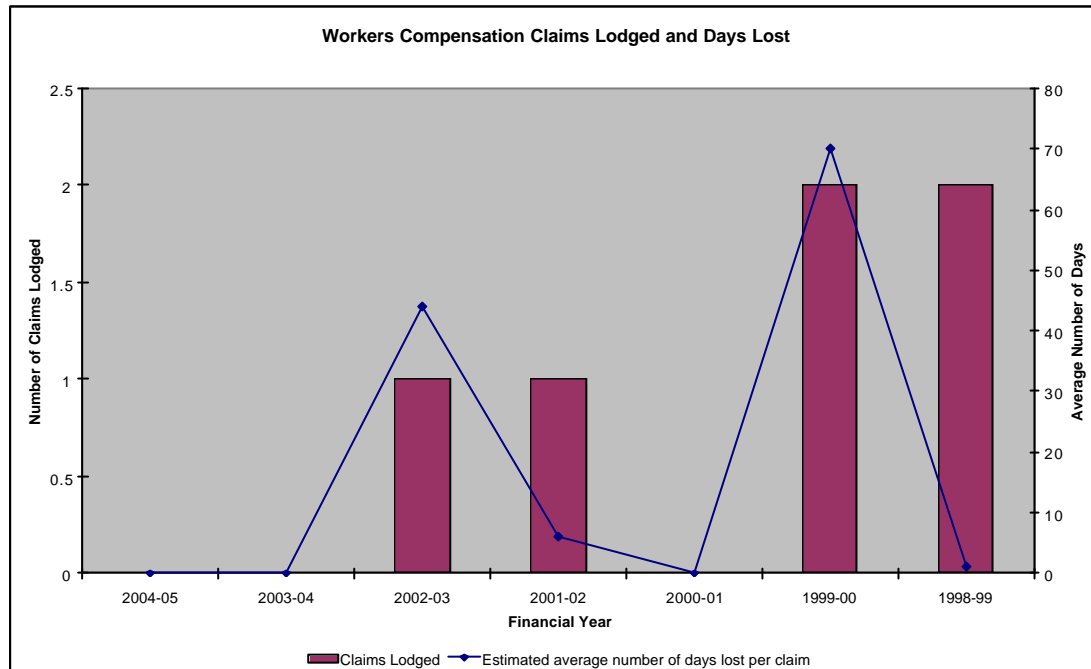


Figure 17: Number of Worker's Compensation Claims Lodged and Days Lost.

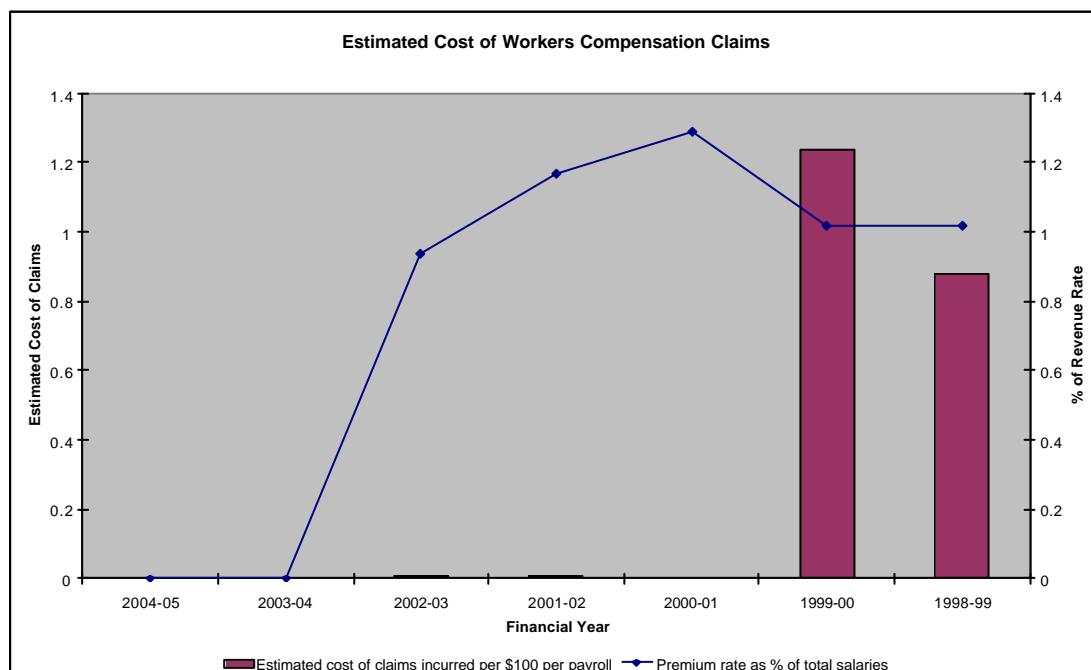


Figure 18: Estimated Cost of Worker's Compensation Claims.

Disability Service Plan Outcomes

The Department currently has in place a five year Disability Services Plan that provides strategies to overcome barriers to accessing the Department's services. The plan is reviewed annually.

Cultural Diversity and Language Services Outcomes

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

Youth Outcomes

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

Staff Development

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

During the year, the Department's training and development programs concentrated on business systems and leadership coaching.

Equal Employment Opportunity Outcomes

(Equal Opportunity Act 1984, s. 146)

During the 2004-2005 reporting year, the Department's capacity to manage EEO and Diversity issues has improved, as evidenced by the outcomes from the Survey of Human Resource Standards, Ethics and EEO conducted in April 2005 by the Office of Public Sector Standards.

The results of the survey showed that the Department was on track to achieve increases in employee representation from the EEO groups, with some key results showing that the:

- Department employs a number of persons with some form of disability and has made appropriate modifications to the workplace to accommodate their needs;
- number of employees who are Aboriginal/Torres Strait Islander has increased during the year, through the employment of two indigenous employees, as a result of the Department's participation in the Indigenous Employment Program;
- Department has exceeded its target in the area of youth employment; and
- Department's male/female ratio of staff was 48:46 at 30 June 2005.

The Department has incorporated a number of practices outlined in the “Innovative Recruitment” booklet published by The Office of Equal Employment Opportunity and The CEO Diversity Forum into selection/recruitment procedures.

