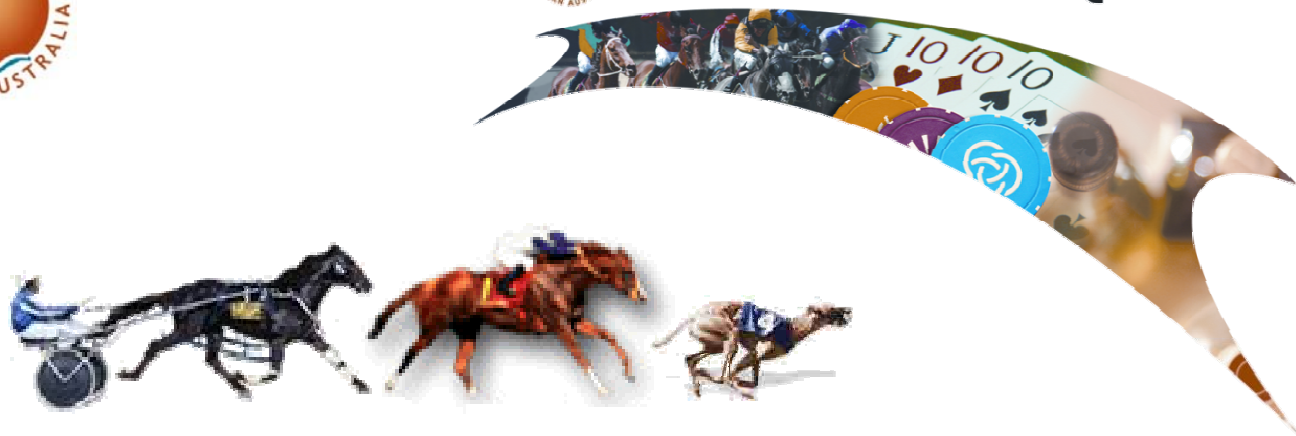




Department of
RACING GAMING AND LIQUOR



Annual Report

2007-2008

Department of Racing, Gaming & Liquor



Department of Racing, Gaming and Liquor
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Hon. Terry Waldron, MLA
MINISTER FOR RACING AND GAMING

In accordance with section 61 of the *Financial Management Act 2006*, 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 2008.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.

A stylized blue ink signature of Barry A Sargeant.

Barry A Sargeant
DIRECTOR GENERAL

23 September 2008

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OVERVIEW

EXECUTIVE SUMMARY

This year has been a particularly challenging year for the Department of Racing, Gaming and Liquor and outlined in this report are the events, initiatives and achievements that have been a feature of the 2007-2008 reporting year. One of the Department's key roles during the year was the continued facilitation of the State Government's reform of the *Liquor Control Act 1988*, where changes introduced have promoted responsibility, flexibility and choice for consumers. They have also provided a basis for greater levels of industry innovation and for security, confidence and convenience for the community.

As part of the State Government's liquor reform, the small bar licence was introduced as a new type of hotel licence to permit the sale and supply of liquor for consumption on premises only, to no more than 120 persons at any one time, during the same general trading hours as a hotel licence. The State's first small bar licence was granted on 1 August 2007, to Essex Street Pty Ltd for premises known as "Essex Street Organic Wine Bar and Café", located in Essex Street, Fremantle. At the end of the reporting year, the Department had approved 12 applications.

Liquor reforms also introduced requirements for approved managers to be present on the licensed premises during trading hours and mandatory training for licensees, approved managers, supervisory staff and bar staff in relation to responsible service of alcohol. While this was a significant change for the liquor industry, in its administration of the *Liquor Control Act 1988*, the Department has exercised a level of flexibility in enabling licensees to seek modification of the requirement to undergo mandatory industry training and to have approved managers present during all trading hours; particularly for less commercial licence types, such as club restricted licences.

The remaining provisions of the *Liquor and Gaming Legislation Amendment Act 2006* relating to confidential police information came into operation in May 2008, which allows for confidential police information to be provided to and considered by the licensing authority in its determinations. These provisions have also been inserted into the *Gaming and Wagering Commission Act 1987* so that the Gaming and Wagering Commission of Western Australia can similarly consider confidential police information in its determinations.

Addressing alcohol-related harm or ill-health caused to people, or any group of people, continues to be a key role for the Department, with the Director of Liquor Licensing invoking new provisions under section 64 of the *Liquor Control Act 1988* to inquire into levels of alcohol-related harm in Fitzroy Crossing. This action followed a request from the Marninwarntikura Fitzroy Women's Resource and Legal Centre for the introduction of a 12-month moratorium on the sale of packaged liquor, which arose from significant concerns the organisation held about the extent of alcohol related harm occurring in the Fitzroy Valley region.

As a result of the Director's inquiry and effective from 2 October 2007, a prohibition was imposed on the sale of packaged liquor with an alcohol content of more than 2.7 per cent on the Crossing Inn's hotel licence, initially for a six-month trial period.

The prohibition effectively limited the licensee of the Crossing Inn to only selling low-strength beer for consumption off premises. Lodgers staying at the hotel are still able to purchase mid and full-strength packaged liquor in amounts that do not exceed what might reasonably be consumed by the lodger on that day. The ban does not extend to liquor sold for consumption on the premises.

On 16 May 2008, following an evaluation of the impact of the restriction over the six-month period, the Director formed the view that the negative impacts and inconvenience experienced by those residents who wish to purchase full strength packaged liquor for take-away, did not outweigh the social and health benefits that have been experienced by the broader community since October 2007. As a consequence, the Director determined that it was in the public interest that restrictions should continue.

The *Prostitution Amendment Act 2007* proposes the CEO of the Department of Racing, Gaming and Liquor as the officer responsible for certifying operators and approved managers in the sexual service industry and for approving the continued use of land for well managed sexual service businesses, which have been in existence prior to 12 September 2006; and have continuously been operating since that time. Under 3A of the *Sexual Services Amendment Act 2008*, operators and managers of sexual services businesses will be required to obtain certificates from the Department of Racing, Gaming and Liquor. Various criteria will be required to be satisfied; including a good character test. Since the assent of the Amendment Act, the Department has provided drafting instructions regarding relevant matters to be prescribed in regulation and developed computer systems, application forms, policies and procedures in relation to its requirements under the legislation. The Department has also developed a web page with answers to Frequently Asked Questions and instigated a working party meeting with the Police, Health, Department of Planning and Infrastructure, Department of Local Government and Regional Developments and the State Solicitor's Office regarding the provisions of the Amendment Act.

Last year, I reported that in order to protect the integrity of racing and the local racing industry, the Parliament of Western Australia passed the *Betting and Racing Legislation Amendment Act 2006* to amend the *Betting Control Act 1954* to prohibit the —

- establishment, operation or use of betting exchanges in Western Australia, therefore removing the ability for a person to bet to lose; and
- publication of Western Australian race fields information without appropriate approval and require approval holders to pay a fee.

The introduction of these new laws resulted in a significant work load for the Department during 2007-08.

In addition to processing applications for approval by the Gaming and Wagering Commission for use of Western Australian race fields information, it was not long after the promulgation of the new laws that their veracity was challenged in the High Court of Australia and much effort was expended in defending that action.

At the same time the new laws were being challenged, Betfair Pty Ltd also applied to the Gaming and Wagering Commission for approval to use Western Australian race fields information and following the processing of that application by Departmental officers, the application was referred by the Commission to the Minister for determination.

The Hon. Ljiljanna Ravlich MLC subsequently refused the application, which, in turn, lead to Betfair Pty Ltd seeking a review of the Minister's decision at the State Administrative Tribunal. The defence of that action also impacted on the activities of the Department.

The success of the action by Betfair Pty Ltd and Mr. Matthew Erceg was widely published following the handing down of the High Court's decision on 27 March 2008, which found the relevant provisions to be invalid by reason of section 92 of the Constitution (Freedom of Interstate Trade) and that the prohibitory nature of the provisions was "...not proportionate..." to the threat posed to the Western Australian racing industry by betting exchanges.

While the High Court found both provisions to be invalid only in their application to Betfair Pty Ltd, in light of the approach taken by the High Court, it is likely that the validity of the race fields provisions, at least in their application to wagering operators operating in other states and territories of Australia, would likewise be invalid.

The prohibition of betting with a betting exchange still applies to betting exchanges established overseas by virtue of section 27A of the Betting Control Act; and it is still unlawful to establish a betting exchange in Western Australia. Furthermore, Western Australian bookmakers and overseas wagering service providers still need to obtain approval to use Western Australian race fields.

A key aspect of the High Court's decision related to the preferential treatment afforded to an in-state wagering operator (Racing and Wagering Western Australia) at the expense of an out-of-state wagering operator seeking to compete with RWWA by means of using/publishing Western Australian race fields. Consequently, the Government is working with RWWA to develop a suitable model to:

- set an appropriate product fee for the use/publication of Western Australian race fields; and
- overcome the discriminatory effects of RWWA being the principal club for racing and the wagering service provider.

Following the success of the High Court action, the application to review of the Minister's decision at the State Administrative Tribunal fell away.

The year's achievements have been rewarding for the Department as a whole and could not have been delivered without the dedication and professionalism of staff. Once again, their collective efforts have been of the highest standards and I would like to recognise their ongoing commitment to the Department and the industries that it represents.



Barry A Sargeant
DIRECTOR GENERAL

PERFORMANCE HIGHLIGHTS

The Department provides a licensing service for casino and community gaming, liquor licensing and the betting industries. Staff of the Licensing Division evaluate and determine applications that have been made pursuant to the provisions of the relevant legislation, which results in the grant or refusal of applications and, where the application is granted, the subsequent issue of the licence or permit sought.

During 2007-08, the Director of Liquor Licensing, and delegates acting on the Director's behalf, granted:

Licences granted	2007-08	2006-07
• occasional licences:	5,808	4,530
• one-off extended trading permits:	1,414	1,704
• 'liquor without a meal' extended trading permits —		
○ in 100 per cent of the licensed area:	74	0
○ in 20 per cent of the licensed area:	47	61
• new liquor licences, consisting of —		
○ hotel licence:	0	1
○ tavern licences:	10	10
○ hotel restricted licences:	1	2
○ small bar licences:	11	0
○ liquor store licences:	16	2
○ nightclub licences:	0	0
○ club licences:	2	2
○ club restricted licences:	9	12
○ restaurant licences:	36	50
○ special facility licences:	14	41
○ producer's licences:	25	35
○ wholesaler's licences:	15	24

As delegates of the Gaming and Wagering Commission of Western Australia, Department staff issued 2440 community gaming permits, which resulted in approximately \$51.8 million being raised by permit holders. Following the deduction of expenses associated with running the event (such as permit fees; cost of prizes; ticket printing or hiring fees for gaming equipment and advertising fees, telemarketing charges, postage and bank charges), approximately \$14.5 million was returned to beneficiary organisations for the active promotion, support or conduct of sporting, social, political, literary, artistic, scientific, benevolent, charitable or other similar activities within the Western Australian community.

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

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 Control Act 1988* and the *Racing and Wagering Western Australia Act 2003*. This ensures that adequate controls are in place to establish compliance with legislative requirements and to monitor the ongoing effectiveness of those controls.

During the reporting year the Department assisted in the approval of one new table game, nine new video games and approved variations to the rules of 14 other games played at Burswood Casino.

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

Inspectorate program	2007-2008	2006-2007
• TAB agency audits:	164	53
• bookmaker and on-course totalisator inspections and audits:	18	11
• inspections and audits to obtain reasonable assurance as to casino gaming operations:	6,853	4,760
• audits and inspections of community gaming operations:	574	447
• inspections of licensed premises:	2,206	1,661
• violation reports against the casino operator (relating to breaches of game rules, procedures or directions):	5	5
• investigation of formal complaints from casino patrons:	16	12
• complaints under section 117 of the <i>Liquor Control Act 1988</i> :	9	24
• infringement notices to persons who entered the casino whilst subject to a prohibition notice, or were found cheating, or for offences relating to a breach of a community gaming permit:	41	43
• work orders against licensed premises:	240	12
• liquor infringement notices:	77	110
• complaints for disciplinary action under section 95 of the <i>Liquor Control Act 1988</i> :	0	4

Over the past 12 months casino gaming revenue in excess of \$488.7 million was generated, producing approximately \$83.7 million in casino taxation revenue for the State, compared with approximately \$454 million and \$76.9 million respectively in 2006-2007.

For further information about the performance of the Department during the year under review, please see page 71.

OPERATIONAL STRUCTURE

ENABLING LEGISLATION

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

RESPONSIBLE MINISTER

As at 30 June 2008, the Minister responsible for the Racing and Gaming Portfolio was the Hon. Ljiljana Ravlich MLC, Minister for Racing and Gaming.

SENIOR OFFICERS

MR BARRY A SARGEANT M COM FCPA DIRECTOR GENERAL

As at 30 June 2008, Mr. Sargeant was the Accountable Officer for the Department of Racing, Gaming and Liquor, a position he has held since 1992. 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. Sargeant also holds the statutory positions of Director of Liquor Licensing and, in an *ex officio* capacity, Chairman of the Gaming and Wagering Commission of Western Australia.

MS DOROTHY M^CLAUCHLIN DIRECTOR GOVERNANCE AND STRATEGY

Ms. McLauchlin has extensive experience in senior human resource and corporate management roles in the private, tertiary education and public sectors. As Director Governance and Strategy, Ms. McLauchlin is responsible for the provision of strategic financial, human resource, information technology, information management, planning and executive support services and for the coordination of all reporting requirements.

