



**Professional
Combat Sports
Commission**

**2005 - 2006
Annual Report**

Minister for Sport and Recreation

Hon JOHN KOBELKE MLA
Minister for Sport and Recreation

In accordance with Section 66 of the *Financial Administration and Audit Act 1985*, I hereby submit for your information and presentation to Parliament the annual report for the Professional Combat Sports Commission for the period 1 July 2005 to 30 June 2006.

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

Simon Watters
Chairman
27 September 2006

Colin Brown
Member
27 September 2006

Professional Combat Sports Commission
246 Vincent Street
Leederville WA 6903

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Summary of Highlights

1. Professional Combat Sports Act 1987 Review

The Professional Combat Sports Commission undertook a review of the *Professional Combat Sports Act 1987* and identified the need to initiate legislative changes through parliamentary processes. The key proposed amendment is to change the interpretation of a contest to include contests in which paid public attendance is actively promoted. Recognised state association bodies such as the Amateur Boxing Association of WA and the Karate Federation WA will be exempt. The amendment will improve control measures and enhance contestant well being for the broader combat sports industry.

2. National Forum

The Professional Combat Sports Commission hosted a National Executive Officer Forum on the 2nd and 3rd of May 2006. Six combat sport industry personnel from throughout Australia attended and some of the key issues/topics discussed included:

- Status of local combat sports in each jurisdiction
- Status of the national industry database
- Legislation reviews in each jurisdiction
- Coroner's recommendations on Victorian boxing death and possible impacts/responses by state governments
- National Standing Committee on Recreation and Sport (SCORS) working group establishment and investigations into industry training/accreditation
- National and international trends in combat sport and mixed martial arts
- Industry network and the prospect of future meetings/forums.

3. Combat Sports Working Group

The legislation review and issues surrounding amateur -v- professional contests provided the catalyst for the Commission to convey concerns to the Department of Sport and Recreation. As a result, a local combat sports questionnaire and ensuing forum was conducted at the Department on 21 May 2006. Ten people attended to initially engage and consult with the combat sports industry. Issues discussed at the forum included:

- Risk management conduct, rules and practises at fight promotions
- Prospect of developing an organisational body for amateur combat sports
- Combat sports training/accreditation opportunities for participants
- Establishing a combat sports working group to assist in identifying and addressing key issues for the industry.

4. Commissioners

i) Professional Development

Two Commissioners attended the Danny Green -v- Anthony Mundine fight promotion in NSW on 17 May 2006 as an opportunity to learn from the procedures and operations of the Boxing Authority of NSW.

ii) Resource Manual

A 'working' documentation file comprising position description, promotion checklists, legislation, code of conduct, policies, agendas and minutes was developed to support Commissioners in their roles.

5. Promotions in Western Australia

The number of promotions held in Western Australia increased from six in 2004-05 to ten in 2005-06 with growth being evident in Muay Thai fight promotions. In excess of 25 professional contests were conducted.

Corporate Overview

The Professional Combat Sports Commission is committed to developing a safe professional combat sports industry in Western Australia that is easily accessible, encourages maximum participation and develops talent.

Responsible Minister

The Professional Combat Sports Commission reports to the Hon John Kobelke MLA in his capacity as Minister for Sport and Recreation.

Commissioners

The nominee of the Commissioner of Police was replaced in December 2006. The contribution of Police Assistant Commissioner Mal Shervil during his time with the commission was commendable.

Mr Simon Watters	Chairman
Dr Richard Choong	Nominee of the Australian Medical Association
Assistant Commissioner Mal Shervil	Nominee of the Commissioner of Police to 22 December 2006
Inspector Kim Hutchinson	Nominee of the Commissioner of Police from 22 December 2006
Mr Colin Brown	Nominee of the Director General of the Department of Sport and Recreation
Ms Margaret Sherlock	Representative of persons who are or who have been registered as contestants in a class other than a class relevant to boxing
Ms Annette Backshall	Representative of persons who are or who have been registered as contestants in a class relevant to boxing
Mr Kevin Junior	A person with knowledge of the industry relating to combat sports other than boxing
Mr John Fanderlinden	A person with knowledge of the boxing industry

Mission

The mission of the Professional Combat Sports Commission is to improve all aspects of safety and organisation of professional combat sports in Western Australia.

Objectives of the Commission are to:

- Develop guidelines for proper standards in professional combat sports;
- Establish standards for the training of persons involved in professional combat sports;
- Provide protection for all those involved in professional combat sports;
- Ensure the physical safety of professional contestants; and
- Advise the Minister for Sport and Recreation on professional combat sport matters.