There has been an increase in the number of employees aware of the Department’s guidelines for flexible working arrangements and part time employment and an increase in the number of employees returning to work after parental leave.

During the year, the Department implemented a developmental program aimed to increase the number of women and youth in non traditional areas. To date, three women and one youth have participated in the program.

Where the results of the Survey identified areas for improvements, strategies to address these issues have been incorporated into the Department’s EEO and Diversity Plan.

Compliance with Public Sector Standards and Ethical Codes

(Public Sector Management Act 1984, s.146)

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

All decisions to which the Standards apply are assessed for compliance by an independent person.

Employees have been reminded of their obligations to comply with the Public Sector Code of Ethics and the Department’s Code of Conduct.

Significantly, the Survey of Human Resource Standards, Ethics and EEO indicated that there had been a five per cent increase in persons who were aware of the Human Resource Standards and there was a 14 per cent increase in persons aware of the Department’s Code of Conduct and guidelines by comparison to the previous survey results.

The overall results from the Survey indicate an improvement in a number of areas of management and employee behaviour.

In addition, information from the Survey shows that employees perceive that:

- there has been an improvement in vacant positions being advertised within a reasonable timeframe;
- selection panels select the best available candidate for the position;
- the Department’s recruitment and selection processes are fair and unbiased;
- decisions to transfer staff are decided upon fairly; and
- the Department takes a responsible attitude toward caring for public resources.

The survey also indicated that there was very little incidence of unwelcome behaviour being displayed.

Furthermore, there was an eight per cent decrease for persons who felt that they were aggrieved by a decision in the last 12 months.

Employees generally perceived that management:

- supports and encourages ethical conduct;
- monitors ethical conduct; and
- leads by example.

COMPLIANCE WITH PUBLIC SECTOR MANAGEMENT ACT SECTION 31(1)

1. In the administration of the Department of Racing, Gaming and Liquor, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and the Department's Code of Conduct.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in paragraph 1 (above) is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:
 - Number lodged: *Nil*
 - Number of breaches found:
(including details of multiple breaches per application) *Nil*
 - Number still under review: *Nil*



Barry A Sargeant
ACCOUNTABLE OFFICER

31 August 2005

PRICING POLICIES ON SERVICES

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

1. industries that are determined by Government to require regulation should meet the full costs of that regulation through appropriate licence fees⁷;
2. the primary purpose for the imposition of fees should be regulatory⁸;
3. provision to allow the imposition of a fee should be contained in legislation with the level of fees being established by regulation⁹;
4. the liquor, racing and gaming industries should perceive that they receive value for money in the context of the regulation of those industries¹⁰; and
5. the fee structure should be simple.

MAJOR PROMOTIONAL, PUBLIC RELATIONS OR MARKETING ACTIVITIES

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

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

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

⁷ This policy is consistent with the principle of net appropriations. The Department of Racing, Gaming and Liquor is working towards full cost recovery for services provided.

⁸ This is consistent with advice from the Solicitor General regarding the desirability for fees raised at State level to be regulatory in nature.

⁹ This policy has been adopted to ensure that the Parliament has the opportunity to scrutinise any changes to the level of fees, while allowing some flexibility to adjust levels of fees according to the current economic situation. As the opportunity occurs, legislation will be amended to reflect this approach.

¹⁰ The Department will be responsible for ensuring that its regulatory services are efficient, effective and appropriate.

SUMMARY OF PUBLICATIONS AVAILABLE TO THE PUBLIC

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

GENERAL PUBLICATIONS

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

PUBLICATIONS RELATING TO GAMING AND WAGERING

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

PUBLICATIONS RELATING TO LIQUOR LICENSING

- Liquor Licensing Bulletin.
- Policy Statements issued by the Director of Liquor Licensing on a range of matters, including harm minimisation, the responsible promotion of liquor and extended trading permits.
- Lodgement guides for applications under the *Liquor Licensing Act 1988*.

FINANCIAL STATEMENTS

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

- the Department of Racing, Gaming and Liquor is a department as defined under the *Public Sector Management Act 1994*;
- an appropriation was made from the Consolidated Fund for 2004-05 to cover the expenditure of the Department;
- in accordance with section 23A of the *Financial Administration and Audit Act 1985*, the Department may retain revenues which may only be applied to the Outputs specified in the 2004-05 Budget Statements;
- these Financial Statements have been prepared on an accrual basis in accordance with the provisions of the *Financial Administration and Audit Act 1985*; and
- the Department provides financial management and other corporate services to the Gaming and Wagering Commission and the Racing Penalties Appeal Tribunal.¹¹

¹¹ Expenditure in relation to the services provided to these agencies is included in these Financial Statements. However, as those agencies are statutory authorities, separate annual reports and, therefore, separate financial statements, are prepared for each agency.

DEPARTMENT OF RACING, GAMING AND LIQUOR

Statement of Financial Performance

for the year ended 30 June 2005

	Note	2004/05 \$000	2003/04 \$000
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	4	5,208	4,997
Depreciation and amortisation	5	426	505
Supplies and services	6	1,073	1,074
Capital user charge	7	235	206
Accommodation expenses	8	510	476
Other expenses from ordinary activities	9	11	13
Total cost of services		<u>7,463</u>	<u>7,271</u>
Revenues from ordinary activities			
<i>Revenue from operating activities</i>			
User charges and fees	10	<u>4,419</u>	<u>4,357</u>
Total revenues from ordinary activities		<u>4,419</u>	<u>4,357</u>
NET COST OF SERVICES	23 (b)	<u>3,044</u>	<u>2,914</u>
REVENUES FROM STATE GOVERNMENT			
Service Appropriation	11	3,220	3,074
Liabilities assumed by the Treasurer	11	87	58
Resources received free of charge	11	<u>145</u>	<u>111</u>
Total revenues from State Government		<u>3,452</u>	<u>3,243</u>
CHANGE IN NET ASSETS		<u>408</u>	<u>329</u>
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS			
		<u>408</u>	<u>329</u>