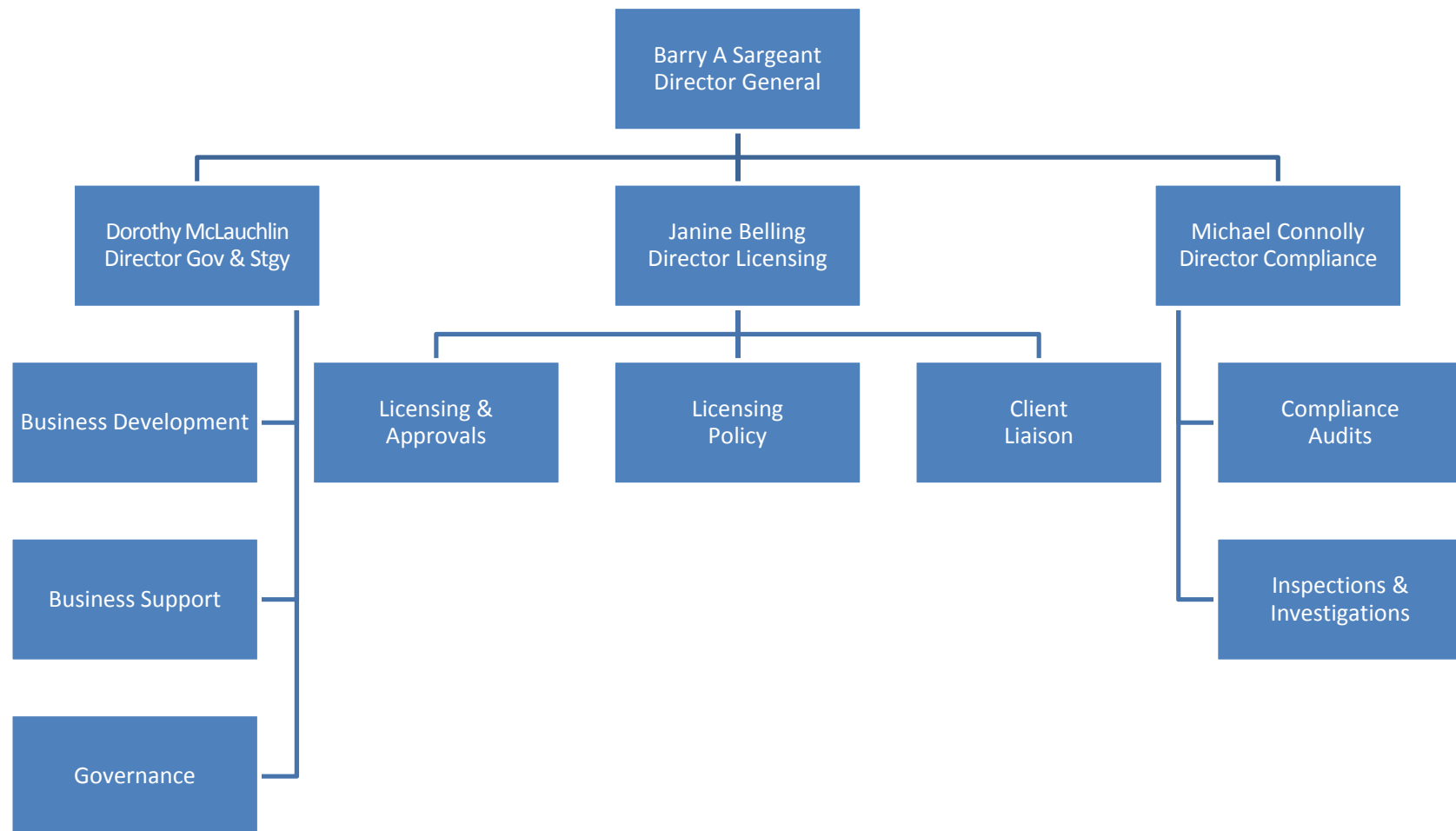
MS JANINE BELLING BA DIRECTOR LICENSING

Ms. Belling has over 20 years experience in the public sector and has been employed at both State and Commonwealth Government level, including the past eight years as a senior manager with the Department of Racing, Gaming and Liquor. In addition to her experience she holds the qualification of BA Sociology/Anthropology and Literature. As Director Licensing, Ms. Belling is responsible for all licensing and policy matters as they relate to the liquor and gambling industries, and for exercising statutory powers in accordance with the relevant legislation.

MR MICHAEL CONNOLLY B SC, B BUS DIRECTOR COMPLIANCE

Mr. Connolly has 23 years experience in the public sector, including the past 16 years in various regulatory roles within the Department. In addition to his experience, he holds the qualifications of B Sc (Security) and B Bus (Accounting). As Director Compliance, 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 CHART



ADMINISTERED LEGISLATION

The Minister for Racing and Gaming administers the following Acts:

- *Gaming and Betting (Contracts and Securities) Act 1985;*
- *Liquor Control Act 1988*¹;
- *Racing and Wagering Western Australia Act 2003;*
- *Racing and Wagering Western Australia Tax Act 2003;*
- *Racing Penalties (Appeals) Act 1990;*
- *Racing Restriction Act 2003;*
- *The Western Australian Turf Club Act 1892;*
- *Western Australian Greyhound Racing Association Act 1981;*
- *Western Australian Trotting Association Act 1946;* and
- *Western Australian Turf Club (Property) Act 1944.*

OTHER KEY 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:

- *Auditor General Act 2006;*
- *Contaminated Sites Act 2003;*
- *Disability Services Act 1993;*
- *Equal Opportunity Act 1984;*
- *Electronic Transactions Act 2003;*
- *Financial Management Act 2006;*
- *Freedom of Information Act 1992;*
- *Industrial Relations Act 1979;*
- *Minimum Conditions of Employment Act 1993;*
- *Occupational Safety and Health Act 1984;*
- *Public Sector Management Act 1994;*
- *Salaries and Allowances Act 1975;*
- *State Records Act 2000;* and
- *State Supply Commission Act 1991.*

¹ Except Pt. 2 Div. 2 (s. 8 to 11); s. 14 to the extent it relates to the appointment of officers to assist the Liquor Licensing Court; and s. 175(1)(c) which are committed to the Auditor General (and principally assisted by the Liquor Commission).

In addition to the above legislation, the following Acts, which also fall under the Racing and Gaming Portfolio, have additionally impacted upon the Department's operations, notwithstanding that the Minister is principally assisted in the administration of these Acts by the Gaming and Wagering Commission of Western Australia:

- *Betting Control Act 1954;*
- *Bookmakers Betting Levy Act 1954;*
- *Casino (Burswood Island) Agreement Act 1985;*
- *Casino Control Act 1984;*
- *Gaming and Wagering Commission (Continuing Lotteries Levy) Act 2000; and*
- *Gaming and Wagering Commission Act 1987.*

PERFORMANCE MANAGEMENT FRAMEWORK

OUTCOME BASED MANAGEMENT FRAMEWORK

AGENCY LEVEL GOVERNMENT DESIRED OUTCOME

The Budget Statements for the year identified the link between the Government's goals articulated in the document *Better Planning: Better Futures*, and the following agency level Government desired outcome:

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

For the agency's desired outcomes to be achieved, a licensing and inspectorial service is provided for the liquor and gambling industries, delivered by the following two programs:

- Service 1: Licensing – Evaluation and determination of applications.
- Service 2: Compliance Audits and Inspections.

Detailed information on the Department's Key Performance Indicators is provided on page 44.

CHANGES TO OUTCOME BASED MANAGEMENT FRAMEWORK

The Department of Racing, Gaming and Liquor's Outcome Based Management Framework did not change during 2007-08.

SHARED RESPONSIBILITIES WITH OTHER AGENCIES

The Department is a client of the Office of Shared Services in respect of financial management (oracle system) and the provision of payroll services via the interim payroll solution. Therefore the Department shares responsibilities for its financial management with the Office of Shared Services.

AGENCY PERFORMANCE – REPORT ON OPERATIONS

In addition to the on-going regulation of the State's liquor and gambling industries, the 2007-08 reporting year presented many additional challenges to the Department, including:

- the continued facilitation of the State Government's reform of the *Liquor Control Act 1988*;
- inquiring into and addressing alcohol-related harm or ill-health in Fitzroy Crossing, Port and South Hedland and Wiluna; and
- working with other key government agencies in the State Government's reform of Western Australia's prostitution laws.

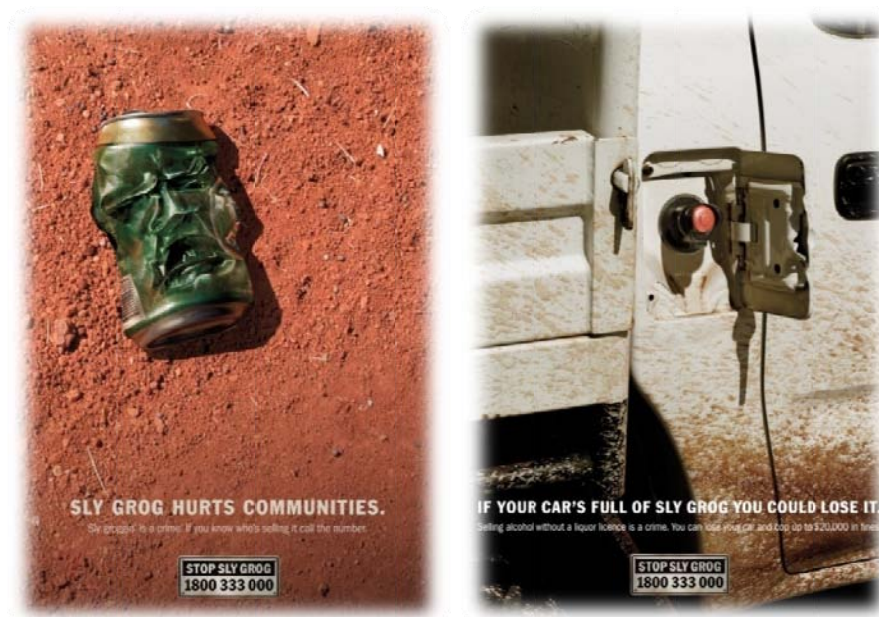
In addition, officers of the Department were also actively engaged in assisting the Gaming and Wagering Commission of Western Australia in determining the application by Betfair Pty Ltd for approval to publish or otherwise make available Western Australian race fields information in the course of its business activities. While the decision to refuse that application was ultimately made by the Hon Ljiljanna Ravlich MLC, Departmental staff also assisted in the review sought at the State Administrative Appeals Tribunal (SAT). This action took place simultaneously with the State's defence of the High Court challenge.

Both the SAT and High Court proceedings were resolved on 27 March 2008 when the High Court handed down its decision, which found the relevant provisions to be invalid by reason of section 92 of the Constitution (Freedom of Interstate Trade).

Other key achievements accomplished throughout the reporting year include:

- Finalising the implementation of the remaining provisions of the *Liquor and Gaming Legislation Amendment Act 2006* relating to incident registers; mandatory industry training; and website requirements for liquor licensees who sell and supply liquor over the internet.
- Raising awareness of the liquor reform legislation through the Department's Client Liaison Officers delivering numerous presentations to liquor licence holders, WA Police and local government representatives throughout the metropolitan and regional areas of the State.
- Progressing towards the establishment of policies and procedures to support the implementation of the *Prostitution Amendment Bill 2007*, as the recommended agency responsible for certifying operators and approved managers in the sexual service industry.
- Assisting the Minister in the implementation of the *Racing, Wagering and Betting Legislation Amendment and Repeal Act 2007*, assented to on 13 June 2007 and effective on the following day, to:
 - repeal the *Kalgoorlie and Boulder Racing Clubs Act 1904* and *Kalgoorlie and Boulder Racing Clubs Amendment Act 1953*; and
 - amend the *Betting Control Act 1954*, *Gaming and Wagering Commission Act 1987* and *Racing and Wagering Western Australia Act 2003*.

- The development of a *Sly Groggin' Public Awareness Campaign*, which included the distribution of educational material and radio advertising throughout the Goldfields, Gascoyne-Murchison, Kimberley, Midwest and Pilbara regions of the State. To get the message to target audiences, the Department engaged in strategic relationships with a number of State Government agencies including Police, Department for Child Protection, Department of Education and Training and the Drug and Alcohol Office. The campaign was also supported by industry organisations.



- The on-going administration of the Government's three-year, \$25 million racing infrastructure grants program, which has seen \$20.1 million allocated to date.
- The development of core components in the delivery of the Department's citizen-centric integrated web-based licensing system.
- Assisting the Minister in the progression, through Parliament, of the *Casino (Burswood Island) Agreement Amendment Bill 2007* to ratify the Eleventh Supplementary Agreement that:
 - expands the purposes for which the Burswood Park Board may expend its funds to include the protection and enhancement of ecological and community benefits and amenity of the Swan and Canning Rivers and associated lands; and
 - amends the composition of the Burswood Park Board.
- Assisting the Minister in the preparation and gazettal on 11 January 2008 of a *Special Event Declaration* declaring the Australia Day Perth Sky Show as a "special event" under section 126E *Liquor Control Act 1988*, following representations from WA Police to curb anti-social behaviour at the Sky Show. The Special Event Declaration provided for modified police powers in a defined area over a specified period, allowing police to seize and dispose of opened liquor where it was being consumed contrary to the provisions of the *Liquor Control Act 1988* and to also seize containers of unopened containers. The powers provided by the Special Event Declaration, together with the awareness campaign leading up to the event, enabled police officers to manage the crowd in an effective manner.

- Assisting the Minister in the drafting of the *Liquor Control (Wangkatjungka Restricted Area) Regulation 2008*, under section 175(1a) of the *Liquor Control Act 1988*, following a request from representatives of the Wangkatjungka Aboriginal Community, seeking assistance from the Government to prohibit the import and possession of liquor in their community. The regulation came into effect on 23 April 2008.