Vision

The vision of the commission is continued improvement in the monitoring of the health and safety of professional contestants and officials at contests through:

- Detection of diseases passed on by contact with body fluids;
- Presence of required medical equipment and staff at contests;
- Pre and post medical examinations;
- Protection of professional contestants and officials through stringent medical requirements for registration;
- Requiring serology and general medical certificates;
- Improvement in the efficiency and administration of professional combat sports promotions; and
- Appropriateness of venues.

How the Commission Operates

- Provision of statewide leadership and coordination to the professional combat sports industry;
- Establishes partnerships within the industry, across government and with other stakeholders;
- Involves clients in all aspects of service planning and delivery; and
- Provision of consultancy services to individuals and organisations delivering professional combat sports.

Enabling Legislation

The Professional Combat Sports Commission is established as a statutory authority under Section 4 of the *Professional Combat Sports Act 1987*.

Legislation Impacting on the Activities of the Commission

In performance of its functions the Professional Combat Sports Commission complies with the following legislation:

- *Equal Opportunity Act 1984*

- *Disability Services Act 1993*
- *Financial Administration and Audit Act 1985*
- *Salaries and Allowances Act 1975*
- *State Supply Commission Act 1991*
- *State Records Act 2000.*
- *Freedom of Information Act 1992*
- *Government Employees Superannuation Act 1987*
- *Occupational Health and Safety Act 1984*
- *Workers' Compensation and Rehabilitation Act 1981 (as amended Workers' Compensation and Rehabilitation Amendment Act 1993).*
- *Public Interest Disclosure Act 2003*

Chairman's Report

The professional combat sports industry in Western Australia continues to develop, evidenced by an increase in the number of promotions from six in 2004/05 to ten in 2005/06. The growth has largely been evident in Muay Thai, although some of these promotions have also included a professional boxing contest.

The majority of fight promotions consisted of up to ten amateur contests on the under card with two or three professional contests concluding proceedings. Commissioners and the Executive Officer of the Commission attended all fight promotions in Western Australia involving professional combat sport contests. Attendance involved supervision of the official weigh-in and attendance at ringside for professional contests.

The Commission continues to ensure that the professional contests included in the fight promotions comply with the legislation but has no influence or control over the amateur contests. The legislation's current interpretation of a contest is posing problems within combat sports other than boxing. Amateur boxing is differentiated by rules and equipment and has a governing body whereas other combat sports do not have a universally recognised state governing body at present.

A number of incidents over the past eighteen months have highlighted shortfalls within the legislation and in particular, the current definition of a contest. Notable incidents included:

- The Commission declined sanctioning a professional mixed martial arts contest due to a lack of endorsed rules and qualified officials but it continued under the guise of an amateur contest. A dvd accessed of a particular fight promotion indicated that a registered professional boxer was a contestant and emphasised concerns in relation to the rules or lack thereof.
- Amateurs contesting the undercard at fight promotions attend the weigh-in and sign a declaration form confirming their status as an amateur. A visiting Queensland amateur admitted to receiving substantial funds to compete in an amateur contest. The promoter and contestant's manager confirmed the funds to be sponsorship. Legal advice sought provided grounds to investigate further, but the contestant being of interstate origin and the statement from the promoter made it prohibitive.
- The Commission has received concerns from some public supporters of amateur combat sport contests. Concerns expressed have related to poor matchmaking of contestants, unsuitably qualified officials and a lack of appropriate medical equipment and personnel present at fight promotions.

Commissioners and the Executive Officer undertook an important review of the *Professional Combat Sports Act 1987*. The review considered the current status of local fight promotions in relation to the Commission's functions under the Act in addition to comparing legislation from other jurisdictions in Australia. As a result of the review and a meeting with the Minister indicating his ongoing support, the Commission is in the process of proposing a series of amendments for parliament to consider. Key proposed amendments include:

- Interpretation of a contest to include contests in which paid public attendance (in the form of a fee, donation or other form of payment) is actively promoted, ensuring all fight promotion contests (formerly professional only) will be encompassed by the legislation.
- Registration duration periods to be removed to enable all registrations to be permanent.

- Inclusion of industry participant disciplinary section to enhance Commission's authority to impose discipline upon promoters and other categories of industry participants.
- Approval of rules to ensure that the Minister and Commission have a clearly defined function in regulating the rules to ensure safety of contestants is maximised and risks of injury minimised.