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

DEPARTMENT OF RACING, GAMING AND LIQUOR

Statement of Financial Position

as at 30 June 2005

	Note	2004/05 \$000	2003/04 \$000
Current Assets			
Cash assets	12	1,688	1,472
Receivables	13	278	287
Restricted cash assets	14	30	240
Amounts receivable for services	15	200	30
Other assets	16	<u>76</u>	<u>74</u>
Total Current Assets		<u>2,272</u>	<u>2,103</u>
Non-Current Assets			
Plant and equipment	17	1,012	1,234
Amounts receivable for services	15	<u>962</u>	<u>630</u>
Total Non-Current Assets		<u>1,974</u>	<u>1,864</u>
TOTAL ASSETS		<u>4,246</u>	<u>3,967</u>
Current Liabilities			
Payables	18	139	161
Provisions	20	335	352
Other liabilities	19	<u>72</u>	<u>232</u>
Total Current Liabilities		<u>546</u>	<u>745</u>
Non-Current Liabilities			
Provisions	20	<u>564</u>	<u>494</u>
Total Non-Current Liabilities		<u>564</u>	<u>494</u>
TOTAL LIABILITIES		<u>1,110</u>	<u>1,239</u>
EQUITY	21		
Contributed equity		454	454
Accumulated surplus		<u>2,682</u>	<u>2,274</u>
Total Equity		<u>3,136</u>	<u>2,728</u>
TOTAL LIABILITIES AND EQUITY		<u>4,246</u>	<u>3,967</u>

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

DEPARTMENT OF RACING, GAMING AND LIQUOR

Statement of Cash Flows

for the year ended 30 June 2005

	Note	2004/05 \$000 Inflows (Outflows)	2003/04 \$000 Inflows (Outflows)
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		2,688	2,457
Holding account drawdowns		30	449
Net cash provided by State Government		2,718	2,906
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee costs		(5,293)	(4,897)
Supplies and services		(926)	(927)
Capital user charge		(249)	(196)
Accommodation expenses		(507)	(474)
GST payments on purchases		(155)	(167)
Receipts			
User charges and fees		4,415	4,303
GST receipts on sales		10	15
GST receipts from taxation authority		150	144
Net cash used in operating activities	23 (b)	(2,555)	(2,199)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(154)	(289)
Payments from fees in trust		(2)	(12)
Proceeds/(payments) from Trust Fund		2	(4)
Net cash used in investing activities		(154)	(305)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(3)	(3)
Net cash used in financing activities		(3)	(3)
Net increase in cash held		6	399
Cash assets at the beginning of the financial year		1,712	1,313
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	23 (a)	1,718	1,712

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

DEPARTMENT OF RACING, GAMING AND LIQUOR**Schedule of Expenses and Revenues by Service***for the year ended 30 June 2005*

	Licensing - Evaluation and determination of applications		Compliance audits and inspections		TOTAL	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES						
Expenses from ordinary activities						
Employee expenses	2,567	2,341	2,641	2,656	5,208	4,997
Depreciation and amortisation	188	260	238	245	426	505
Supplies and services	549	541	524	533	1,073	1,074
Capital user charge	117	103	118	103	235	206
Accommodation expenses	281	278	229	198	510	476
Other expenses from ordinary activities	11	13	0	0	11	13
Total cost of services	3,713	3,536	3,750	3,735	7,463	7,271
Revenues from ordinary activities						
User charges and fees	2,722	2,609	1,697	1,748	4,419	4,357
Total revenues from ordinary activities	2,722	2,609	1,697	1,748	4,419	4,357
NET COST OF SERVICES	991	927	2,053	1,987	3,044	2,914
REVENUES FROM STATE GOVERNMENT						
Service appropriation	933	1,165	2,287	1,909	3,220	3,074
Liabilities assumed by the Treasurer	152	27	(65)	31	87	58
Resources received free of charge	60	31	85	80	145	111
Total revenues from State Government	1,145	1,223	2,307	2,020	3,452	3,243
CHANGE IN NET ASSETS	154	296	254	33	408	329

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

DEPARTMENT OF RACING, GAMING AND LIQUOR**Summary of Consolidated Fund Appropriations and Revenue Estimates***for the year ended 30 June 2005*

	2004/05 Estimate \$000	2004/05 Actual \$000	Variance \$000	2004/05 Actual \$000	2003/04 Actual \$000	Variance \$000
DELIVERY OF SERVICES						
Item 110 Net amount appropriated to deliver services	3,076	3,078	(2)	3,078	2,942	136
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975	132	142	(10)	142	132	10
Total appropriations provided to deliver services	3,208	3,220	(12)	3,220	3,074	146
CAPITAL						
Capital Contribution	0	0	0	0	0	0
ADMINISTERED TRANSACTIONS						
Item 111 Amount provided for Administered grants, subsidies and other transfer payments	68,100	74,330	(6,230)	74,330	66,784	7,546
Amount Authorised by Other Statutes - Liquor Licensing Act 1988	5,500	3,888	1,612	3,888	4,854	(966)
Total administered transactions	73,600	78,218	(4,618)	78,218	71,638	6,580
GRAND TOTAL	76,808	81,438	(4,630)	81,438	74,712	6,726
Details of Expenses by Service						
Service 1 : Licensing - Evaluation and determination of applications	3,664	3,713	(49)	3,713	3,536	177
Service 2 : Compliance audits and inspections	4,274	3,750	524	3,750	3,735	15
Total Cost of Services	7,938	7,463	475	7,463	7,271	192
Less total revenues from ordinary activities	(4,618)	(4,419)	(199)	(4,419)	(4,357)	(62)
Net Cost of Services	3,320	3,044	276	3,044	2,914	130
Adjustments (1)	(112)	176	(288)	176	160	16
Total appropriations provided to deliver services	3,208	3,220	(12)	3,220	3,074	146
Capital Expenditure						
Purchase of non-current physical assets	30	154	(124)	154	289	(135)
Adjustments for other funding sources	(30)	(154)	124	(154)	(289)	135
Capital Contribution (appropriation)	0	0	0	0	0	0
DETAILS OF REVENUE ESTIMATES						
Revenues disclosed as Administered Revenues						
Taxes and licences						
Casino Tax	43,400	51,666	8,266	51,666	46,758	4,908

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

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

This Summary provides the basis for the Explanatory Statement information requirements of TI 945, set out in Note 26.