- Travel to Singapore in February 2008 by the Director General and Director Compliance, at the invitation of the Singaporean Ministry of Home Affairs, to provide the Ministry with information relating to the Western Australian framework for dealing with problem gambling issues. The purpose of the visit also included providing an outline on the Department's compliance, audit and inspections methodologies, to assist the Singaporean Government in the lead up to the opening of two new casinos in Singapore in late 2009.
- Receiving, processing and coordinating approval of various applications associated with the redevelopment of the Burswood Entertainment Complex, including the opening of the mid tier Riviera Room and the Carbon Sports Bar, the relocation of the casino main cage and the opening of new electronic gaming machine areas.
- Assisting the Gaming and Wagering Commission of Western Australia in the approval of the development and implementation of on screen electronic gaming machine rules at the Burswood Entertainment Complex.
- Continuing to develop the collaborative approach with Western Australian Police, through joint investigation and enforcement activities, regular meetings at senior levels, sharing of information and through joint participation and attendance at events including the 2008 Casino Risk Forum and the Alcohol and Other Drugs Conference.

- The Director General representing the Minister at the Racing Ministers' Conference, held on 16 November 2007 in Sydney, where the major topic of discussion was the impact of the equine influenza outbreak.
- Assisting the Minister's attendance at the Ministerial Council on Gambling meeting on 25 July 2008, which was the first meeting of the Council in nearly two years and was seen by Ministers as an important first step in developing a national approach to addressing problem gambling in Australia. Ministers agreed:
 - to create a single national website for the online treatment of problem gamblers;
 - to a single national 1800 gambling helpline which will allow people to seek immediate help through a counsellor in their state or territory by ringing one number wherever they are in Australia; and
 - on priority areas for new work to reduce harm from gambling, including:
 - o focusing on helping individuals set their limits, including access to cash and pre-commitment technologies;
 - o responsible gambling environments, through staff training and problem gambler identification; and
 - o gaming machine standards, through the development of mechanisms for better consumer protection.

FINANCIAL TARGETS: ACTUAL PERFORMANCE COMPARED TO BUDGET TARGETS

	2007-08 Target ⁽¹⁾ \$000	2007-08 Actual \$000	Variation ⁽²⁾ \$000
Total cost of services (expense limit) (sourced from Income Statement)	8,864	9,513	(649) ^(a)
Net cost of services (sourced from Income Statement)	3,761	4,207	(446) ^(b)
Total equity (sourced from Balance Sheet)	3,495	3,706	211
Net increase / (decrease) in cash held (sourced from Cash Flow Statement)	(6)	(245)	(239) ^(c)
Approved full time equivalent (FTE) staff level	93	100	<i>7 additional FTEs represent additional resources following liquor reforms.</i>

(1) As specified in the budget statements for the year in question.

(2) Further explanations are also contained in Note 31 'Explanatory Statement' to the financial statements.

(a) The variation is mainly due to the filling of vacant and new positions, and the expensed minor equipment acquisitions as a result of changes in asset capitalisation policy.

(b) Refer to note (a) above.

(c) The variation was mainly due to the impact of the expensed minor equipment acquisitions as a result of changes in asset capitalisation policy.

SUMMARY OF KEY PERFORMANCE INDICATORS: ACTUAL PERFORMANCE COMPARED TO BUDGET TARGETS

	2007-08 Target ⁽¹⁾	2007-08 Actual	Variation ⁽²⁾
<p>Outcome: To promote, monitor and enforce responsible and lawful gambling and liquor services in accordance with the legislation.</p> <p>Key Effectiveness Indicator:</p> <p>Licensee/service providers that comply with audit requirements and statutory criteria.</p>	96%	96%	N/A
<p>Service 1: Licensing – Evaluation and Determination of Applications</p> <p>Key Efficiency Indicator:</p> <p>Average cost of determining applications.</p>	\$345	\$392	<i>Reason for variance is provided at page 67</i>
<p>Service 2: Compliance Audits and Inspections</p> <p>Key Efficiency Indicator:</p> <p>Average cost of conducting inspections.</p>	\$471	\$386	<i>Reason for variance is provided at page 67.</i>

(1) As explained in the budget statements for the year in question.

(2) Explanations for variations between target and actual results are presented at page 67 of this document.

SIGNIFICANT ISSUES AND TRENDS

LIQUOR REFORMS

The proclamation of the *Liquor and Gaming Legislation Amendment Act 2006* represented the culmination of an extensive review and consultation process to reform Western Australia's liquor laws. The changes introduced by the Amendment Act supported the Government's commitment to stimulating more innovation and choice for consumers, while at the same time promoting lower risk drinking environments and addressing alcohol-related anti-social behaviour. Given the nature of the reforms, they were introduced in three stages.

STAGE ONE

The first stage, effective on 17 December 2006, amended the title of the licence type prescribed in section 42 of the *Liquor Control Act 1988* from "cabaret licence" to "nightclub licence". Further changes were also introduced to the permitted trading hours for metropolitan liquor stores and nightclubs at this time.

STAGE TWO

The second stage, effective on 7 May 2007, introduced the more major reforms to the legislation, such as the establishment of the Liquor Commission to replace the Liquor Licensing Court, the insertion of a public interest test to replace the needs test set out in section 38 and amendments to the objects of the Act, as set out in section 5(2), to include the proper development of the industry as a primary object.

These reforms also introduced a new on-premises licence type called the Small Bar licence, removed the 20 per cent restriction in section 50 of the Act (thereby allowing licensed restaurateurs to seek approval to sell and supply liquor without a meal in up to 100 per cent of the premises), introduced a number of amendments to club licences, which provided for significant changes to the classes of 'reciprocal' and 'temporary' membership; for subscription fees to be levied on a monthly basis; for clubs (including club restricted licences) to purchase liquor from any liquor merchant authorised to sell package liquor (other than a club restricted licence) and for a less restrictive approach to 'Associations' permits under section 60(4)(e) of the Act.

Stage Two reforms also saw the introduction of provisions authorising the licensing authority to require a person in a position of authority to have his or her fingerprints and palm prints taken for identification and probity purposes. It also provided for amendments to the Act's definition of "drunk" to provide that

"...a person is drunk for the purposes of this Act if the person is on licensed premises or regulated premises, and:

- *the person's speech, balance, co-ordination or behaviour appears to be noticeably impaired; and*
- *it is reasonable in the circumstances to believe that that impairment results from the consumption of liquor."*

The 7 May 2007 reforms also introduced provisions empowering the licensing authority to require all bar staff of licensed premises to be trained in responsible service of alcohol practices. They also introduced amendments to the regulation making power in the Act to authorise the Governor, on the recommendation of the Minister, to make regulations to create restricted areas in respect to the possession of liquor, in specified areas and communities (i.e. not limited to Aboriginal communities) and a new power for the Minister to declare an event as a “special event.”

STAGE THREE

Stage Three, which came into effect on 23 April 2008 and introduced provisions enabling the Licensing Authority to confidential Police intelligence information and to protect that information from the person it relates to.

SMALL BAR LICENCES

To encourage innovation and a more dynamic hospitality industry, the small bar licence was introduced to allow for the creation of intimate venues, such as wine bars or bistro style establishments, where liquor is consumed in a responsible manner ancillary to food and/or entertainment.

Small bars are intended to offer an up market or unique variation to traditional bars.

On 1 August 2007, the State’s first small bar licence was issued to Essex Street Pty Ltd for premises known as “Essex Street Organic Wine Bar and Café” located in Essex Street, Fremantle. As part of the State Government’s liquor reform, the small bar licence is a new type of hotel licence that permits the sale and supply of liquor for consumption on premises only, to no more than 120 patrons at any one time, during the same general trading hours as a hotel licence.

MANAGEMENT OF LICENSED PREMISES

Liquor reforms also introduced requirements for approved managers to be present on the licensed premises during trading hours and mandatory training for licensees, approved managers, supervisory staff and bar staff in relation to responsible service of alcohol.

These two aspects of the reforms were introduced to reinforce the harm minimisation principles that underpin the Act.

While all licensees are required to comply with the legislation, flexibility exists within the legislation that provides discretion for these requirements to be modified if it is determined that the circumstances of an individual licence warrant it, particularly for less commercial licence types, such as club restricted licences. Requests from licensees to modify these requirements are dealt with on a case-by-case basis.

MULTIPLE APPROVAL OF MANAGER APPLICATIONS

To enable liquor merchants to comply with requirement for approved managers to be present on the licensed premises during the whole of a premises' trading hours, the Department initiated a temporary arrangement, until 2 May 2008, which allowed multiple approved manager applications to be submitted for a single application fee², thereby enabling licensees to apply for as many approved managers as their operations needed.

This has seen a significant increase in the number of applications lodged for approved managers during 2007-08, as illustrated in the following table:

	No. Granted	
	2007-08	2006-07
Approval of Manager	6,883	1,622

When lodging applications for approved managers, the licensing authority requires all applicants to provide information to determine whether that they are of fit and proper standing and suitable to be in charge of licensed premises.

CONFIDENTIAL POLICE INFORMATION

The remaining provisions of the *Liquor and Gaming Legislation Amendment Act 2006* relating to confidential police information came into operation in May 2008 and allows for confidential police information to be provided to and considered by the licensing authority in its determinations. These provisions enabling the Licensing Authority to consider confidential Police intelligence information on individuals and to protect that information from the person it relates to.

Similar provisions have also been inserted into the *Gaming and Wagering Commission Act 1987* so that the Gaming and Wagering Commission of Western Australia can similarly consider confidential police information in its determinations.

However, while the provisions are operable, protocols regarding access to Police intelligence information are currently being negotiated between this Department and the WA Police.

FITZROY CROSSING LIQUOR RESTRICTIONS

On 19 July 2007, the Marninwarntikura Fitzroy Women's Resource and Legal Centre ("the Centre") wrote to the Director of Liquor Licensing seeking consideration of the imposition of conditions on the Crossing Inn Licence, pursuant to the provisions of section 64 of the *Liquor Control Act 1988*. The request arose from concern about the extent of alcohol-related crime occurring in the Fitzroy Valley region.

As a consequence of that request, on 23 July 2007 the Director visited Fitzroy Crossing and met with representatives of the Centre, the licensee and various stakeholders in Fitzroy Crossing. The purpose of that meeting was to gain an understanding of the issues surrounding the request and to seek input from the various parties.

² This initiative is now a permanent arrangement for holders of club restricted licences only.

The agreed outcome of that meeting was that the various community stakeholders would seek to work together over the following six weeks in an effort to find agreed solutions at the local level. However, if no consensus reached, the parties were advised that the licensing authority would commence formal proceedings under the Liquor Control Act.

Following expiration of six-week negotiation period, the Director was satisfied, on the basis of the information before him that it appeared unlikely that community consensus on liquor restrictions would be achieved and that an extension of time would be of little benefit in reaching resolution.

Following his consideration of all available information, the Director determined that, on the balance of probabilities, high levels of alcohol-related harm were occurring in Fitzroy Crossing and that the flow of alcohol from the town's only packaged liquor outlet was a major contributor. This extent of harm was considered to be so significant as to warrant the imposition of restrictions on the licence, initially for a trial period, during which an evaluation would be made of the impact of restrictions on the level of harm in the community.

On 2 October 2007, the Director of Liquor Licensing imposed the following condition under section 64 on the Crossing Inn Hotel (Fitzroy Crossing) for a six-month period:

The sale of packaged liquor, exceeding a concentration of ethanol in liquor of 2.7 per cent at 20°C, is prohibited to any person, other than a lodger (as defined in section 3 of the Act).

In March 2008, the Director returned to Fitzroy Crossing as part of the assessment of the impact of the restriction over the six-month period and on 16 May 2008 the Director formed the view that the negative impacts, and inconvenience experienced by those residents who wished to purchase full strength packaged liquor for take-away, did not outweigh the social and health benefits that had been experienced by the broader community since October 2007. As a consequence, the Director determined it was in the public interest for the liquor restrictions to continue.

As a consequence, the following conditions were imposed indefinitely on the Crossing Inn licence:

1. *The sale of packaged liquor, exceeding a concentration of ethanol in liquor of 2.7 per cent at 20°C, is prohibited to any person, other than a lodger (as defined in section 3 of the Act).*
2. *The licensee must provide quarterly sales data reports to the licensing authority which identify on-premises liquor and packaged liquor sales.*

The imposition of restrictions on the sale of takeaway liquor in Fitzroy Crossing has generated interest from a number of other remote communities in the potential benefits of liquor restrictions for addressing alcohol-related harm within their communities. This type of activity requires considerable community consultation by Departmental officers prior to implementation. Similarly, following their implementation, liquor restrictions also necessitate an ongoing need for monitoring and assessment by Departmental inspectors. In this respect, Departmental inspectors are not only able to perform compliance and enforcement functions, but will also be well positioned to provide appropriate and relevant information and support to licensing authority decision-makers and community gaming and wagering operators.

REFORMS TO THE SEXUAL SERVICES INDUSTRY

The *Prostitution Amendment Act 2007* proposes that the CEO of the Department of Racing, Gaming and Liquor be responsible for certifying operators and approved managers in the sexual service industry.

As the recommended agency responsible for certifying operators and approved managers in the sexual service industry, the Department will also be responsible for approving the continued use of land for well-managed sexual service businesses, which have been in existence prior to 12 September 2006 and have continuously operated since then.

Under section 3A of the Act, operators and managers of sexual services businesses will be required to obtain certificates from the Director General of the Department of Racing, Gaming and Liquor. Various criteria will be required to be satisfied, including a good character test and certificates will be valid for up to 12 months; and be capable of suspension, revocation and renewal.

In addition, Police also have a role in vetting the suitability of applicants and provision has been included to maintain the confidentiality of information police provide to the Director General where its disclosure might be contrary to the public interest. This safeguard is particularly important to ensure that elements of organised crime are not permitted within the industry. Confidential Police information can be reviewed by the State Administrative Tribunal in the event an application is made to review a decision of the Director General.

Since the assent of the Amendment Act, the Department has:

- been developing computer systems, application forms, and policies and procedures in relation to its requirements under the legislation;
- developed a web page with answers to frequently asked questions;
- instigated a working party to meet with Police, Health, Department of Planning and Infrastructure, Department of Local Government and Regional Development and the State Solicitor's Office regarding the provisions of the Amendment Act; and
- provided the State Solicitors Office with instructions relating to matters requiring to be prescribed in regulation.