The Commission in conjunction with the Department of Sport and Recreation successfully hosted a National Combat Sports Forum in Perth in May involving Executive Officers of equivalent authorities throughout Australia. The forum provided an opportunity to discuss and address some of the common issues confronting combat sports throughout Australia. The Commission was particularly pleased that opinions of interstate attendees and their legislation reviews reaffirmed the need to re-examine the current interpretation of a contest in addition to other identified areas. The forum also highlighted the need to maintain a national combat sports network for administrators.

A 'working' documentation folder has been developed to support Commissioners in their role. The folder provides Commissioners with a clearer understanding of their roles and responsibilities. It is termed as a 'working' folder to enable policies, codes, checklists, minutes, agendas, etc to be updated or added to as required.

The much anticipated professional boxing contest involving Western Australian Danny Green and Anthony Mundine finally transpired in Sydney, NSW on May 17 2006. Given the magnitude of the fight promotion, the Commission viewed it as an important opportunity for two Commissioners to attend and learn from the Boxing Authority of NSW. The Commissioners reported that it was an invaluable learning experience that can be applied to future promotions in Western Australia.

The Commission is pleased that the legislation review and issues surrounding amateur contests conducted in association with professional contests is providing the catalyst to instigate change. The Commission is supportive of the proposed legislation amendments and the Department of Sport and Recreation's intentions to consult further with the local combat sports community. Given the nature and growth of combat sports it is important to continually examine and address risk management, rules, training and other prevalent issues to enhance the combat sports industry and the welfare of its participants.

Simon Watters, Barrister at Law
Chairman

Meeting the Government’s Strategic Outcomes

The Professional Combat Sports Commission’s strategic intent is to ensure its alignment with strategic outcomes identified in the Government’s Strategic Planning Framework - Better Planning: Better Services document.

Specific contributions are detailed in the following table.

Goal	Commission Contribution to Strategic Outcomes
People and Communities	<ul style="list-style-type: none"> • Monitoring the health and safety of professional contestants and officials at contests. • Development of guidelines for proper standards in professional combat sports. • Creating a professional sport industry that is safe for youth 18 to 25 years of age. • Encouraging promoters of professional combat sports events to provide a family friendly activity. • Improved access to promotions by people with disabilities. • Supporting the initiatives of the Department of Sport and Recreation on People and Communities.
The Economy	<ul style="list-style-type: none"> • Assisting promoters to conduct events involving interstate and international contestants and officials. • Supporting the initiatives of the Department of Sport and Recreation on the economy.
The Environment	<ul style="list-style-type: none"> • Supporting the initiatives of the Department of Sport and Recreation on the environment.
The Regions	<ul style="list-style-type: none"> • Encouraging people in regions to participate in professional combat sports as officials. • Supporting the initiatives of the Department of Sport and Recreation on regions.
Governance	<ul style="list-style-type: none"> • Sound financial management, including unqualified audited financial statements. • Supporting the initiatives of the Department of Sport and Recreation on Governance.

Corporate Legislation and Compliance

- No Freedom of Information applications were received.
- Publications produced by the commission available to the public are the:
 - Professional Combat Sports Act 1987
 - Professional Combat Sports Act Regulations 1990
 - Professional Combat Sports Amendment Act 2004
 - Western Australian Professional Combat Sports Handbook
 - Annual Report 2004-2005
- A ministerial directive was provided to review and consider changes to the *Professional Combat Sports Act 1987*.
- The commission has discretion to charge for rendered services and goods subject to ministerial approval.
- In compliance with Principle 6 of the State Records Act 2000 the Professional Combat Sports Commission is required to report on its compliance with the Act. The Professional Combat Sports Commission has a Recordkeeping Plan approved by the State Records Advisory Committee (SRAC).
- As part of the requirements for the recordkeeping plan the Department of Sport and Recreation conducts record keeping training for staff. Each induction program addresses the roles and responsibilities of the employees in regard to compliance with the Recordkeeping Plan.
- In compliance with section 175ZE of the Electoral Act 1907, the Professional Combat Sports Commission is required to report on its compliance with the Act. The Professional Combat Sports Commission report on expenditure with:

Advertising Agencies	\$0
Market Research Agencies	\$0
Polling Agencies	\$0
Direct Mail Agencies	\$0
Media Advertising Agencies	\$0
TOTAL EXPENDITURE	\$0

Major Partners of the Commission

- Peak industry organisations
- Sport and recreation service agencies, e.g. medical practitioners
- State departments, e.g. Sport and Recreation and Police
- Boxing and combat sport authorities in New South Wales, Victoria and South Australia
- Non-government organisations, e.g. Australian Medical Association WA Branch

**CERTIFICATION OF PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2006**

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Professional Combat Sports Commission's performance, and fairly represent the performance of the Professional Com

Chairman
Simon Watters
Date: 20 September 2006

Member
Colin Brown
Date: 20 September 2006

Performance Indicators

For each service, agencies are required to report measures of quantity, quality, timeliness and cost.