DEPARTMENT OF RACING, GAMING AND LIQUOR

Notes to the Financial Statements

for the year ended 30 June 2005

1. Departmental Mission and Funding

The Department's mission is to promote and maintain the integrity of lawful gambling and liquor activities through the licensing and regulation of suppliers, within community expectations on harm minimisation.

The Department of Racing, Gaming and Liquor is partly funded by Parliamentary appropriations. During 2004/05, the Department provided financial management and other corporate support services to the following agencies on a cost recovery basis:

- Racing Penalties Appeal Tribunal
- Gaming and Wagering Commission of Western Australia.

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

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

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

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

2. Significant Accounting Policies

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

General Statement

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

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

Basis of Accounting

The financial statements have been prepared in accordance with Accounting Standard AAS 29 'Financial Reporting by Government Departments'.

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

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

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

(a) Service Appropriation

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

(b) Contributed Equity

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

(c) Net Appropriation Determination

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

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

In accordance with the determination, the Department retained \$4.42m in 2004/05 (2003/04: \$4.36m).

Retained revenues may only be applied to the services specified in the 2004-2005 Budget Statements.

(d) Revenue Recognition

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

(e) Acquisitions of Assets

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

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

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

(f) Depreciation and Amortisation of Non-Current Assets

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

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

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

Computer software

Significant costs associated with the acquisition or development of computer software are capitalised and amortised on a straight line basis over the periods of the expected benefit, which is five years.

(g) Leases

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

(h) Employee Benefits

Annual leave

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

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

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

The superannuation expense comprises the following elements:

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

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

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

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

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by payment of employer contributions to the GESB.

Employee benefit on-costs

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses (see notes 4 and 20).

(i) Cash

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

(j) Receivables

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

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

(k) Payables

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

(l) Accrued Salaries

The accrued salaries suspense account (refer to Note 14) consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (refer to Note 19) represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(m) Fees in Trust

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

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

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

(o) Comparative Figures

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

(p) Rounding of Amounts

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

3. Services of the Department

Information about the Department's services is set out in the Schedule of Expenses and Revenues by Service. Information about the Department's administered expenses, revenues, assets and liabilities is set out in Notes 34 and 35.

The two key services of the Department are :

Service 1 - Licensing - Evaluation and determination of applications

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

Service 2 - Compliance audits and inspections

Perform audits and inspections to verify that the provision of gambling and liquor is conducted in a responsible and lawful manner.

	2004/05 \$000	2003/04 \$000
4. Employee Expenses		
Salaries	4,573	4,504
Superannuation	550	512
Change in annual and long service leave entitlements	87	(16)
Other related expenses (I)	<u>(2)</u>	<u>(3)</u>
	<u>5,208</u>	<u>4,997</u>
(I) These employee expenses include superannuation, workers compensation premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee benefit liabilities at Note 20.		
5. Depreciation and Amortisation		
Depreciation		
Furniture equipment	41	42
Computing equipment	<u>110</u>	<u>463</u>
	151	505
Amortisation		
Computer software	<u>275</u>	<u>0</u>
	275	0
	<u>426</u>	<u>505</u>
6. Supplies and Services		
Communications	131	134
Consultants and contractors	255	168
Consumables	246	405
Repairs and maintenance	161	158
Travel	42	78
Resources received free of charge	145	111
Others	<u>93</u>	<u>20</u>
	<u>1,073</u>	<u>1,074</u>
7. Capital User Charge	<u>235</u>	<u>206</u>
A capital user charge rate of 8% has been set by the Government and represents the opportunity cost of capital invested in the net assets of the Department used in the provision of services. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.		
8. Accommodation Expenses		
Lease rental	508	474
Resources received free of charge	<u>2</u>	<u>2</u>
	<u>510</u>	<u>476</u>

	2004/05 \$000	2003/04 \$000
9. Other Expenses from Ordinary Activities		
Bad debts expense	<u>11</u>	<u>13</u>
10. User Charges and Fees		
Recoups for services provided:		
Net Appropriation Revenues		
Gaming and Wagering Commission of Western Australia	2,586	2,524
Racing Penalties Appeal Tribunal	106	97
Racecourse Development Trust	0	7
Betting Control Board	0	31
Commonwealth Government	70	73
Liquor fees and other charges	<u>1,657</u>	<u>1,625</u>
	<u>4,419</u>	<u>4,357</u>
11. Revenues from State Government		
Appropriation revenue received during the year:		
Service appropriations (I)	<u>3,220</u>	<u>3,074</u>
	3,220	3,074
The following liabilities have been assumed by the Treasurer during the financial year:		
- Superannuation (II)	<u>87</u>	<u>58</u>
Total liabilities assumed by the Treasurer	87	58
Resources received free of charge (III)		
Determined on the basis of the following estimates provided by agencies:		
Department of Housing and Works		
- property management services	2	2
Department of Justice		
- legal services	143	109
	<u>145</u>	<u>111</u>
	<u>3,452</u>	<u>3,243</u>

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

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

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

	2004/05 \$000	2003/04 \$000
12. Cash Assets		
Operating account	1,685	1,466
Cash on hand	<u>3</u>	<u>6</u>
	<u>1,688</u>	<u>1,472</u>
13. Receivables		
Trade debtors	226	218
Other debtors	39	49
GST receivable	<u>13</u>	<u>20</u>
	<u>278</u>	<u>287</u>
The Department has a significant exposure to the Gaming and Wagering Commission of Western Australia. The Commission is expected to settle its debt of \$203,163 (2003/04: \$187,975) in due course.		
14. Restricted Cash Assets		
Accrued salaries suspense account		
Current	<u>0</u>	<u>212</u>
	0	212
Amount held in the suspense account is only to be used for the purpose of meeting the 27 th pay in a financial year that occurs every 11 years.		
Trust account (refer to Note 22)	<u>30</u>	<u>28</u>
	30	28
	<u>30</u>	<u>240</u>
15. Amounts Receivable for Services		
Current	200	30
Non-current	<u>962</u>	<u>630</u>
	<u>1,162</u>	<u>660</u>
This asset represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.		
16. Other Assets		
Prepayment	<u>76</u>	<u>74</u>