REDEVELOPMENT OF BURSWOOD ENTERTAINMENT COMPLEX

Section 21(4a) of the *Casino Control Act 1984* provides that “...the Commission may with the approval of the minister by notice in the Gazette –

- (a) fix the area to which the casino gaming licence relates; or
- (b) alter an area fixed under the subsection.”

At its meeting of 24 October 2006, the Gaming and Wagering Commission of Western Australia provided in-principle approval of a proposed redevelopment of the main casino building, which would be undertaken in a number of stages, with all work expected to be completed in November 2010.

The redevelopment of the main casino building includes:

- the renovation of the old international gaming room for use as a premium room for higher limit games for domestic players;
- an extension to the main gaming floor and gaming licensed area with new building works extending the casino building on the south east side (facing Great Eastern Highway);
- the renovation and relocation of the casino main entrance;
- the renovation and relocation of existing cashier operations; and
- various upgrades and renovations to fixtures and fittings across the main gaming floor area.

In processing these applications, staff have reviewed floor plans, considered and applied legislative provisions, had regard to the principles of Responsible Service of Alcohol and Responsible Service of Gambling, reviewed table number and numbers of electronic gaming machines and considered other relevant factors, such as security of the casino cage and count areas, CCTV requirements and issues relating to employee access.

COMMUNITY INTEREST IN TEXAS HOLD'EM POKER

Texas Hold'Em is a variation of poker played with cards and has experienced a significant increase in popularity in recent times, in both community interest and participation. This has been fuelled by television coverage of major tournaments with large cash prizes and by the targeted promotion of the game by commercial operators, who profit from both assisting in the conduct of games and the hire of equipment.

There are two types of poker events that are conducted and promoted at a variety of venues throughout the State:

1. "Free to play" events, which are generally conducted at licensed premises, where participants do not pay to enter and cannot win prizes with any value in money or moneys worth. "Gaming", as defined by the *Gaming and Wagering Commission Act 1987*, does not take place at these events, which means that can be conducted without a permit or any other form of authorisation. Commercial operators typically charge a fee to the licensee for each player who attends the event.
2. "Permitted gaming" conducted under a permit issued by the Gaming and Wagering Commission, where players risk their own money and can win prizes in money or moneys worth.

Gaming, other than social gaming, can only be lawfully conducted under a permit issued by the Commission.

Section 51 of the *Gaming and Wagering Commission Act 1987* provides that the Commission must be satisfied that, amongst other things, the applicant for a permit is, or is concerned in the administration of and makes application on behalf of, a club, society, institution, organisation, association, or other body of persons which have as the principal object of the proposed gaming the raising of moneys in good faith for the active promotion, support or conduct of any sporting, social, political, literary, artistic, scientific, benevolent, charitable or other like activity detailed in the application.

Further, section 51 of the Act also requires that the gaming not be promoted or otherwise conducted for the purposes of private gain or any commercial undertaking.

In Western Australia there are currently two major commercial entities that are licensed by the Gaming and Wagering Commission of Western Australia as suppliers and/or operators who assist in the conduct and promotion of gaming functions conducted under a permit issued by the Commission. These are the Western Australian Poker League (WAPL) and the Australian Poker League (APL).

The increase in the popularity of Texas Hold'Em poker has required an increase in regulatory effort, to ensure the activity conducted by commercial operators is in accordance with the provisions of the Gaming and Wagering Commission Act. In addition to Texas Hold'Em conducted under permits issued by the Commission, there may also be up to 50 free play events conducted within Western Australia each week, which are also monitored and inspected by Departmental Inspectors to ensure compliance with the Act.

HIGH COURT DECISION

In last year's annual report it was reported that in order to protect the integrity of racing and the local racing industry, Parliament passed the *Betting and Racing Legislation Amendment Act 2006* to amend the *Betting Control Act 1954* on 7 December 2006 to prohibit:

- the establishment, operation or use of betting exchanges in Western Australia; and
- publication of Western Australian race fields information without appropriate approval and payment of a fee.

Not long after the introduction of the new laws, they were subject to challenge by Betfair Pty Ltd and Mr. Matthew Erceg in the High Court of Australia. The legal challenge was resolved on 27 March 2008, when the High Court handed down a decision that found the relevant provisions to be invalid by reason of section 92 of the Constitution (Freedom of Interstate Trade) and that the prohibitory nature of the provisions was "...not proportionate..." to the threat posed by to the Western Australian racing industry by betting exchanges.

However, notwithstanding the High Court's decision, the State's prohibition of betting with a betting exchange still applies to a betting exchange established overseas by virtue of section 27A of the Betting Control Act. Additionally, it is still unlawful to establish a betting exchange in Western Australia and Western Australian bookmakers and overseas wagering service providers still need to obtain approval to use Western Australian race fields information in their businesses.

As a consequence of the High Court's decision, the Department is working with the racing industry through Racing and Wagering Western Australia to develop a suitable model to collect a product fee for the use of Western Australian race fields and overcome Racing and Wagering Western Australia being the principal club for racing and the wagering service provider.

CHANGES IN WRITTEN LAW

CHANGES TO ACTS

LIQUOR AND GAMING LEGISLATION AMENDMENT ACT 2006

The *Liquor and Gaming Legislation Amendment Act 2006* ('the Amendment Act') completed its passage through Parliament on 12 December 2006, receiving Royal Assent on 13 December 2006.

As the Amendment Act provided for different days to be fixed for the proclamation of different provisions, amendments were proclaimed in stages.

On 1 August 2007 sections 78 and 83 of the Amendment Act came into operation:

- Section 78 requires licensees who maintain a website to include prescribed information on the home page of their websites. Information prescribed in regulations relate to:
 - the licence number;
 - the licence class;
 - the licence name;
 - the address and telephone number for the licensed premises; and
 - a warning notice advising that it is an offence to sell or supply liquor to a person under 18 years of age or for a person under 18 years of to purchase or attempt to purchase liquor.
- Section 83 relates to the requirement for licensees to maintain a register of incidents that take place at licensed premises. In essence, this section requires that licensees maintain an incident register which details the events surrounding a prescribed type of incident. These incidents include unruly behaviour, patrons being refused service and/or being evicted from the premises, and complaints from neighbours.

On 28 April 2008, section 27 and Part 3 of the Amendment Act relating to confidential police information came into operation.

CASINO (BURSWOOD ISLAND) AGREEMENT ACT 1985 – ELEVENTH SUPPLEMENTARY AGREEMENT

The *Casino (Burswood Island) Agreement Amendment Act 2007* was assented to on 16 April 2008 and came into operation the following day. The Amendment Act ratified the Eleventh Supplementary Agreement, which in turn amended the Agreement scheduled to the *Casino (Burswood Island) Agreement Act 1985*.

The Supplementary Agreement expands the purposes on which the Board may expend its funds, to include the protection and enhancement of the ecological and community benefits and amenity of the Swan and Canning Rivers and associated lands.

The Supplementary Agreement also changes the composition of the Burswood Park Board that manages and controls the Burswood Park C class reserve.

LIQUOR CONTROL AMENDMENT BILL 2008

On 19 June 2008 the *Liquor Control Amendment Bill 2008* was introduced into Parliament. The Bill:

- established an offence where a licensee, employee or agent of a licensee sells liquor to a person where they should have reasonably suspected that the purchaser of that liquor intended to resell the liquor;
- increased the penalty for sly grogging to include a two-year imprisonment;
- established an offence where a person, without the consent of the licensee, takes liquor into a licensed stadium; and
- clarified the protection provisions under section 171 of the *Liquor Control Act 1988* in relation to authorised officers and persons acting under the instruction of an authorised officer when they have unsuccessfully attempted to purchase liquor in a manner that might have otherwise contravened the Act.

CHANGES TO REGULATIONS

The *Rules of Wagering Amendment Rules (No 2) 2007* amended the *Rules of Wagering 2005* on 21 July 2007 to overcome an inconsistency in the rules by aligning the bookmaking liability for fielders in the Local Ring with the liability in the Interstate Ring.

The *Racing and Wagering Western Australia Amendment Regulations 2007* amended the *Racing and Wagering Western Australia Regulations 2003* on 19 September 2007 to enable the introduction of the Flexibet wagering product in Western Australia.

The *Betting Control Amendment Regulations (No 3) 2007* amended the *Betting Control Regulations 1978* on 19 September 2007 to enable the introduction of the Flexibet wagering product in Western Australia.

The *Rules of Wagering Amendment 2007* amended the *Rules of Wagering 2005* on 19 September 2007 to enable the introduction of the Flexibet wagering product in Western Australia.

The *Liquor Control Amendment Regulations (No. 2) 2007* amended the *Liquor Control Regulations 1989* on 29 September 2007 to:

- remove various regulations relating to sections of the *Liquor Control Act 1988* repealed;
- provide a penalty for a licensee failing to maintain a training register for the purposes of section 103(1)(b) of the *Liquor Control Act 1988*;
- provide a requirement that the full name of the approved manager on duty when an incident takes place be included in the Incident Register of the purposes of section 116A; and
- make minor amendments to the application forms and requirements for the issue of a proof of age card.

The *Liquor Control Amendment Regulations (No. 5) 2007* amended the *Liquor Control Regulations 1989* on 3 October 2007 to remove concern about the vicarious liability provision found in regulation 14AE(3) by including a due diligence defence as found in regulation 15(1b) of the *Health (Asbestos) Regulations 1992*.

The *Liquor Commission Rules 2007* came into operation on 6 October 2007 to provide practice directions and procedures for matters to be heard and determined by the Liquor Commission.

New fees and charges effective 1 January 2008 were introduced by the following amendments regulations published in the Government Gazette on 9 October 2007:

- *Betting Control Amendment Regulations (No 4) 2007*;
- *Casino Control Amendment Regulations 2007*;
- *Casino Control (Burswood Island) (Licensing of Employees) Amendment Regulations 2007*;
- *Gaming and Wagering Commission Amendment Regulations 2007*;
- *Liquor Control Amendment Regulations (No 3) 2007*;
- *Racing and Wagering Western Australia Amendment Regulations (No 3) 2007*; and
- *Racing Penalties (Appeals) Tribunal Amendment Regulations 2007*.

The *Racing and Wagering Western Australia Amendment Regulations (No 2) 2007* amended regulation 58 of the *Racing and Wagering Western Australia Regulations 2003* on 8 December 2007 to allow account holders with Racing and Wagering Western Australia to cancel bets and obtain a refund where a late scratching forms part of their selection, consistent with regulation 43 for retail customer's wagers made through a totalisator agency.

The *Gaming and Wagering Commission Amendment Regulations (No. 2) 2008* amended the *Gaming and Wagering Commission Regulations 1988* on 11 June 2008 to enable authorised officers under the *Gaming and Wagering Commission Act 1987* to issue infringement notices for a breach of section 43A of the Act relating to unlawful advertising.

The *Liquor Control (Wangkatjungka Restricted Area) Regulation 2008* came into operation on 23 April 2008 to prohibit a person from bringing in and possessing liquor in the Wangkatjungka Aboriginal Community for a period of 12 months. Where a person commits an offence against these regulations, a fine up to \$5,000 may apply. In addition, the regulations authorise the police to seize and dispose of opened or unopened containers of liquor suspected of being brought into the restricted area illegally.

The *Liquor Control Amendment Regulations 2008* amended the *Liquor Control Regulations 1989* on 3 May 2008 to prescribe premises of the club licence type so that they may be altered or re-defined to include non-contiguous areas within a club licence, in accordance with section 77(5a)(b) of the *Liquor Control Act 1988*.

LIKELY DEVELOPMENTS AND FORECAST RESULTS OF OPERATIONS

While it is likely that the 2008/2009 financial year will be a period of consolation for the Department with the changes introduced by liquor reform having their full impact, it is likely that some of the changes outlined below will be fairly significant:

THE CONTINUED DEVELOPMENT AND DELIVERY OF CITIZEN-CENTRIC INTEGRATED WEB-BASED LICENSING SYSTEM

The Department currently has two primary business systems - the liquor licensing system developed approximately 10 years ago and the gaming/racing/casino system which was implemented approximately seven years ago. The expected life cycle of systems in today's world of changing technology is approximately 10 years. These systems will not meet the future needs of the Department.

The Future Directions – Five Year Plan for the Department has recognised the need for the development and delivery of a single fully integrated customer-centric system to deliver internal core business processes and customer integration such as online application lodgement and electronic document management with the capability to interface with other agencies using standardised protocols.

The system development is consistent with office of e-Government policy and priorities and aims to provide 24/7 access to services, greater choice of service delivery methods, such as dial-in, walk-in or ring-in; and access to better information, a more personalised service and greater consistency in decision-making.

INCREASED SERVICE DELIVERY IN REGIONAL AREAS OF WESTERN AUSTRALIA

Reforms to the *Liquor Control Act 1998* and restrictions on the sale and supply of liquor in regional areas have increased the demand for compliance activity and the associated travel in regional areas of Western Australia. The increase in interest in community gaming has also contributed to a growing need for compliance activity and improvements in the education and information afforded to permit holders and others with gaming related responsibilities.

Particularly, the imposition of restrictions on the sale of takeaway liquor in Fitzroy Crossing has generated interest from a number of other remote communities in the potential benefits of restrictions for their communities. Restrictions require considerable community consultation prior to development and implementation. Following implementation there will be an ongoing need for monitoring and assessment of the measures in place.

Together with liquor restrictions, regional race meetings and the increase in interest in community gaming, particularly *Texas Hold'Em* poker, have increased the need for compliance activity and the support services that can be provided by the Compliance Division. Inspectors are not only able to perform compliance and enforcement functions but also are well positioned to provide appropriate and relevant information and support to licensing authority decision-makers and community gaming and wagering operators.

As a result, the Compliance Division will be significantly increasing service delivery in regional and remote areas of Western Australia throughout 2008/2009. The increased Compliance Division activity will provide greater support to licensing decision-makers within the Department and provide increased emphasis on providing community gaming and wagering operators such as race clubs and bookmakers with greater access to information and support.