Consistent with this, the commission identified two services as a framework for external reporting.

Service 1

Desired Outcome

Ensuring that professional contestants and officials taking part in professional contests can do so with reasonable confidence that the risks of contracting diseases from bodily fluids are minimal and that their contract with the promoter will be fulfilled.

Effectiveness Indicators

Percentage of registered professional combat sports contestants with a positive serology test.

Period	Percentage of Positive Serology Tests
2005/06	0%
2004/05	0%
2003/04	0%
2002/03	0%

Percentage of instances of non-compliance with the *Professional Combat Sports Act 1987* and its Regulations.

Period	Percentage of Non-compliance
2005/06	10%
2004/05	17%
2003/04	0%
2002/03	0%

At one of the ten promotions conducted there was one instance of non-compliance with the Act and Regulations. On this occasion in April 2006 an amateur contestant admitted to receiving substantial funding to compete and the promoter denied any association to the alleged sponsorship funding the amateur contestant received.

Service 2

Efficiency Indicator

The cost of issuing a permit for a contest registered by the Commission.

This measure is calculated by:

$$\frac{\text{Total Operating Cost}}{\text{Number of Registered Promotions}}$$

Costs	2005/06 \$	2004/05 \$	2003/04 \$	2002/03 \$
Chairman's fee	6,000	6,878	5,717	5,610
Commissioner fees and allowances	17,837	7,513	3,726	1,168
Commissioner superannuation	1,950	1,174	745	610
Operating costs	61,170	47,567	16,502	10,077
Total	86,957	63,132	26,690	17,465
Number of Promotions	10	6	3	5
Cost of issuing a permit	8,696	10,522	8,899	3,493

The Commission agreed to pay administration costs of \$22,000 to the Department of Sport and Recreation annually, commencing in 2004/2005.

Note the substantial increase in Commissioner fees and allowances is attributed to an increase in the number of fight promotions, weigh-ins and Commission meetings which included the review of legislation.

Note a \$22,000 write-off of operational funding raised as receivable in 2004/05. In negotiations with the Department of Sport and Recreation in 2005/06, the Commission agreed not to recover this receivable given the level of funds available in the Commission's bank account to meet the current operational expenditure.

PROFESSIONAL COMBAT SPORTS COMMISSION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

The accompanying financial statements of the Professional Combat Sports Commission 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 tra

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.

Chief Financial Officer
Faye Graham
Date: 20 September 2006

Member
Colin Brown
Date: 20 September 2006

Chairman
Simon Watters
Date: 20 September 2006

**PROFESSIONAL COMBAT SPORTS COMMISSION
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006	2005
		\$	\$
COST OF SERVICES			
Expenses			
Members remuneration	3	25,787	15,565
Supplies and services	4	36,911	47,062
Depreciation expense	5	2,259	505
Other expenses	6	22,000	-
Total cost of services		86,957	63,132
Income			
Revenue			
User charges and fees	7	3,865	2,110
Total revenue		3,865	2,110
Total income other than income from State Government		3,865	2,110
NET COST OF SERVICES		83,092	61,022
INCOME FROM STATE GOVERNMENT			
Grants	8	44,000	48,000
Resources received free of charge	8	3,935	8,055
Total income from State Government		47,935	56,055
DEFICIT FOR THE PERIOD		(35,157)	(4,967)

The Income Statement should be read in conjunction with the accompanying notes.

**PROFESSIONAL COMBAT SPORTS COMMISSION
BALANCE SHEET
AS AT 30 JUNE 2006**

	Note	2006 \$	2005 \$
ASSETS			
Current Assets			
Cash and cash equivalents	14 (a)	20,525	27,023
Receivables	9	-	44,000
Total Current Assets		20,525	71,023
Non-Current Assets			
Property, plant and equipment	10	6,969	9,228
Total Non-Current Assets		6,969	9,228
TOTAL ASSETS		27,494	80,251
LIABILITIES			
Current Liabilities			
Payables	12	4,400	22,000
Total Current Liabilities		4,400	22,000
Total Liabilities		4,400	22,000
NET ASSETS		23,094	58,251
EQUITY			
Accumulated surplus	13	23,094	58,251
Total Equity		23,094	58,251
TOTAL EQUITY		23,094	58,251

The Balance Sheet should be read in conjunction with the accompanying notes.