	2004/05 \$000	2003/04 \$000
17. Plant and Equipment		
Furniture equipment		
At cost	464	466
Accumulated depreciation	<u>(295)</u>	<u>(256)</u>
	169	210
Computing equipment		
At cost	1,110	3,348
Accumulated depreciation	<u>(944)</u>	<u>(2,441)</u>
	166	907
Computer software		
At cost	2,464	0
Accumulated amortisation	<u>(1,849)</u>	<u>0</u>
	615	0
Sub-total	<u>950</u>	<u>1,117</u>
Add: Work in progress	<u>62</u>	<u>117</u>
Total	<u>1,012</u>	<u>1,234</u>

Reconciliations

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

	Furniture equipment \$000	Computing equipment \$000	Computer software \$000	Work in progress \$000	Total \$000
Carrying amount at start of 2004/05	210	907	0	117	1,234
Additions	0	0	143	62	205
Disposals	(1)	0	(33)	0	(34)
Depreciation and amortisation	(40)	(110)	(243)	0	(393)
Transfer	<u>0</u>	<u>(631)</u>	<u>748</u>	<u>(117)</u>	<u>0</u>
Carrying amount at end of 2004/05	<u>169</u>	<u>166</u>	<u>615</u>	<u>62</u>	<u>1,012</u>

	2004/05 \$000	2003/04 \$000
18. Payables		
Current		
Trade payables	139	158
Other payables	<u>0</u>	<u>3</u>
	<u>139</u>	<u>161</u>

	2004/05 \$000	2003/04 \$000
19. Other Liabilities		
Accrued salaries		
Amounts owing at the end of financial year (2003/04: nine working days, 18 to 30 June 2004).	<u>0</u>	<u>152</u>
	0	152
Trust account (refer to Note 22)	<u>30</u>	<u>28</u>
	30	28
Fees in trust	<u>42</u>	<u>52</u>
	42	52
	<u>72</u>	<u>232</u>
20. Provisions		
Current		
Annual leave	74	30
Long service leave	229	286
Other employee benefits (I)	<u>32</u>	<u>36</u>
	<u>335</u>	<u>352</u>
Non-current		
Long service leave	510	443
Other employee benefits (I)	<u>54</u>	<u>51</u>
	<u>564</u>	<u>494</u>
(I) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and workers compensation premiums. The liability for such on-costs is included here. The associated expense is included under Other related expenses (under Employee Expenses) at Note 4.		
The Department considers the carrying amount of employee benefits to approximate the net fair value.		
Employee benefit liabilities		
The aggregate employee benefit liability recognised and included in the financial statements is as follows:		
Provisions for employee benefits:		
Current	335	352
Non-current	<u>564</u>	<u>494</u>
	<u>899</u>	<u>846</u>
21. Equity		
Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community.		
Contributed equity		
Opening balance	<u>454</u>	<u>454</u>
Closing balance	<u>454</u>	<u>454</u>
Accumulated surplus		
Opening balance	2,274	1,945
Change in net assets	<u>408</u>	<u>329</u>
Closing balance	<u>2,682</u>	<u>2,274</u>

22. Indian Ocean Territories Reimbursement Trust Fund

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

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

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

	2004/05 \$000	2003/04 \$000
Opening balance	28	32
Receipts from the Commonwealth Government	72	69
Payments from the Trust Fund	(70)	(73)
Closing balance	<u>30</u>	<u>28</u>

The closing balance for the year 2004/05 includes unexpended funds for liquor licensing services (\$18,551), casino and gaming (\$11,240).

23. Notes to the Statement of Cash Flows

(a) Reconciliation of cash

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

Cash assets	1,688	1,472
Restricted cash assets (refer to Note 14)	<u>30</u>	<u>240</u>
	<u>1,718</u>	<u>1,712</u>

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

Net cost of services	(3,044)	(2,914)
Non-cash items:		
Depreciation and amortisation	426	505
Superannuation	87	58
Resources received free of charge	145	111
Non-cash work in progress accruals	(52)	(1)
(Increase)/decrease in assets:		
Receivables	(7)	(67)
Other assets	(2)	(2)
Increase/(decrease) in liabilities:		
Payables	(18)	113
Current provisions	(16)	(175)
Accrued salaries	(152)	31
Non-current provisions	71	148
Net GST receipts/(payments)	5	(8)
Change in GST in receivables/payables	<u>2</u>	<u>2</u>
Net cash used in operating activities	<u>(2,555)</u>	<u>(2,199)</u>

24. Commitments for Expenditure

(a) Capital expenditure commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

Within 1 year	7	0
Later than 1 year and not later than 5 years	0	0
Later than 5 years	0	0
	<u>7</u>	<u>0</u>

(b) Non-cancellable operating lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are payable:

Within 1 year	38	543
Later than 1 year and not later than 5 years	24	24
Later than 5 years	0	0
	<u>62</u>	<u>567</u>

(c) Other expenditure commitments

There were no other material commitments as at 30 June 2005.

25. Remuneration of Senior Officers

Remuneration

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

\$		
10,001 - 20,000	1	0
20,001 - 30,000	1	0
30,001 - 40,000	0	3
40,001 - 50,000	2	1
50,001 - 60,000	1	0
60,001 - 70,000	0	2
70,001 - 80,000	1	0
80,001 - 90,000	1	0
90,001 - 100,000	1	0
100,001 - 110,000	1	0
110,001 - 120,000	0	2
120,001 - 130,000	1	0
130,001 - 140,000	1	0
140,001 - 150,000	1	0
150,001 - 160,000	1	0
160,001 - 170,000	1	0
170,001 - 180,000	0	1
180,001 - 190,000	0	1
	<u>8</u>	<u>7</u>

2004/05	2003/04
\$000	\$000

The total remuneration of senior officers is:

<u>834</u>	<u>774</u>
------------	------------

Senior officers include the third level of management.

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

No senior officers are members of the Pension Scheme.

26. Explanatory Statement

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

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

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

Although there was no significant variance in the total appropriation, there was an unfavourable variance of \$199,000 in the total revenues from ordinary activities:

	2004/05 Estimate \$000	2004/05 Actual \$000	Variance \$000
Total revenues from ordinary activities	4,618	4,419	(199)

The unfavourable variance of \$199,000 was mainly due to the reduction of \$300,000 in the annual recoup from the Gaming and Wagering Commission of Western Australia as a result of fewer audits and inspections conducted during the year. The impact of this recoup reduction was partly offset by an increase in the liquor fee revenue in the year 2004/05.