Where possible and practical Compliance Division activity in regional and remote areas of Western Australia will be conducted in consultation and collaboration with the Western Australian police service.

ASSISTING THE MINISTER WITH THE INTRODUCTION OF THE LIQUOR CONTROL AMENDMENT BILL

Assisting the Minister to implement the *Liquor Control Bill 2008* will be a major initiative for the Department during the 2008-09 year. The Bill proposes amendments to:

- ***Enable juveniles who have completed a prescribed training course at licensed premises, to continue to be employed or engaged in the service of liquor***

This amendment follows earlier liquor reform that empowered the Director of Liquor Licensing to approve an underage trainee³ to be engaged on licensed premises in the service of liquor. However, some further modification is needed, as a result of some accredited hospitality traineeships and apprenticeships being completed within 12 months and prior to trainees attaining 18 years of age.

- ***Establish an offence provision prohibiting a licensee, approved manager or employee of the licensee knowingly selling or supplying liquor for the purposes of 'sly grogging'***

This amendment is addressed at perpetrators of sly grogging, who generally rely on people who are vulnerable to the adverse effects of alcohol. As part of the Government's liquor reform package, the penalty under section 109(1) for selling liquor by unlicensed persons (i.e. Sly Grogging) was doubled to \$20,000. However, the incidence of "sly grogging" is one of the major factors inhibiting efforts to limit access to and control excessive consumption of alcohol in regional and remote communities. Restrictions on alcohol availability can often prove counterproductive if contraband alcohol is ferried in from nearby towns and, in particular, if people involved in the liquor industry are perpetuating the problem.

In this regard the Bill includes an amendment to establish an offence for the seller of liquor, where that seller of liquor should have reasonably suspected that the purchaser of that liquor intended to resell the liquor. By way of penalty, it carries a maximum penalty of a fine of \$20,000 and imprisonment for two years.

For consistency, the offence under section 109(1) will be increased to include a two-year imprisonment.

- ***Permitting the WA Police to issue infringement notices to people who take liquor into prescribed licensed sports stadiums without the consent of the licensee***

This amendment proposes to deal with problems associated with persons illegally bringing liquor into licensed stadiums, which contradicts the Government's effort to regulate the sale, supply and consumption of liquor; and to minimise harm or ill-health caused to people, or any group of people, due to the use of liquor.

³ Provided that the juvenile is enrolled in an accredited hospitality training course delivered by a vocational educational and training provider.

While section 119 of the Liquor Control Act 1988 provides that it is an offence, amongst other matters, for a person to possess liquor on an unlicensed sport ground or stadium, these provisions do not apply to licensed sports grounds or stadiums. Therefore, there is no legislative support under the Liquor Control Act to assist licensees of stadiums (such as Subiaco Oval and the WACA Ground) in managing individuals who bring liquor into these venues and then become intoxicated or engage in anti social behaviour. Therefore, the proposed amendment will:

- make it an offence to take liquor into a licensed stadium; and
- provide police the authority to seize and immediately dispose of an opened container of liquor in a person's possession in a licensed stadium (thereby assisting police in taking adequate steps to ensure all spectators at an event are not subject to anti-social behaviour or harm caused by individuals who consume liquor outside of the parameters of what is considered appropriate in an often potentially volatile environment).

As a licensed stadium to which this provision will apply will need to be prescribed, the circumstances of each licensed stadium can be considered on a case-by-case.

- ***Clarify the Protection Provisions under section 171***

Section 171 relates to accomplices and evidence and provides protection from prosecution for authorised officers and persons acting under the instruction of an authorised officer (i.e. an accomplice).

The Bill provides that the protection from prosecution provisions will also apply to authorised officers and accomplices when they have been unsuccessful in their attempts to purchase liquor in a manner that might otherwise have contravened the Act.

THE DEVELOPMENT OF A JOINT INSPECTION REGIME WITH POLICE FOR REGIONAL AREAS OF WESTERN AUSTRALIA

Continued joint operations are planned between the Department and police for the remainder of the current financial year and into 2008 – 2009

Operations planned will continue to build on the collaborative approach that has developed and significant synergy is expected from the relationship to further both the outcomes desired by police and the Department.

PARTICIPATING IN THE DEVELOPMENT OF ELECTRONIC GAMING MACHINE NATIONAL STANDARDS

The Department has nominated a representative (the Director Compliance) on the Art Unions, Raffles and Trade Promotion Lottery working party. Members of the working party are all nominees of the CEO's of gaming regulatory agencies in each jurisdiction within Australia and New Zealand.

The working party will examine regulation and marketplace practices associated with art unions, raffles and trade promotion lotteries conducted nationally or across multiple jurisdictions, and provide advice to the Casino and Gaming CEO's on options for:

- consistency in regulation;
- mutual recognition of licences, permits, approvals or exemptions; and
- a national permit or other authority,

with a view to the adoption by jurisdictions of a national scheme.

PARTICIPATION IN THE GAMING OCCUPATIONS ACTION GROUP

In February 2006, the Council of Australian Governments ("COAG") agreed to a package of measures designed to underpin a new genuinely national approach to apprenticeships, training and skills recognition and alleviate skill shortages currently evident in some parts of the economy. Part of this package is COAG's Skills Recognition Initiative, which is aimed at achieving a more mobile workforce to help meet skills needs. A key component of the Initiative is achieving full and effective mutual recognition of occupational licences.

This will be achieved through the development of Ministerial Declarations under section 32 of the *Mutual Recognition Act 1992*. This allows Ministers from relevant States and Territories to collectively declare occupations registered (i.e. licensed) by jurisdictions to be "equivalent".

The COAG Skills Recognition Taskforce has established the Gaming Occupations Action Group to undertake investigations into whether it is necessary to develop a Ministerial Declaration for gaming occupational licences. A subgroup of the Action Group is the Regulator Working Group, whose task is to develop the equivalence relationships that will underpin the development of a Ministerial Declaration for licensed Gaming Occupations. As the Department of Racing, Gaming and Liquor is the regulator for occupational licences in this sector, it was approached by the Department of the Premier and Cabinet to provide assistance in this process.

A representative from this agency has been nominated to participate in this initiative and is currently assisting in the process.

PARTICIPATION IN A NATIONAL WORKING PARTY TO DEVELOP A REGULATORY APPROACH FOR PROFESSIONAL FUNDRAISERS AND TRADE PROMOTION LOTTERIES

The Department has a representative on a national working party to develop a more consistent approach for professional fundraisers, trade promotions and other lotteries. The working party is constituted by officers from all other Australian jurisdictions and has identified major objects of the group which include:

- to identify and prioritise issues needing a coordinated approach across jurisdictions;
- to identify policies, measures, controls or administrative practices that could be used to advance consistent approaches across jurisdictions;
- to identify specific issues relevant to the conduct of art unions, raffles etc by charitable and non-profit organisations;
- to identify specific issues relevant to the conduct of trade promotion lotteries by business organisations, including profit-sharing where these lotteries are conducted and/or promoted via television and/or telecommunication devices;
- to propose options for addressing the issues identified;
- to propose an implementation timetable; and
- to report to casino and gaming CEO's during the course of 2008/2009.

ASSISTING THE MINISTER WITH CONFERENCE ATTENDANCE

Assisting the Minister to attend:

- the next annual Racing Ministers' Conference, which is scheduled for December 2008 in Melbourne; and
- the next meeting of the Ministerial Council on Gambling, which is scheduled for February 2009.

DISCLOSURES AND LEGAL COMPLIANCE

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.

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 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 2007-08 to cover the expenditure of the Department;
- in accordance with section 23A of the *Financial Management Act 2006*, the Department may retain revenues which may only be applied to the services specified in the 2006-07 Budget Statements;
- these financial statements have been prepared on an accrual basis in accordance with the provisions of the *Financial Management Act 2006*; and
- the Department provides financial management and other corporate services to the Gaming and Wagering Commission, the Racing Penalties Appeal Tribunal and the Liquor Commission⁴.

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE DEPARTMENT OF RACING, GAMING AND LIQUOR FOR THE YEAR ENDED 30 JUNE 2008

The accompanying financial statements of the Department of Racing, Gaming and Liquor have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2008 and the financial position as at 30 June 2008.

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.



Terry Ng
CHIEF FINANCE OFFICER

28 July 2008



Barry A Sargeant
DIRECTOR GENERAL

28 July 2008

⁴ 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.

FINANCIAL STATEMENTS

DEPARTMENT OF RACING, GAMING AND LIQUOR

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$000	2007 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	7	6,767	5,802
Supplies and services	8	1,747	2,037
Depreciation and amortisation expense	9	214	341
Capital user charge	10	0	146
Accommodation expenses	11	577	560
Finance costs	12	4	1
Other expenses	13	204	165
Total cost of services		9,513	9,052
Income			
Revenue			
User charges and fees	14	5,306	4,595
Total revenue		5,306	4,595
Total income other than income from State Government		5,306	4,595
NET COST OF SERVICES	27	4,207	4,457
INCOME FROM STATE GOVERNMENT	15		
Service appropriation		3,909	4,837
Liabilities assumed by the Treasurer		51	(76)
Resources received free of charge		90	137
Total income from State Government		4,050	4,898
SURPLUS/(DEFICIT) FOR THE PERIOD		(157)	441

See also the 'Schedule of Income and Expenses by Service'.

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

DEPARTMENT OF RACING, GAMING AND LIQUOR

BALANCE SHEET

AS AT 30 JUNE 2008

	Note	2008 \$000	2007 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	27	2,283	2,537
Restricted cash and cash equivalents	16, 27	17	24
Receivables	17	475	343
Amounts receivable for services	18	130	350
Total Current Assets		2,905	3,254
Non-Current Assets			
Restricted cash and cash equivalents	16, 27	48	32
Amounts receivable for services	18	1,563	1,272
Plant and equipment	19	793	394
Intangible assets	20	109	212
Total Non-Current Assets		2,513	1,910
TOTAL ASSETS		5,418	5,164
LIABILITIES			
Current Liabilities			
Payables	22	417	211
Provisions	23	578	231
Other current liabilities	24	63	135
Total Current Liabilities		1,058	577
Non-Current Liabilities			
Provisions	23	654	724
Total Non-Current Liabilities		654	724
TOTAL LIABILITIES		1,712	1,301
NET ASSETS		3,706	3,863
EQUITY			
Contributed equity	25	454	454
Accumulated surplus/(deficiency)		3,252	3,409
Total Equity		3,706	3,863
TOTAL LIABILITIES AND EQUITY		5,418	5,164

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

DEPARTMENT OF RACING, GAMING AND LIQUOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$000	2007 \$000
Balance of equity at start of period		<u>3,863</u>	<u>3,495</u>
CONTRIBUTED EQUITY	25		
Balance at start of period		454	454
Capital contribution		<u>0</u>	<u>0</u>
Balance at end of period		<u>454</u>	<u>454</u>
ACCUMULATED SURPLUS	25		
Balance at start of period		3,409	3,041
Change in asset capitalisation policy		<u>0</u>	<u>(73)</u>
Restated balance at start of period		<u>3,409</u>	<u>2,968</u>
Surplus/(deficit) or profit/(loss) for the period		(157)	441
Gain/(losses) recognised directly in equity		<u>0</u>	<u>0</u>
Balance at end of period		<u>3,252</u>	<u>3,409</u>
Balance of equity at end of period		<u>3,706</u>	<u>3,863</u>
Total income and expense for the period ^(a)		<u>(157)</u>	<u>441</u>

(a) The aggregate net amount attributable to each category of equity is: deficit \$157,000 (2007: surplus \$441,000).

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

DEPARTMENT OF RACING, GAMING AND LIQUOR

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$000	2007 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		3,488	4,366
Holding account drawdowns		350	330
Net cash provided by State Government		3,838	4,696
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(5,799)	(6,060)
Supplies and services		(2,295)	(1,734)
Capital User Charge		0	(145)
Accommodation		(574)	(557)
GST payments on purchases		(238)	(772)
Other payments		(11)	(10)
Receipts			
User charges and fees		5,108	4,679
GST receipts on sales		1	8
GST receipts from taxation authority		275	706
Net cash provided by/(used in) operating activities	27	(3,533)	(3,885)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(498)	(188)
Proceeds/(payments) from fees in trust		(45)	37
Proceeds/(payments) from special purpose account		(7)	(15)
Net cash provided by/(used in) investing activities		(550)	(166)
Net increase/(decrease) in cash and cash equivalents		(245)	645
Cash and cash equivalents at the beginning of period		2,593	1,948
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	27	2,348	2,593

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

DEPARTMENT OF RACING, GAMING AND LIQUOR
SCHEDULE OF INCOME AND EXPENSES BY SERVICE
FOR THE YEAR ENDED 30 JUNE 2008

	Licensing - Evaluation and determination of applications		Compliance audits and inspections		Total	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
COST OF SERVICES						
Expenses						
Employee benefits expense	3,326	2,637	3,441	3,165	6,767	5,802
Supplies and services	974	1,148	773	889	1,747	2,037
Depreciation and amortisation expense	119	192	95	149	214	341
Capital User Charge	0	73	0	73	0	146
Accommodation expenses	324	336	253	224	577	560
Finance costs	2	1	2	0	4	1
Other expenses	117	91	87	74	204	165
Total cost of services	4,862	4,478	4,651	4,574	9,513	9,052
Income						
User charges and fees	3,614	3,202	1,692	1,393	5,306	4,595
Total income other than income from State Government	3,614	3,202	1,692	1,393	5,306	4,595
NET COST OF SERVICES	1,248	1,276	2,959	3,181	4,207	4,457
INCOME FROM STATE GOVERNMENT						
Service appropriation	1,127	1,374	2,782	3,463	3,909	4,837
Liabilities assumed by the Treasurer	28	(41)	23	(35)	51	(76)
Resources received free of charge	51	77	39	60	90	137
Total income from State Government	1,206	1,410	2,844	3,488	4,050	4,898
Surplus/(deficit) for the period	(42)	134	(115)	307	(157)	441