**PROFESSIONAL COMBAT SPORTS COMMISSION
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
CASH FLOWS FROM STATE GOVERNMENT			
Grants		66,000	4,000
Net cash provided by State Government		66,000	4,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Members' sitting fees		(23,749)	(17,976)
Supplies and services		(52,614)	(21,008)
Receipts			
User charges and fees		3,865	2,110
Net cash used in operating activities	14 (b)	(72,498)	(36,874)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		-	(9,733)
Net cash used in investing activities		-	(9,733)
Net (decrease) in cash and cash equivalents		(6,498)	(42,607)
Cash and cash equivalents at the beginning of period	14 (a)	27,023	69,630
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	14 (a)	20,525	27,023

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

**PROFESSIONAL COMBAT SPORTS COMMISSION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
Balance of equity at start of period		58,251	63,218
ACCUMULATED SURPLUS			
Balance at start of period		58,251	63,218
Deficit for the period		(35,157)	(4,967)
Balance at end of period		23,094	58,251
Balance of equity at end of period	13	23,094	58,251
Total income and expense for the period		(35,157)	(4,967)

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

PROFESSIONAL COMBAT SPORTS COMMISSION FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2006

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Professional Combat Sports Commission at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the Commission 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
- (iii) the key effectiveness and efficiency performance indicators of the Commission are relevant and appropriate to help users assess the Commission's performance and fairly represent the indicated performance for the year ended.

Scope

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

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the Notes to the Financial Statements.

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

Summary of my Role

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

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

D D R PEARSON
AUDITOR GENERAL
26 September 2006

PROFESSIONAL COMBAT SPORTS COMMISSION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

The accompanying financial statements of the Professional Combat Sports Commission 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 ended 30 June 2006 and the financial position as at 30 June 2006.

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.

Chief Financial Officer
Faye Graham
Date: 20 September 2006

Member
Colin Brown
Date: 20 September 2006

Chairman
Simon Watters
Date: 20 September 2006

**CERTIFICATION OF PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2006**

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Professional Combat Sports Commission's performance, and fairly represent the performance of the Professional Combat Sports Commission for the financial year ended 30 June 2006.

Chairman
Simon Watters
Date: 20 September 2006

Member
Colin Brown
Date: 20 September 2006

**PROFESSIONAL COMBAT SPORTS COMMISSION
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006	2005
		\$	\$
COST OF SERVICES			
Expenses			
Members' remuneration	3	25,787	15,565
Supplies and services	4	36,911	47,062
Depreciation expense	5	2,259	505
Other expenses	6	22,000	-
Total cost of services		86,957	63,132
Income			
Revenue			
User charges and fees	7	3,865	2,110
Total revenue		3,865	2,110
Total income other than income from State Government		3,865	2,110
NET COST OF SERVICES		83,092	61,022
INCOME FROM STATE GOVERNMENT			
Grants	8	44,000	48,000
Resources received free of charge	8	3,935	8,055
Total income from State Government		47,935	56,055
DEFICIT FOR THE PERIOD		(35,157)	(4,967)

The Income Statement should be read in conjunction with the accompanying notes.

**PROFESSIONAL COMBAT SPORTS COMMISSION
BALANCE SHEET
AS AT 30 JUNE 2006**

	Note	2006 \$	2005 \$
ASSETS			
Current Assets			
Cash and cash equivalents	14 (a)	20,525	27,023
Receivables	9	-	44,000
Total Current Assets		20,525	71,023
Non-Current Assets			
Property, plant and equipment	10	6,969	9,228
Total Non-Current Assets		6,969	9,228
TOTAL ASSETS		27,494	80,251
LIABILITIES			
Current Liabilities			
Payables	12	4,400	22,000
Total Current Liabilities		4,400	22,000
Total Liabilities		4,400	22,000
NET ASSETS		23,094	58,251
EQUITY			
Accumulated surplus	13	23,094	58,251
Total Equity		23,094	58,251
TOTAL EQUITY		23,094	58,251

The Balance Sheet should be read in conjunction with the accompanying notes.