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

	2004/05 Actual \$000	2003/04 Actual \$000	Variance \$000
Total appropriation provided to deliver services for the year	3,220	3,074	146
Total revenues from ordinary activities	4,419	4,357	62

Total appropriation provided to deliver services for the year

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

Total revenue

No significant variance.

Service expenditure

	2004/05 Actual \$000	2003/04 Actual \$000	Variance \$000
Service 1 - Evaluation and determination of applications	3,713	3,536	177
Service 2 - Compliance audits and inspections	3,750	3,735	15

The increase in the expenditure of service 1 was attributable to the following:

- (a) filling of vacant positions;
- (b) an increase in the notional superannuation expense; and
- (c) an increase in the capital user charge.

No significant variance in the service 2 expenditure.

26. Explanatory Statement (con't)

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

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

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

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

	2004/05	2003/04	Variance
	Actual	Actual	
	\$000	\$000	\$000
Administered grants and transfer payments	74,330	66,784	7,546
Amount Authorised by Other Statutes - Liquor Licensing Act 1988	3,888	4,854	(966)
	<u>78,218</u>		

Administered Grants and Transfer Payments

The claims lodged were significantly higher than expected. The initial appropriation for 2004/05 was \$68,100,000 and supplementary funding of \$9,500,000 was requested during the year.

Amount Authorised by Other Statutes - Liquor Licensing Act 1988

The claims lodged were significantly lower than anticipated. The variance was due to the change in the Commonwealth Government's Wine Equalisation Tax (WET) regime. From 1 October 2004, a wine producer, with less than \$1,000,000 in sales, no longer pays any WET and, therefore, does not receive a liquor subsidy rebate from the State.

	2004/05	2003/04	Variance
	Actual	Actual	
	\$000	\$000	\$000
Casino Tax	51,666	46,758	4,908

2004/05 casino gross revenue was higher than the 2003/04 revenue.

	2004/05 \$000	2003/04 \$000
27. Remuneration of Auditor		
Remuneration to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	<u>43</u>	<u>42</u>

28. Additional Financial Instruments Disclosures

(a) Interest Rate Risk Exposure

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

	Non-interest Bearing	Non-interest Bearing
Financial Assets		
Cash assets	1,688	1,472
Receivables	278	287
Restricted cash assets	<u>0</u>	<u>212</u>
Total Financial Assets	<u>1,966</u>	<u>1,971</u>
Financial Liabilities		
Payables	139	161
Fees in trust	<u>42</u>	<u>52</u>
Total Financial Liabilities	<u>181</u>	<u>213</u>

(b) Credit Risk Exposure

All financial assets are unsecured.

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

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

Western Australian Government agencies	<u>219</u>	<u>216</u>
----------------------------------------	------------	------------

(c) Net Fair Values

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

29. Contingent Liabilities and Contingent Assets

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

30. Events Occurring After Reporting Date

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

31. Related Bodies

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

32. Affiliated Bodies

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

33. 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):

	2004/05 \$	2003/04 \$
Liquor licence penalties written off by the Accountable Officer	8,985	11,665
Revenues and debts written off by the Accountable Officer	<u>2,320</u>	<u>1,563</u>
	<u>11,305</u>	<u>13,228</u>

	2004/05 \$000	2003/04 \$000
34. Administered Expenses and Revenues		
Expenses		
Transfer payments for liquor subsidies and gambling tax rebates	78,218	71,638
Receipts paid into Consolidated Fund	<u>51,367</u>	<u>44,385</u>
Total administered expenses	<u>129,585</u>	<u>116,023</u>
Revenues		
Appropriations for liquor subsidies and gambling tax rebates	78,218	71,638
Taxes collected under the Casino (Burswood Island) Agreement Act 1985	<u>51,666</u>	<u>46,758</u>
Total administered revenues	<u>129,884</u>	<u>118,396</u>
35. Administered Assets and Liabilities		
Assets		
Current		
Cash	0	10
Receivables	<u>4,201</u>	<u>3,902</u>
Total Administered Assets	<u>4,201</u>	<u>3,912</u>
Liabilities		
Current		
Fees in trust	<u>0</u>	<u>10</u>
Total Administered Liabilities	<u>0</u>	<u>10</u>

36. Impact of Adopting Australian Equivalents to IFRS

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the UIG has issued interpretations corresponding to International Accounting Standards Board interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the entity's financial statements for the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Department has commenced transitioning its accounting policies and financial reporting from the current Australian Standards to AIFRS. The Department conducts analyses and assessments to identify areas that will be impacted by the transition to AIFRS. In complying with paragraph 4.2 of AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards', the Department is required to disclose an estimate of the effect of the changes on its reported financial position and financial performance.

The known or reliably estimable impact on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS is set out below. The expected financial effect of adopting AIFRS is shown in a line item in the Statement of Financial Position, with description of the difference. No material impacts are expected in relation to the Statement of Cash Flows.

Impact on the Statement of Financial Position

	Existing GAAP	Effect of Change	AIFRS
	\$000	\$000	\$000
Non-Current Assets			
Plant and equipment	1,012	(626)	386
Intangible assets	0	626	626
	<u>1,012</u>	<u>0</u>	<u>1,012</u>

The adjustment is explained as follows:

Plant and equipment under existing Generally Accepted Accounting Principles (GAAP) included \$625,524 for computer software that is recognised as intangible assets under AIFRS.

As at the reporting date, apart from the application of AASB 138 'Intangible Assets', the Department is not aware of any other significant differences in the transition to AIFRS in view of the nature of the Department's current financial performance and position.

CERTIFICATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

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

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



Barry A Sargeant
ACCOUNTABLE OFFICER

12 August 2005



Terry Ng
PRINCIPAL ACCOUNTING OFFICER

12 August 2005

OPINION OF THE AUDITOR GENERAL ON THE DEPARTMENT'S FINANCIAL STATEMENTS



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF RACING, GAMING AND LIQUOR FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion,

- (i) the controls exercised by the Department of Racing, Gaming and Liquor 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 Department at 30 June 2005 and its financial performance and cash flows for the year ended on that date.