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

DEPARTMENT OF RACING, GAMING AND LIQUOR SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES FOR THE YEAR ENDED 30 JUNE 2008					
	2008 Estimate \$'000	2008 Actual \$'000	Variance \$'000	2008 Actual \$'000	2007 Actual \$'000
DELIVERY OF SERVICES					
Item 52 Net amount appropriated to deliver services	3,442	3,740	(298)	3,740	4,675
Section 25 transfer of service appropriation	0	0	0	0	0
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975	165	169	(4)	169	162
Total appropriations provided to deliver services	3,607	3,909	(302)	3,909	4,837
CAPITAL					
Capital Contribution	0	0	0	0	0
ADMINISTERED TRANSACTIONS					
Item 53 Administered grants, subsidies and other transfer payments	65,542	73,739	(8,197)	73,739	106,074
Amount Authorised by Other Statutes - Liquor Control Act 1988	3,900	2,110	1,790	2,110	1,889
Total administered transactions	69,442	75,849	(6,407)	75,849	107,963
GRAND TOTAL	73,049	79,758	(6,709)	79,758	112,800
Details of Expenses by Service					
Service 1 : Licensing - Evaluation and determination of applications	4,392	4,862	(470)	4,862	4,478
Service 2 : Compliance audits and inspections	4,472	4,651	(179)	4,651	4,574
Total Cost of Services	8,864	9,513	(649)	9,513	9,052
Less total income	(5,103)	(5,306)	203	(5,306)	(4,595)
Net Cost of Services	3,761	4,207	(446)	4,207	4,457
Adjustments	(154)	(298)	144	(298)	380
Total appropriations provided to deliver services	3,607	3,909	(302)	3,909	4,837
Capital Expenditure					
Purchase of non-current physical assets	370	498	(128)	498	188
Adjustments for other funding sources	(370)	(498)	128	(498)	(188)
Capital Contribution (appropriation)	0	0	0	0	0
DETAILS OF INCOME ESTIMATES					
Income disclosed as Administered Income					
Taxes and licences					
Casino Tax	70,000	83,709	(13,709)	83,709	76,908
					6,801

Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.

Note 31 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2008 and between the actual results for 2007 and 2008.

**DEPARTMENT OF RACING, GAMING AND LIQUOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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 is partly funded by Parliamentary appropriations. During 2007-08, the Department provided financial management and other corporate support services to other agencies that are charged out on a full cost recovery basis:

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

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

**2. Australian equivalents to International Financial Reporting Standards
General**

The Department's financial statements for the year ended 30 June 2008 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Department has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Department for the annual reporting period ended 30 June 2008.

3. Summary of significant accounting policies

(a) General Statement

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

(b) Basis of Preparation

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

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000), or in certain cases, to the nearest dollar.

The judgements that have been made in the process of applying the Department's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 4 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 5 'Key sources of estimation uncertainty'.

(c) Reporting Entity

The reporting entity comprises the Department only.

The Department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to the function of the Department. These administered balances and transactions are not recognised in the principal financial statements of the Department but schedules are prepared using the same basis as the financial statements and are presented at note 38 'Administered expenses and income' and note 39 'Administered assets and liabilities'.

(d) Contributed Equity

UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by Treasurer's instruction (TI) 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

(e) Income*Revenue recognition*

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser and can be measured reliably.

Rendering of services

Revenue is recognised upon delivery of the service to the client or by reference to the stage of completion of the transaction.

Service Appropriations

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 Treasury.

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2007-08 Budget Statements, the Department retained \$5.31 million in 2008 (\$4.60 million in 2007) from the following:

- * 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; and
- * liquor fees and other revenue.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the balance sheet date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

(f) Plant and Equipment*Capitalisation/Expensing of assets*

Items of plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of plant and equipment costing less than \$5,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

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

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

Subsequent measurement

After recognition as an asset, the Department uses the cost model for the measurement of plant and equipment. Plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that 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:

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

(g) Intangible Assets*Capitalisation/Expensing of assets*

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$5,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Department have a finite useful life and zero residual value. The expected useful lives for computer software is five years.

Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

Computer Software

Software that is an integral part of the related hardware is treated as plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

(h) Impairment of Assets

Plant and equipment, and intangible assets are tested for any indication of impairment at each balance sheet 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 Department 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, where the replacement cost is falling or where there is a significant change in useful life. 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 balance sheet 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-based evidence. Where fair value is determined by reference to depreciated replacement costs, 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 balance sheet date.

(i) Leases

The Department holds operating leases for motor vehicles and office accommodation. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

(j) Financial Instruments

In addition to cash, the Department has two categories of financial instrument:

- * Receivables; and
- * Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- * Cash and cash equivalents
- * Restricted cash and cash equivalents
- * Receivables
- * Amounts receivable for services

Financial Liabilities

- * Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(k) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These are comprised of cash on hand.

(l) Accrued Salaries

The accrued salaries suspense account (see note 16 'Restricted cash and cash equivalents') 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 instead of the normal 26. No interest is received on this account.

Accrued salaries (refer note 22 'Payables') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(m) Amounts Receivable for Services (Holding Account)

The Department receives appropriation funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

(n) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Department will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(o) Payables

Payables are recognised when the Department 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.

(p) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date.

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Purchased Leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional four weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. This liability is measured on the same basis as annual leave.

Superannuation

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. The Department has no liabilities for superannuation charges under the Pension or the GSS Schemes as the liability has been assumed by Treasurer.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Department makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

The GESB makes all benefit payments in respect of the Pension and GSS Schemes, and is recouped by the Treasurer for the employer's share.

(ii) Provisions - Other**Employment On-Costs**

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Department's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

Restoration Costs

A provision is recognised where the Department has a legal, equitable or constructive obligation to undertake restoration work. Estimates are based on the present value of expected future cash outflows.

(q) Superannuation Expense

The following elements are included in calculating the superannuation expense in the Income Statement:

(a) Defined benefit plans - Change in the unfunded employer's liability (i.e. current service cost and, actuarial gains and losses) assumed by the Treasurer 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 (GSS); and

(b) Defined contribution plans - Employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

Defined benefit plans - in order to reflect the true cost of services, the movements (i.e. current service cost and, actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS Scheme transfer benefits are recognised as expenses directly in the Income Statement. As these liabilities are assumed by the Treasurer, a revenue titled 'Liabilities assumed by the Treasurer' equivalent to the expense is recognised under Income from State Government in the Income Statement.

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

Defined contribution plans - in order to reflect the Department's true cost of services, the Department is funded for the equivalent of employer contributions in respect of the GSS Scheme (excluding transfer benefits). These contributions were paid to the GESB during the year and placed in a trust account administered by the GESB on behalf of the Treasurer. The GESB subsequently paid these employer contributions in respect of the GSS Scheme to the Consolidated Account.

The GSS Scheme is a defined benefit scheme for the purposes of employees and whole-of government reporting. However, apart from the transfer benefit, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.

(r) 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 income and as assets or expenses as appropriate, at fair value.

(s) Fees in Trust

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

(t) Comparative Figures

Comparative amounts have been reclassified to present the income statement more closely for the following expenses due to some line items have been grouped and presented differently in the year 2006-07:

	Currently presented \$000	Previously presented \$000	Difference \$000
Employee benefits expense	5,802	5,885	83
Supplies and services	2,037	2,074	37
Other expenses	165	45	(120)

4. Judgements made by management in applying accounting policies

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

Operating Lease Commitment

The Department has entered into a number of commercial lease arrangements for motor vehicles and office accommodation and has determined that the lessor retains all the significant risks and rewards of ownership of the property. Accordingly, the lease has been classified as an operating lease.

5. Key sources of estimation uncertainty

The key estimates and assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Impairment of Intangible Assets

The Department assesses impairment of intangible assets at each balance sheet date. Where there is an indication of impairment (such as falling replacement costs), the recoverable amount (depreciated replacement cost) of the intangible asset is estimated. Calculations performed in assessing recoverable amounts incorporate a number of key estimates.

6. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Department has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2007 that impacted on the Department:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 117, AASB 139, AASB 1]'). This Standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the Department's exposure to risks, including enhanced disclosure regarding components of the Department's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

Voluntary changes in Accounting Policy

This year the Department has changed its asset capitalisation policy from \$1,000 to \$5,000. The change in accounting policy is aimed at providing a standardised approach and more consistent accounting treatment across whole of government for those agencies utilising the shared corporate services solution.

This has resulted in a decrease of \$72,889 in the opening accumulated surplus as from 1 July 2006, and also the carrying amounts of plant and equipment, and intangibles. Refer to note 19, 20, and 25.

Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Department has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Department but are not yet effective. Where applicable, the Department plans to apply these Standards and Interpretations from their application date:

Title	Operative for reporting periods beginning on/after
AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Department does not expect any financial impact when the Standard is first applied.	1 January 2009
Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments', and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:	
AASB 1004 'Contributions' (December 2007).	1 July 2008
AASB 1050 'Administered Items' (December 2007).	1 July 2008
AASB 1051 'Land Under Roads' (December 2007).	1 July 2008
AASB 1052 'Disaggregated Disclosures' (December 2007).	1 July 2008
AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137] (December 2007).	1 July 2008
Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities (December 2007).	1 July 2008
The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and existing topic-based Standards and Interpretation. These requirements remain substantively unchanged. The new and revised Standards make some modifications to disclosures, otherwise there will be no financial impact.	

	2008 \$000	2007 \$000
7. Employee benefits expense		
Wages and salaries ^(a)	5,907	5,400
Superannuation - defined contribution plans ^(b)	590	513
Superannuation - defined benefit plans ^{(c)(d)}	51	(76)
Change in annual and long service leave entitlements ^(e)	219	(35)
	<u>6,767</u>	<u>5,802</u>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).

(c) Defined benefit plans include Pension scheme and Gold State (pre-transfer benefit).

(d) An equivalent notional income is also recognised.

(e) Includes a superannuation contribution component.

	2008 \$000	2007 \$000
8. Supplies and services		
Communications	134	114
Consultants and contractors	438	358
Consumables	482	162
Repairs and maintenance	169	190
Travel	159	82
Advertising and promotion	128	782
Motor vehicle leasing	71	62
Insurance	0	47
Legal services - Resources received free of charge	87	134
Other	79	106
	<u>1,747</u>	<u>2,037</u>
9. Depreciation and amortisation expense		
Depreciation		
Furniture equipment	20	26
Office equipment	91	164
Total depreciation	<u>111</u>	<u>190</u>
Amortisation		
Intangible assets	103	151
Total amortisation	<u>103</u>	<u>151</u>
Total depreciation and amortisation	<u>214</u>	<u>341</u>
10. Capital user charge		
Capital user charge	<u>0</u>	<u>146</u>
The charge was a levy applied by Government for the use of its capital. The final charge was levied in 2006-07.		
11. Accommodation expenses		
Lease rentals	574	557
Resources received free of charge	3	3
	<u>577</u>	<u>560</u>
12. Finance costs		
Unwinding of discounts applied to provisions	4	1
	<u>4</u>	<u>1</u>
13. Other expenses		
Restoration costs	35	33
Bad debts expense	0	2
Employment on-costs ^(a)	17	0
Other employee related expenses	82	83
Other ^(b)	70	47
	<u>204</u>	<u>165</u>

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 23 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

(b) Audit fee, see also note 30 'Remuneration of auditor'.

	2008 \$000	2007 \$000
14. User charges and fees		
Recoups for services provided:		
<u>Net Appropriation Revenues</u>		
Gaming and Wagering Commission of Western Australia	2,896	2,551
Racing Penalties Appeal Tribunal	139	131
Commonwealth Government	80	69
Liquor fees and other charges	2,191	1,844
	<u>5,306</u>	<u>4,595</u>
15. Income from State Government		
Appropriation received during the year:		
Service appropriations ^(a)	3,909	4,837
	<u>3,909</u>	<u>4,837</u>
The following liabilities have been assumed by the Treasurer during the financial year:		
- Superannuation ^(b)	51	(76)
Total liabilities assumed by the Treasurer	<u>51</u>	<u>(76)</u>
Resources received free of charge ^(c)		
Determined on the basis of the following estimates provided by agencies:		
Department of Housing and Works		
- property management services	3	3
Department of Attorney General		
- legal services	87	134
	<u>90</u>	<u>137</u>
	<u>4,050</u>	<u>4,898</u>

(a) 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.

(b) The assumption of the superannuation liability by the Treasurer is a notional income to match 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.

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

	2008 \$000	2007 \$000
16. Restricted cash and cash equivalents		
<i>Current</i>		
Special purpose accounts (refer to note 26)	17	24
	<u>17</u>	<u>24</u>
<i>Non-current</i>		
Accrued salaries suspense account ^(a)	48	32
	<u>48</u>	<u>32</u>
	<u>65</u>	<u>56</u>

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

17. Receivables

<i>Current</i>		
Receivables	33	5
Allowance for impairment of receivables	(15)	0
Other receivables	264	76
Accrued revenue	146	191
GST receivable	47	71
Total current	<u>475</u>	<u>343</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 \$389,565 (2007: \$181,391) in due course.

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of year	0	0
Doubtful debts expense recognised in the Income Statement	15	0
Amounts written off during the year	0	0
Amount recovered during the year	0	0
Balance at end of year	<u>15</u>	<u>0</u>

Credit Risk

Ageing of receivables past due but not impaired based on the information provided to senior management, at the balance sheet date:

Not more than 3 months	3	0
More than 3 months but less than 6 months	0	5
More than 6 months but less than 1 year	0	0
More than 1 year	0	0
	<u>3</u>	<u>5</u>

Receivables individually determined as impaired at the balance sheet date:

Carrying amount, before deducting any impairment loss	18	0
Impairment loss	(15)	0
	<u>3</u>	<u>0</u>

The Department does not hold any collateral as security or other credit enhancements relating to receivables.