**PROFESSIONAL COMBAT SPORTS COMMISSION
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
CASH FLOWS FROM STATE GOVERNMENT			
Grants		66,000	4,000
Net cash provided by State Government		66,000	4,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Members' sitting fees		(23,749)	(17,976)
Supplies and services		(52,614)	(21,008)
Receipts			
User charges and fees		3,865	2,110
Net cash used in operating activities	14 (b)	(72,498)	(36,874)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		-	(9,733)
Net cash used in investing activities		-	(9,733)
Net (decrease) in cash and cash equivalents		(6,498)	(42,607)
Cash and cash equivalents at the beginning of period	14 (a)	27,023	69,630
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	14 (a)	20,525	27,023

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

**PROFESSIONAL COMBAT SPORTS COMMISSION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
Balance of equity at start of period		58,251	63,218
ACCUMULATED SURPLUS			
Balance at start of period		58,251	63,218
Deficit for the period		(35,157)	(4,967)
Balance at end of period		23,094	58,251
Balance of equity at end of period	13	23,094	58,251
Total income (expense) for the period		(35,157)	(4,967)

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**PROFESSIONAL COMBAT SPORTS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1 First time adoption of Australian equivalents to International Financial Reporting Standards

General

This is the Commission's first published financial statements prepared under Australian equivalents to International Financial Reporting Standards (AIFRS).

Accounting Standard AASB 1 'First time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. Until 30 June 2005, the financial statements of the Commission had been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Australian Accounting Standards and the Urgent Issues Group (UIG) Interpretations.

In accordance with the option provided by AASB 1 paragraph 36A and exercised by Treasurer's Instruction 1101 'Application of Australian Accounting Standards and Other Pronouncements', financial instrument information prepared under AASB 132 and AASB 139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis. All other comparative information has been prepared under the AIFRS basis.

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided at note 25 'Reconciliations explaining the transition to AIFRS'.

2 Summary of significant accounting policies

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board. 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 the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

(a) Income

Grants Revenue

Revenue is recognised at fair value when the Commission obtains control over the assets comprising the contributions, or when the grant has been approved by the Department of Sport and Recreation.

Registrations and Permits

Revenue from registrations and permits is recognised when the Commission receives the appropriate fee.

**PROFESSIONAL COMBAT SPORTS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

2 Significant accounting policies (continued)

(b) Property, Plant and Equipment

Items of property, plant and equipment costing more than \$1,000 are recognised on assets and the cost of utilising assets is expensed (depreciated) over their useful lives.

Items of property, plant and equipment costing less than \$1,000 are immediately expensed direct to the Income Statement (other than when they form part of a group of similar items which are significant in total).

All items of property, plant and equipment and infrastructure are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

(c) Depreciation of non-current assets

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

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

Plant and Equipment	3 - 5 years
Computer Hardware	3 years

(d) Impairment of Assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Commission is a not for profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each reporting date irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each reporting date.

Refer to note 11 'Impairment of assets' for the outcome of impairment reviews and testing.

(e) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

(f) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Commission will not be able to collect the debts.

**PROFESSIONAL COMBAT SPORTS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

2 Significant accounting policies (continued)

(g) Payables

Payables are recognised at the amounts payable when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(h) Services

The Commission has only one service, being: "To ensure that contestants and officials taking part in professional contests can do so with reasonable confidence that the risks of contracting disease from bodily fluids are minimal and that their contract with the promoter will be fulfilled".

Accordingly, separate reports by service are not produced.

(i) Professional Combat Sports Commission Prize Money and Suspended Postings Accounts

Statements have not been prepared for the Professional Combat Sports Commission Prize Money Account and Suspended Postings Account as the balance of these accounts at the end of the financial year was nil (2004/2005: Nil).

(j) Members' benefits

Superannuation

Members of the Commission become non-contributory members of the West State Superannuation Scheme (WSS), an accumulation scheme administered by The Government Employees Board (GESB). The Commission makes concurrent contributions to GESB on behalf of Members of the Commission in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. The WSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the WSS

(k) Resources Received Free of Charge or For Nominal Cost

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

(l) Comparative Figures

Comparative figures have been restated on the AIFRS basis except for financial instruments, which have been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'.

(m) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest dollar.