Scope

The Director General's Role

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

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

Summary of my Role

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

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

D D R PEARSON
AUDITOR GENERAL
2 September 2005

4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

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.

AGENCY LEVEL GOVERNMENT DESIRED OUTCOMES AND KEY EFFECTIVENESS INDICATORS

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

Agency Level Government Desired Outcome and Key Effectiveness Indicator

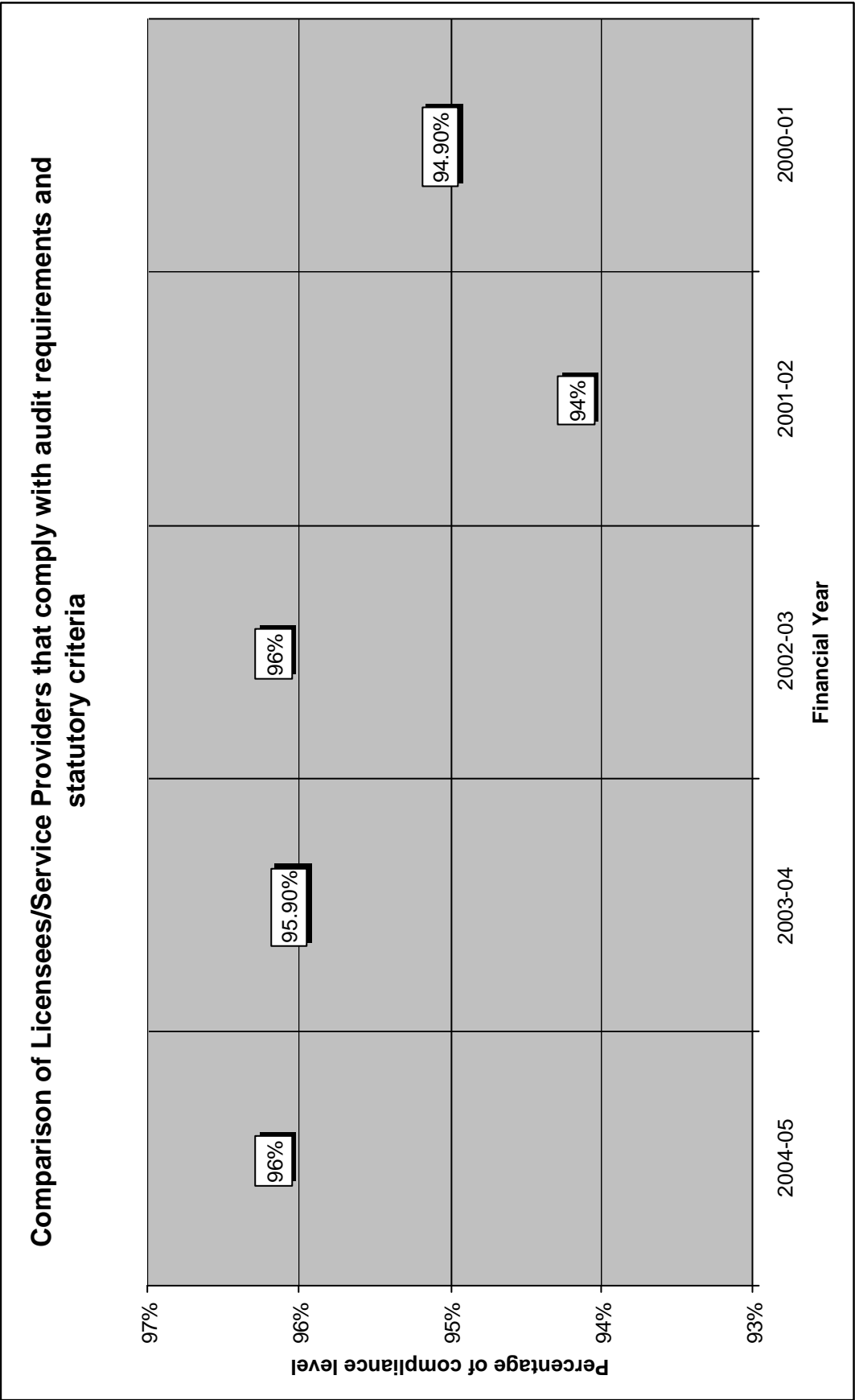
Desired Outcome: To promote, monitor and enforce responsible and lawful gambling and liquor services in accordance with the legislation

	2004-05 Target	2004-05 Actual	Reason for Significant Variance
Licensees/ service providers that comply with audit requirements and statutory criteria ¹²	96%	96%	

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

¹² The Key Effectiveness Indicator is calculated by determining the number of licensees/ service providers that complied with audit requirements and statutory criteria as a percentage of the number of audits/inspections conducted during the year.