18. Amounts receivable for services

Current	130	350
Non-current	1,563	1,272
	<u>1,693</u>	<u>1,622</u>

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.

	2008 \$000	2007 \$000
19. Plant and equipment		
<u>Furniture equipment</u>		
At cost	244	244
Accumulated depreciation	(203)	(183)
Accumulated impairment losses	0	0
	<u>41</u>	<u>61</u>
<u>Office equipment</u>		
At cost	716	582
Accumulated depreciation	(571)	(480)
Accumulated impairment losses	0	0
	<u>145</u>	<u>102</u>
Sub-total	<u>186</u>	<u>163</u>
Add: Work in progress	<u>607</u>	<u>231</u>
Total	<u>793</u>	<u>394</u>

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

	Furniture equipment \$000	Office equipment \$000	Work in progress \$000	Total \$000
2008				
Carrying amount at start of year	61	102	231	394
Additions	0	134	376	510
Disposals	0	0	0	0
Transfers	0	0	0	0
Impairment losses ^(a)	0	0	0	0
Impairment losses reversed ^(a)	0	0	0	0
Depreciation	0	0	0	0
Carrying amount at end of year	<u>(20)</u>	<u>(91)</u>	<u>0</u>	<u>(111)</u>
	<u>41</u>	<u>145</u>	<u>607</u>	<u>793</u>
	Furniture equipment \$000	Office equipment \$000	Work in progress \$000	Total \$000
2007				
Carrying amount at start of year	137	238	91	466
Adjustments taken to equity ^(b)	(1)	(60)	0	(61)
Restated balance at start of year	136	178	91	405
Additions	0	40	140	180
Disposals	0	0	0	0
Transfers	0	0	0	0
Impairment losses ^(a)	(49)	49	0	0
Impairment losses reversed ^(a)	0	0	0	0
Depreciation	0	0	0	0
Carrying amount at end of year	<u>(26)</u>	<u>(165)</u>	<u>0</u>	<u>(191)</u>
	<u>61</u>	<u>102</u>	<u>231</u>	<u>394</u>

(a) Recognised in the Income Statement.

(b) With effect from 1 July 2007, the Department changed its asset capitalisation policy from \$1,000 to \$5,000. As a result, comparative figures for the financial year ended 30 June 2007 have been restated to reflect this policy change. Refer note 6.

	2008 \$000	2007 \$000
20. Intangible assets		
Licences		
At cost	0	0
Accumulated amortisation	0	0
Accumulated impairment losses	0	0
	<u>0</u>	<u>0</u>
Computer software		
At cost	2,406	2,406
Accumulated amortisation	(2,297)	(2,194)
Accumulated impairment losses	0	0
	<u>109</u>	<u>212</u>
Reconciliations:		
Licences		
Carrying amount at start of year	0	0
Adjustments taken to equity ^(a)	0	(4)
Restated balance at start of year	0	(4)
Additions	0	5
Transfers	0	0
Disposals	0	0
Revaluation increments	0	0
Impairment losses recognised in Income Statement	0	0
Impairment losses reversed in Income Statement	0	0
Amortisation expense	0	(1)
Carrying amount at end of year	<u>0</u>	<u>0</u>
Computer software		
Carrying amount at start of year	212	366
Adjustments taken to equity ^(a)	0	(8)
Restated balance at start of year	212	358
Additions	0	4
Transfers	0	0
Disposals	0	(1)
Revaluation increments	0	0
Impairment losses recognised in Income Statement	0	0
Impairment losses reversed in Income Statement	0	0
Amortisation expense	(103)	(149)
Carrying amount at end of year	<u>109</u>	<u>212</u>

(a) With effect from 1 July 2007, the Department changed its asset capitalisation policy from \$1,000 to \$5,000. As a result, comparative figures for the financial year ended 30 June 2007 have been restated to reflect this policy change. Refer note 6.

21. Impairment of assets

There were no indications of impairment to plant and equipment, and intangible assets at 30 June 2008.

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

All surplus assets at 30 June 2008 have been written-off.

22. Payables

Current		
Trade payables	169	59
Other payables	1	3
Accrued expenses	105	126
Accrued salaries	142	23
	<u>417</u>	<u>211</u>

	2008 \$000	2007 \$000
23. Provisions		
Current		
Employee benefits provision		
Annual leave ^(a)	150	75
Long service leave ^(b)	374	134
	<u>524</u>	<u>209</u>
Other provisions		
Employment on-costs ^(c)	54	22
Restoration costs ^(d)	0	0
	<u>54</u>	<u>22</u>
	<u>578</u>	<u>231</u>
Non-current		
Employee benefits provision		
Long service leave ^(b)	498	594
	<u>498</u>	<u>594</u>
Other provisions		
Employment on-costs ^(c)	50	64
Restoration costs ^(d)	106	66
	<u>156</u>	<u>130</u>
	<u>654</u>	<u>724</u>

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet date	150	75
More than 12 months after balance sheet date	0	0
	<u>150</u>	<u>75</u>

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet date	374	134
More than 12 months after balance sheet date	498	594
	<u>872</u>	<u>728</u>

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 13 'Other expenses'.

(d) At the termination of the lease, the Department has a legal or equitable or constructive obligation to dismantle and restore the property at Level 1, Hyatt Centre, East Perth. The total restoration cost is estimated at \$200,000. The present value of the year to date cost is \$105,600.

The associated expense, apart from the unwinding of the discount (finance cost), is included in note 13 'Other expenses'.

Movements in Other Provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

Restoration costs provisions

Carrying amount at start of year	66	32
Additional provisions recognised	36	33
Payments/other sacrifices of economic benefits	0	0
Unwinding of the discount	4	1
Carrying amount at end of year	<u>106</u>	<u>66</u>

Employment on-cost provision

Carrying amount at start of year	86	85
Additional provisions recognised	18	1
Payments/other sacrifices of economic benefits	0	0
Unwinding of the discount	0	0
Carrying amount at end of year	<u>104</u>	<u>86</u>

	2008 \$000	2007 \$000
24. Other liabilities		
Current		
Special purpose accounts (refer to note 26)	17	24
Fees in trust	46	111
	<u>63</u>	<u>135</u>

25. 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

Balance at the start of the year	454	454
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Contributions by owners

Capital contribution	0	0
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Total contributions by owners	0	0
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Balance at the end of the year	<u>454</u>	<u>454</u>
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Accumulated surplus/(deficit)

Balance at the start of the year	3,409	3,041
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Change in asset capitalisation policy ^(a)	0	(73)
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Restated balance at the start of the year	3,409	2,968
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Result for the period	(157)	441
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Balance at the end of the year	<u>3,252</u>	<u>3,409</u>
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(a) Refer to Voluntary changes in Accounting Policy - Note 6, 19 and 20.

26. Special purpose accountsSpecial Purpose Account section 16(1)(d) of FMA**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 the trust fund is to hold funds received from the Commonwealth, for services provided by the Department in relation to the regulation of liquor and gaming operations on Christmas and Cocos Islands. 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.

Balance at the start of the year	24	39
Receipts:	73	53
Payments:	(80)	(68)
Balance at the end of the year	<u>17</u>	<u>24</u>

	2008 \$000	2007 \$000
27. Notes to the Cash Flow Statement		
<u>Reconciliation of cash</u>		
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	2,283	2,537
Restricted cash and cash equivalents	65	56
	<u>2,348</u>	<u>2,593</u>
<u>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</u>		
Net cost of services	(4,207)	(4,457)
Non-cash items:		
Depreciation and amortisation expense	214	341
Superannuation expense	51	(76)
Resources received free of charge	90	137
Doubtful debts expenses	15	0
(Increase)/decrease in assets:		
Current receivables	(232)	148
Increase/(decrease) in liabilities:		
Current payables	233	80
Current provisions	348	(259)
Non-current provisions	(69)	259
Net GST receipts/(payments)	38	(58)
Change in GST in receivables/payables	(14)	0
Net cash provided by/(used in) operating activities	<u>(3,533)</u>	<u>(3,885)</u>
28. Commitments		
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	0	123
Later than 1 year and not later than 5 years	0	0
Later than 5 years	0	0
	<u>0</u>	<u>123</u>
The capital commitments include amounts for:		
Computing equipment	0	123

	2008 \$000	2007 \$000
28. Commitments (contd)		
<i>Non-cancellable operating lease commitments</i>		
Commitments for minimum lease payments are payable as follows:		
Within 1 year	579	575
Later than 1 year and not later than 5 years	563	1,112
Later than 5 years	0	0
	<u>1,142</u>	<u>1,687</u>

Non-cancellable lease commitments include property and motor vehicle leases. The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that the minimum lease payments shall be increased by 3.5% per annum. An option exists to renew the lease at the end of the five year term for an additional term of three years.

Other expenditure commitments

There were no other material commitments as at 30 June 2008

These commitments are all exclusive of GST.

29. Remuneration of senior officers

Remuneration

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

\$		
100,001 - 110,000	0	1
110,001 - 120,000	1	1
120,001 - 130,000	0	1
130,001 - 140,000	1	1
150,001 - 160,000	1	0
180,001 - 190,000	0	0
210,001 - 220,000	0	0
270,001 - 280,000	1	1
	<u>4</u>	<u>5</u>
The total remuneration of senior officers is:	<u>673</u>	<u>718</u>

The total remuneration includes the superannuation expense incurred by the Department in respect of senior officers.

No senior officers are members of the Pension Scheme.

30. Remuneration of auditor

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

Auditing the accounts, financial statements and performance indicators	<u>70</u>	<u>47</u>
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31. Explanatory statement

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Account Appropriations and Income Estimates' are shown below. Significant variations are considered to be those greater than 10% or \$100,000.

Significant variances between estimate and actual for 2008 - Total appropriation to deliver services:

There was a significant favourable variance of \$302,000 in the total appropriation due to a supplementary funding request associated with a shortfall of appropriation for government negotiated salaries outcome, and harvest savings advised by the Department of Treasury and Finance.

In addition, there was a favourable variance of \$203,000 in the total income.

	2008 Estimate \$000	2008 Actual \$000	Variation \$000
Total income	5,103	5,306	(203)

The favourable variance of \$203,000 was mainly due to the increase in the liquor licensing revenues.

Significant variances between actuals for 2007 and 2008 - Total appropriation to deliver services.

	2008 \$000	2007 \$000	Variance \$000
Total appropriation provided to deliver services for the year	3,909	4,837	(928)
Total income	5,306	4,595	711

Total appropriation provided to deliver services for the year

The unfavourable variance \$928,000 was attributable to the costs associated with the implementation of the liquor reforms in 2007.

Total income

The favourable variance \$711,000 was due to the increases in the liquor licensing revenues, and recoupment from the statutory authorities.

Service Expenditure

	2008 \$000	2007 \$000	Variance \$000
Service 1 - Evaluation and determination of applications	4,862	4,478	384
Service 2 - Compliance audits and inspections	4,651	4,574	77

The increase in the expenditure of Service 1 was mainly due to the increased expenditure associated with the filling of vacant and new positions, and the expensed minor equipment acquisitions as a result of the changes in asset capitalisation policy as detailed in Note 6.

No significant variance in the Service 2.

31. Explanatory statement (contd)

Significant variances between estimate and actual for 2008 - Capital Contribution: No variances.

Significant variances between actuals for 2007 and 2008 - Capital Contribution:

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

Significant variances between estimate and actual for 2008, and actuals for 2007 and 2008 - Total administered transactions:

	2008 Estimate \$000	2008 Actual \$000	Variation \$000
Administered grants and transfer payments	65,542	73,739	(8,197)
Amount Authorised by Other Statutes - Liquor Control Act 1988	3,900	2,110	1,790
	<u>69,442</u>	<u>75,849</u>	

Administered Grants and Transfer Payments

The claims for GST gambling rebates lodged were significantly higher than expected. The initial appropriation for 2007-08 was \$65,542,000 and supplementary funding of \$11,234,000 was approved.

Amount Authorised by Other Statutes - Liquor Control Act 1988

The claims for liquor subsidies lodged were significantly lower than anticipated.

	2008 \$000	2007 \$000	Variance \$000
Administered grants and transfer payments	73,739	106,074	(32,335)
Amount Authorised by Other Statutes - Liquor Control Act 1988	2,110	1,889	221
	<u>75,849</u>	<u>107,963</u>	

Administered Grants and Transfer Payments

The variance was due to the reduction of tax on totalisator revenue, and no administered appropriation relating to capital grant has been made in 2008.

Amount Authorised by Other Statutes - Liquor Control Act 1988

The claims lodged in 2008 were higher than those in 2007.

Significant variances between estimate and actual for 2008, and actuals for 2007 and 2008 - Administered income:

	2008 Estimate \$000	2008 Actual \$000	Variation \$000
Casino tax	70,000	83,709	(13,709)

2008 casino gross revenue was higher than budgeted.

	2008 \$000	2007 \$000	Variance \$000
Casino tax	83,709	76,908	6,801

2008 casino gross revenue was higher than the 2007 revenue.

32. Financial instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents, receivables, and payables. All of the Department's cash is held in the public bank account (non-interest bearing). The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Department's receivables defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 32(c).

Credit risk associated with the Department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Department trades only with recognised, creditworthy third parties. The Department 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 Department's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Policy for managing past due receivables refers to Note 3(n).

Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 17 'Receivables'.

Liquidity risk

The Department is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Department is unable to meet its financial obligations as they fall due.

The Department has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

The Department does not trade in foreign currency and is not materially exposed to other price risks. The Department is not exposed to interest rate risk because all cash and cash equivalents and restricted cash are non-interest bearing, and have no borrowings.

(b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	2008 \$000	2007 \$000
Financial Assets		
Cash and cash equivalents	2,283	2,537
Restricted cash and cash equivalents	65	56
Receivables ^(a)	2,121	1,894
Financial Liabilities		
Financial liabilities measured at amortised cost	586	412

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

32. (c) Financial Instrument Disclosures

Credit Risk, Liquidity Risk and Interest Rate Risk Exposures

The following table details the exposure to liquidity risk and interest rate risk as at the balance sheet date. The Department's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The table is based on information provided to senior management of the Department. The contractual maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date. An adjustment for discounting has been made where material.