PROFESSIONAL COMBAT SPORTS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
3 Members' remuneration		
Chairman's fee	6,000	6,878
Other members' fees	17,837	7,513
Superannuation	1,950	1,174
	<u>25,787</u>	<u>15,565</u>
4 Supplies and Services		
Audit fees	4,950	4,000
Communications	67	157
Legal fees	3,935	8,055
Services and Contracts	24,471	32,285
Travel	3,488	2,565
	<u>36,911</u>	<u>47,062</u>
5 Depreciation Expense		
Plant and equipment	1,502	341
Computer Hardware	757	164
	<u>2,259</u>	<u>505</u>
6 Other Expenses		
Write-Off of Grants receivable (i)	22,000	-
	<u>22,000</u>	<u>-</u>
(i) See Note 24		
7 User charges and fees		
Boxers' registration fees	580	350
Industry participants' registration fees	1,515	915
Contest permits	620	50
Promoters' registration fees	200	765
Fitness Certification	-	30
Travel Reimbursement	950	-
	<u>3,865</u>	<u>2,110</u>
8 Income from State Government		
Grants	44,000	48,000
Resources received free of charge (i)		
Determined on the basis of the following estimates provided by agencies:		
Crown Solicitors Office	3,935	8,055
	<u>47,935</u>	<u>56,055</u>

- (i) Where assets or services have been received free of charge or for nominal cost, the Commission recognises revenues (except where the contribution of assets or services is in the nature of contributions by owners, in which case the Commission 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.

**PROFESSIONAL COMBAT SPORTS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	\$	\$
9 Receivables		
<u>Current</u>		
Receivables	-	44,000
	<u>-</u>	<u>44,000</u>

10 Property, Plant and Equipment		
<u>Plant and equipment</u>		
At cost	7,488	7,488
Accumulated depreciation	(1,844)	(341)
	<u>5,644</u>	<u>7,147</u>
 <u>Computer hardware</u>		
At cost	2,245	2,245
Accumulated depreciation	(921)	(164)
	<u>1,324</u>	<u>2,081</u>
	<u>6,969</u>	<u>9,228</u>

Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out below.

	Plant and Equipment	Computer Hardware	Total
	\$	\$	\$
2006			
Carrying amount at start of year	7,147	2,081	9,228
Additions	-	-	-
Depreciation	(1,502)	(757)	(2,259)
Carrying amount at end of year	<u>5,645</u>	<u>1,324</u>	<u>6,969</u>

11 Impairment of Assets

There was no indication of impairment to property, plant and equipment at 30 June 2006.

The Commission held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

All surplus assets at 30 June 2006 have either been classified as assets held for sale or written off.

12 Payables

<u>Current</u>		
Trade payables	4,400	22,000
	<u>4,400</u>	<u>22,000</u>

13 Equity

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

Accumulated surplus

Balance at start of year	58,251	63,218
Result for the period	(35,157)	(4,967)
Balance at end of year	<u>23,094</u>	<u>58,251</u>

**PROFESSIONAL COMBAT SPORTS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

14 Notes to the Cash Flow Statement

	2006	2005
	\$	\$
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash and cash equivalents	<u>20,525</u>	<u>27,023</u>
(b) Reconciliation of net cost of services to net cash flows used in operating activities		
Net cost of services	(83,092)	(61,022)
Non cash items:		
Depreciation expense	2,259	505
Resources received free of charge	3,935	8,055
Write-off grants receivable	22,000	-
Increase/(decrease) in liabilities:		
Current payables	<u>(17,600)</u>	<u>15,588</u>
Net cash used in operating activities	<u>(72,498)</u>	<u>(36,874)</u>

(c) Non-cash financing and investing activities

During the financial year, there were no assets/liabilities transferred/assumed from other government agencies not reflected in the Cash Flows Statement.

(d) At the reporting date, the Commission had fully drawn on all financing facilities, details of which are disclosed in the financial statements.

15 Commitments for expenditure

As at 30 June 2006 the Commission has no future non-cancellable commitments of either a capital, financial or operating nature (2005: no commitments).

16 Contingent Liabilities and Contingent Assets

The Members of the Commission are not aware of any contingent liabilities or contingent assets as at reporting date.

**PROFESSIONAL COMBAT SPORTS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

17 Events Occurring After Reporting Date

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

18 Explanatory Statement

(i) Significant variations between estimate and actual result for 2006

No variances are reported as the Commission is not required to produce estimates for publication.

(ii) Significant variations between actual results for 2005 and 2006

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than 10% or \$1,000.

	2006	2005	Variance
	\$	\$	\$
Members' remuneration	25,787	15,565	10,223
Supplies and services	36,911	47,062	(10,151)
Write-Offs	22,000	-	22,000
User charges and fees	3,865	2,110	1,755
Grants	44,000	48,000	(4,000)
Resources received free of charge	3,935	8,055	(4,120)

Members' remuneration

The variance is due to an increase in the number of meetings held during the year along with an increase in members fees.