Trend in Performance of Key Effectiveness Indicator over time



SERVICE 1: LICENSING - EVALUATION AND DETERMINATION OF APPLICATIONS

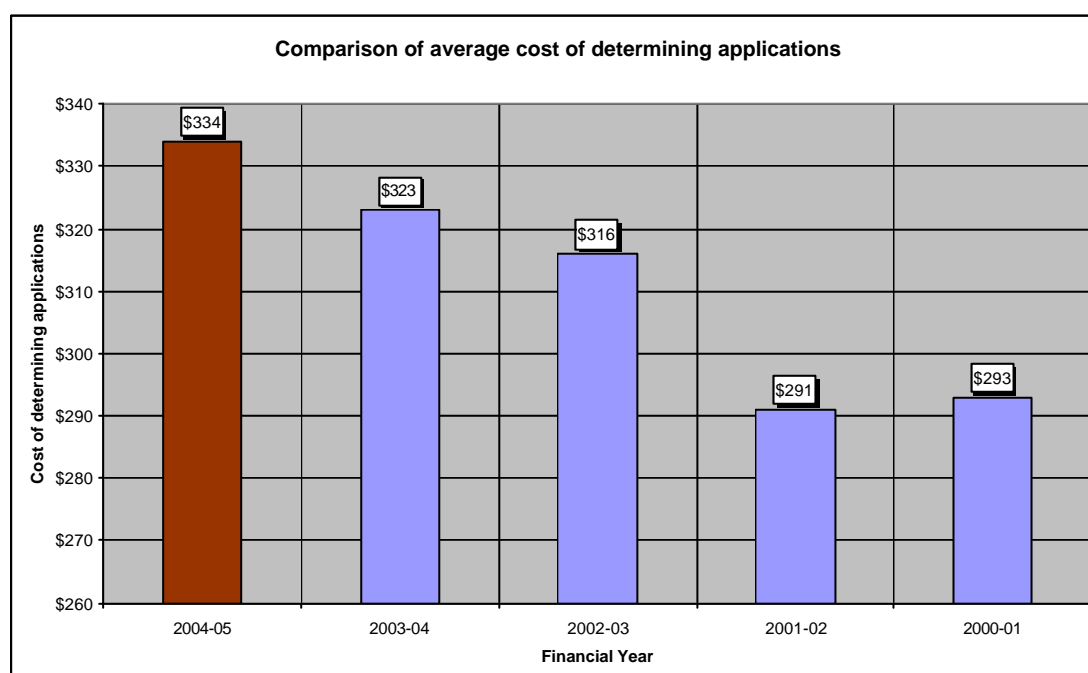
Key Efficiency Indicator

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

	2004-05 Target	2004-05 Actual	Reason for Significant Variance
Average cost of determining applications.	\$333	\$334	

The evaluation and determination of applications contributes to promoting, monitoring and enforcing responsible and lawful gambling and liquor services by ensuring that applications comply with the statutory and policy requirements.

Trend in Performance of Key Efficiency Indicator for Service 1 over time



SERVICE 2: COMPLIANCE - AUDITS AND INSPECTIONS

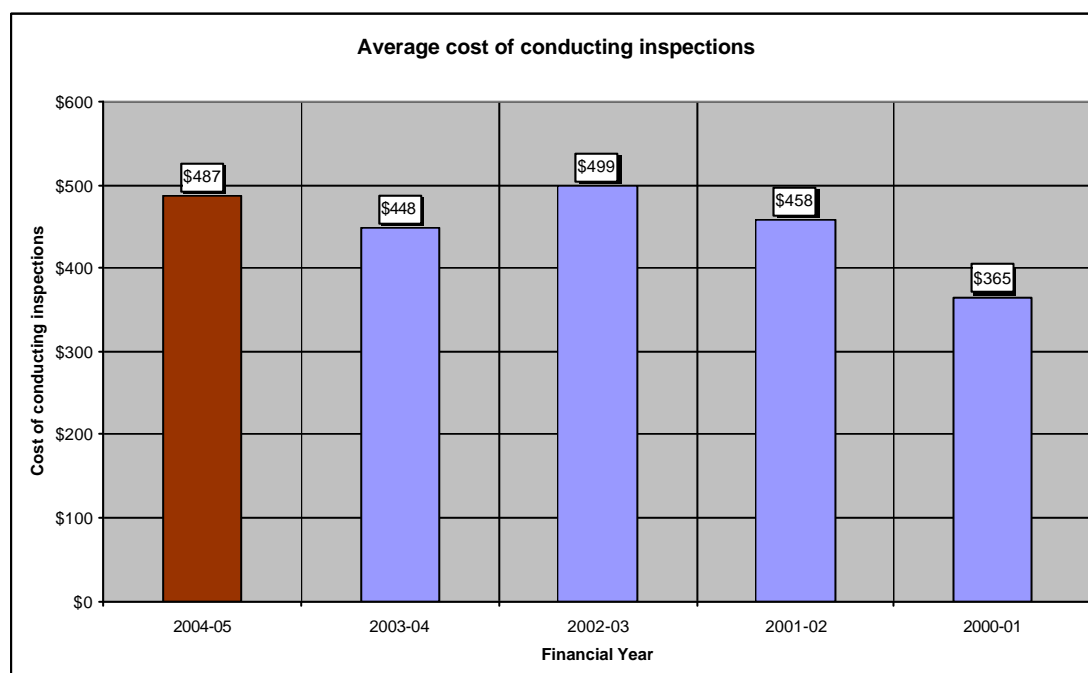
Service Description: Conducts audits and inspections to ensure that the service of gambling and liquor is conducted in a responsible and lawful manner.

Key Efficiency Indicator

	2004-05 Target	2004-05 Actual	Reason for Significant Variance
Average cost of conducting inspections ¹³ ..	\$555	\$487	(see footnote 2 (below))

By conducting compliance audits and inspections, the Department of Racing, Gaming and Liquor ensures the promotion, monitoring and enforcement of responsible and lawful gambling and liquor services.

Trend in Performance of Key Efficiency Indicator for Service 2 over time



¹³ The cost of inspections can change for each reporting year as a result of increases or reductions in the number of inspections carried out. For the 2004-05 reporting year, the \$487 cost established per inspection saw an increase of \$39 per inspection from 2003-04. There has been a reduction in staff due to a number of retirements and delays in recruiting replacement staff during 2004-05, however the cost of retirement payouts has increased the cost per inspection.

CERTIFICATION OF PERFORMANCE INDICATORS

FOR THE YEAR ENDED 30 JUNE 2005

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Department of Racing, Gaming and Liquor, and fairly represent the performance of the Department for the financial year ended 30 June 2005.



Barry A Sargeant
DIRECTOR GENERAL

12 August 2005

OPINION OF THE AUDITOR GENERAL ON THE DEPARTMENT'S PERFORMANCE INDICATORS



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF RACING, GAMING AND LIQUOR PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Department of Racing, Gaming and Liquor are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended 30 June 2005.

Scope

The Director General's Role

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

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

Summary of my Role

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

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

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

D D R PEARSON
AUDITOR GENERAL
2 September 2005

4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

DIRECTOR
GENERAL'S
OVERVIEW

SUMMARY OF
ACHIEVEMENTS,
CHALLENGES AND
ISSUES

SUMMARY OF
FINANCIAL & NON-
FINANCIAL
INDICATORS

REPORT ON
OPERATIONS

FINANCIAL
STATEMENTS

OUTCOMES,
SERVICES &
PERFORMANCE
INFORMATION

CONTACTING THE DEPARTMENT

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

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

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

The Department's postal address is:

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

Telephone contact numbers for the Department are:

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

Facsimile numbers for the Department are:

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

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

The Department's **website** can be accessed at www.rgl.wa.gov.au and **e-mail enquiries** can be addressed to 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.