Supplies and services

The decrease is due to abnormally high accommodation and related administration expenses in the previous reporting period. A provision of \$22,000 was made in 2004/05 for the payment of these expenditures to the Department of Sport and Recreation.

Write-Offs

The increase is due to the decision made by the Commission to write off a receivable from the Department of Sport of Recreation raised in 2004/05 as the funds available to the Commission were deemed sufficient to cover the Commission's operating costs for the 2005/06 year.

User charges and fees

The Boxing Control Act 1987 was amended to become the Professional Combat Sports Act 1987 in January 2005. In doing so it expanded the role of the Commission from monitoring only boxing to cover all combat sports. This has increased the number of participants registering with the Commission. Fees and charges were also increased in 2005/06.

Grants

Grants decreased in 2005/06 due to Grants being increased in 2004/05 to allow for the recoup of administration expenses in the previous reporting period.

Resources received free of charge

The decrease is due to higher legal fees incurred in the previous reporting period (2004/05) associated with the amendments to the Boxing Control Act in 2005.

**PROFESSIONAL COMBAT SPORTS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

19 Financial Instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Commission are cash and cash equivalents, receivables and payables. The Commission has limited exposure to financial risks. The Commission's overall risk management program focuses on managing the risks identified below.

Credit risk

The Commission trades only with recognised, creditworthy third parties. The Commission has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Commission's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Liquidity risk

The Commission has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Cash flow interest rate risk

The Commission is not exposed to interest rate risk because cash and cash equivalents and restricted cash are non-interest bearing and have no borrowings.

(b) Financial Instrument disclosures

Financial instrument information for the year ended 2005 has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. Financial instrument information from 1 July 2005 has been prepared under AASB 132 'Financial Instruments: Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement'. See also note 2(l) 'Comparative figures'.

Interest Rate Risk Exposure

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

	2006	2005
	\$	\$
	Non-interest bearing	Non-interest bearing
Financial Assets		
Cash and cash equivalents	20,525	27,023
Receivables	-	44,000
	20,525	71,023
Financial Liabilities		
Payables	4,400	22,000

Credit Risk Exposure

Amounts owing by other government agencies are guaranteed and therefore no credit risk exists in respect of those amounts. In respect of cash assets, the carrying amount represents the maximum exposure to credit risk for those assets.

Net Fair Values

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

**PROFESSIONAL COMBAT SPORTS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

20 Remuneration of Members of the Commission

Remuneration of Members of the Commission

The number of members of the Commission, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following band is:

	2006	2005
	No.	No.
\$0 - \$10,000	6	7
	\$	\$
The total remuneration of the members of the Commission is:	25,787	15,565

The superannuation included here represents the superannuation expense incurred by the Commission in respect of members of the Commission.

No members of the Commission are members of the Pension Scheme.

21 Remuneration of Auditor

Remuneration payable to the Auditor General for the financial year is as follows:

	2006	2005
	\$	\$
Auditing the accounts, financial statements and performance indicators	5,170	4,950

22 Related Bodies

The Professional Combat Sports Commission has no related bodies.

23 Affiliated Bodies

The Professional Combat Sports Commission has no affiliated bodies.

24 Supplementary financial information

Write-Offs

Grants Receivable	22,000	-
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This represents a write-off of operational funding raised as receivable in 2004/05. In negotiations with the Department of Sport and Recreation in 2005/06, the Commission agreed not to recover this receivable given the level of funds available in the Commission's bank account to meet the current operational expenditure.

25 Explanation of transition to Australian equivalents to International Reporting Standards (AIFRS)

- (a) Reconciliation of Equity at the date of transition to AIFRS: 1 July 2004. [AASB 1.39(a)].
The adoption of AIFRS has not resulted in any material adjustments to the equity reported under the previous Australian Generally Accepted Accounting Principles (AGAAP). Previous AGAAP category "Cash assets" is now reported as "Cash and Cash equivalents", and "Plant and Equipment has become "Property, Plant and Equipment" under AIFRS.
- (b) Reconciliation of Income Statement (Profit or Loss) for year ended 30 June 2005 [AASB 1.39 (b)].
The adoption of AIFRS has not resulted in any material adjustments to the Income Statement. Previous AGAAP category "Depreciation" is now reported as "Depreciation and amortisation expense".
- (c) Reconciliation of Cash Flow Statement for the year ended 30 June 2005 (AASB 1.40).
The adoption of AIFRS has not resulted in any material adjustments to the Cash Flow Statement. Previous AGAAP category "Cash amounts" is now reported as "Cash and Cash equivalents".