The Department does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Department does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

	Weighted Average Effective Interest Rate %	Contractual Maturity Dates:										Adjustment for discounting	Carrying Amount
		Variable Interest Rate	Non- Interest Bearing	Within 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 Years				
2008		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000
Financial Assets													
Cash and cash equivalents			2,283	0	0	0	0	0	0	0	0	0	2,283
Restricted cash and cash equivalents			65	0	0	0	0	0	0	0	0	0	65
Receivables ^(a)			428	0	0	0	0	0	0	0	0	0	428
Amounts receivable for services			1,693	0	0	0	0	0	0	0	0	0	1,693
			4,469	0	0	0	0	0	0	0	0	0	4,469
Financial Liabilities													
Payables			417	0	0	0	0	0	0	0	0	0	417
Other financial liabilities			169	0	0	0	0	0	0	0	0	0	169
			586	0	0	0	0	0	0	0	0	0	586

32. (c) Financial Instrument Disclosures (contd)

Contractual Maturity Dates:												
	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	Non- Interest Bearing \$000	Contractual Maturity Dates:							Adjustment for discounting \$000	Carrying Amount \$000
				Within 1 year \$000	1-2 Years \$000	2-3 Years \$000	3-4 Years \$000	4-5 Years \$000	More than 5 Years \$000			
2007												
<u>Financial Assets</u>												
Cash and cash equivalents			2,537	0	0	0	0	0	0	0	2,537	
Restricted cash and cash equivalents			56	0	0	0	0	0	0	0	56	
Receivables ^(a)			272	0	0	0	0	0	0	0	272	
Amounts receivable for services			1,622	0	0	0	0	0	0	0	1,622	
			4,487	0	0	0	0	0	0	0	4,487	
<u>Financial Liabilities</u>												
Payables			211	0	0	0	0	0	0	0	211	
Other financial liabilities			201	0	0	0	0	0	0	0	201	
			412	0	0	0	0	0	0	0	412	

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).
The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

Interest rate sensitivity analysis

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

Fair Values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

DEPARTMENT OF RACING, GAMING AND LIQUOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

32. (c) Financial Instrument Disclosures (contd)

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Department's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

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

		-1% change		+1% change	
	Carrying amount \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
2008					
<u>Financial Assets</u>					
Cash and cash equivalents	2,283	0	0	0	0
Restricted cash and cash equivalents	65	0	0	0	0
<u>Financial Liabilities</u>					
Total Increase/(Decrease)		0	0	0	0
		-1% change		+1% change	
	Carrying amount \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
2007					
<u>Financial Assets</u>					
Cash and cash equivalents	2,537	0	0	0	0
Restricted cash and cash equivalents	56	0	0	0	0
<u>Financial Liabilities</u>					
Total Increase/(Decrease)		0	0	0	0

Fair Values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

33. Contingent liabilities and contingent assets

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

34. Events occurring after the balance sheet date

Following the acceptance of public sector general agreements occurred after the balance sheet date, the financial effect for a back pay from the first pay period occurring on or after 26 February 2008 has been recognised in the accounts and financial statements for the year ending 30 June 2008.

35. Related bodies

Nil

36. Affiliated bodies

Nil

37. Supplementary financial informationWrite-Offs

Public property, revenues and debts due to the State, written off during the financial year:

	2008	2007
	\$	\$
Liquor licence penalties written off by the Accountable Officer	0	1,595
Revenues and debts written off by the Accountable Officer	0	0
	<u>0</u>	<u>1,595</u>

Losses Through Theft, Defaults and Other Causes

Cash shortages	<u>50</u>	<u>0</u>
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Gifts of Public Property

Gifts of public property provided by the Department	<u>0</u>	<u>0</u>
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	2008 \$000	2007 \$000
38. Administered expenses and income		
Expenses		
Transfer payments for liquor subsidies, gambling tax rebates, and other subsidies	75,849	107,963
Receipts paid into Consolidated Fund	<u>83,547</u>	<u>75,885</u>
Total administered expenses	<u>159,396</u>	<u>183,848</u>
Income		
Appropriations for liquor subsidies, gambling tax rebates, and other subsidies	75,450	107,963
Taxes collected under the Casino (Burswood Island) Agreement Act 1985	<u>83,709</u>	<u>76,908</u>
Total administered income	<u>159,159</u>	<u>184,871</u>
39. Administered assets and liabilities		
Assets		
Current		
Cash and cash equivalents	8,129	12,507
Receivables	<u>5,957</u>	<u>5,822</u>
Total Administered Assets	<u>14,086</u>	<u>18,329</u>
Liabilities		
Current		
Payables	8,531	12,536
Fees in trust	<u>0</u>	<u>0</u>
Total Administered Liabilities	<u>8,531</u>	<u>12,536</u>
Payables represent deferral of capital grant payments to Racing and Wagering Western Australia.		

DETAILED KEY PERFORMANCE INDICATORS INFORMATION

Key Performance Indicators (KPIs) are required by the *Financial Management Act 2006* and are provided to assist interested parties such as Government, Parliament and community groups in assessing an agency's desired outcomes. KPIs measure the efficiency and effectiveness of an agency.

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".

The Desired Outcome for the Department is to: "...promote, monitor and enforce responsible and lawful gambling and liquor services in accordance with the legislation".

CERTIFICATION OF KEY PERFORMANCE INDICATORS FOR THE DEPARTMENT OF RACING, GAMING AND LIQUOR FOR THE YEAR ENDED 30 JUNE 2008

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 of Racing, Gaming and Liquor for the financial year ended 30 June 2008.



Barry A Sargeant
DIRECTOR GENERAL

28 July 2008

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.

Key Effectiveness Indicator	2007-08 Target	2007-08	2006-07	2005-06	2004-05
	%	%	%	%	%
Licencees/service providers that comply with audit requirements and statutory criteria ⁵	96	96	97	96	96

Conducting compliance audits and inspections contributes to the promotion, monitoring and enforcement of responsible and lawful gambling and liquor services. Effectiveness can be measured by the percentage of licencees 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.

SERVICE 1: LICENSING – EVALUATION AND DETERMINATION OF APPLICATIONS

Key Efficiency Indicator	2007-08 Target	2007-08	2006-07	2005-06	2004-05
	\$	\$	\$	\$	\$
Average cost of determining applications ⁶	392	345*	424	301	334

The evaluation and determination of applications contributes to promoting, monitoring and enforcing responsible and lawful gambling and liquor services by assessing applications for compliance with statutory and policy requirements.

*** Explanatory Note:** The cost of providing services during the 2007-08 financial year was lower than the target cost, mainly due to liquor licencees lodging additional applications for approval of managers so as to comply with the provisions of the Liquor Control Act 1988, effective as from 7 May 2007, which require an approved manager to be present on licensed premises during the whole time the premises is open for trade.

⁵ The Key Effectiveness Indicator is calculated by determining the number of licencees/service providers that complied with audit requirements and statutory criteria as a percentage of the number of audits/inspections conducted during the year.

⁶ The efficiency indicator for this activity is derived by dividing the cost allocation for the activity by the number of licences and permits issued.

SERVICE 2: COMPLIANCE AUDITS AND INSPECTIONS

Key Efficiency Indicator	2007-08 Target	2007-08	2006-07	2005-06	2004-05
	\$	\$	\$	\$	\$
Average cost of conducting inspections ⁷	471	386*	501	391	487

The conduct of compliance audits and inspections contributes to promoting, monitoring and enforcing responsible and lawful gambling and liquor services through the promotion, monitoring and enforcement of responsible and lawful gambling and liquor services.

*** Explanatory Note:** *The cost of providing services during the 2007-08 financial year was lower than the target cost, mainly due to a significant increase in the number of casino electronic gaming machines inspected during the year in order to determine the accuracy of system data, prior to handing responsibility for some functions back to the Casino Operator.*

⁷ The cost of inspections can change for each reporting year as a result of increases or reductions in the number of inspections carried out.

OPINION OF THE AUDITOR GENERAL



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF RACING, GAMING AND LIQUOR FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2008

I have audited the accounts, financial statements, controls and key performance indicators of the Department of Racing, Gaming and Liquor.

The financial statements comprise the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, Schedule of Income and Expenses by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Director General's Responsibility for the Financial Statements and Key Performance Indicators

The Director General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. 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 key 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 key performance indicators.

Department of Racing, Gaming and Liquor
Financial Statements and Key Performance Indicators for the year ended 30 June 2008

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Department of Racing, Gaming and Liquor at 30 June 2008 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Department provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Department are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended 30 June 2008.



GLEN CLARKE
ACTING AUDITOR GENERAL
22 September 2008

SUPPLEMENTARY PERFORMANCE INFORMATION

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

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

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

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

In addition, the Department also provides support services to the following bodies:

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

The Department also performs functions for the Commonwealth Government in respect of liquor activities on Christmas and Cocos Islands. The cost of services provided in the Indian Ocean Territories is recouped by the Department and retained as part of a net appropriation determination.

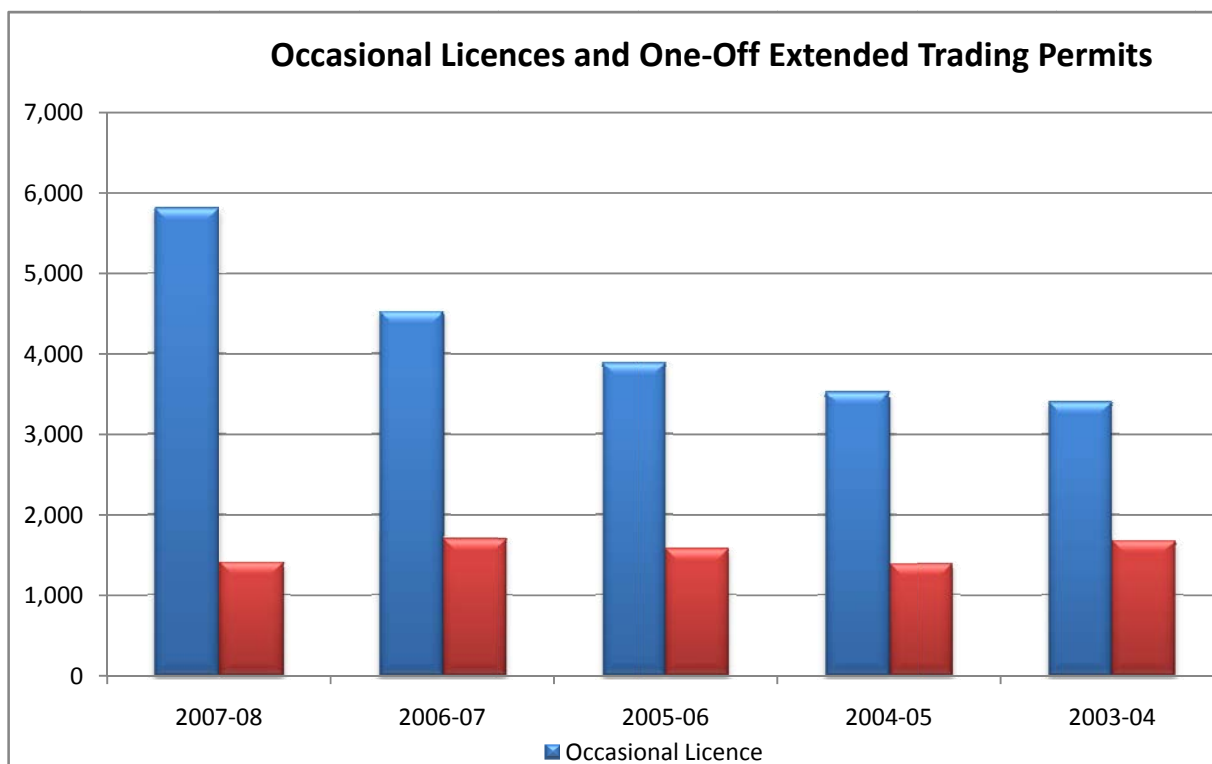
LIQUOR LICENSING

The *Liquor Control Act 1988* provides the legislative framework for the liquor licensing authority, comprising the Liquor Commission 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 Control 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 Control Act 1988*, the Director of Liquor Licensing is responsible for the administration of the Act, other than those aspects that relate to the Liquor Commission.

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

- monitor the standards of licensed premises;
- ensure compliance with the requirements of the *Liquor Control Act 1988*;
- 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 (complaints about noise or behaviour related to licensed premises) and be responsive to such complaints; and
- expeditiously determine any other matters arising from the administration of the *Liquor Control Act 1988*.



SIGNIFICANT LIQUOR LICENSING DECISIONS

SUPREME COURT DECISION

KARTIKA HOLDINGS PTY LTD -v- LIQUOR STORES ASSOCIATION OF WESTERN AUSTRALIA (INC) [2008] WASCA 103

In last year's report, the decision of the Liquor Licensing Court of 29 September 2006 to refuse to grant a liquor store licence to Kartika Holdings Pty Ltd for premises to be known as Claremont Cleanskins was reviewed. That decision arose following a review of the decision of the Director of Liquor Licensing to grant Kartika Holdings Pty Ltd a liquor store licence. The application for review of the Director's decision was made by the Liquor Stores Association of Western Australia Inc. and a number of licensee objectors. Following the handing down of Judge Greaves' decision, Kartika Holdings Pty Ltd appealed the decision to the Supreme Court of Western Australia.

Originally, the Director of Liquor Licensing determined to grant the licence in accordance with the considerations of the Liquor Licensing Court in *Re Subi Cleanskins; Doinwell Investments Pty Ltd v Liquorland (Australia) Pty Ltd* [2004] WALLC 11, in which the Court found that 'cleanskin wines' were a type of liquor for the purposes of the test under section 38(2b)(a) of the Act.

However, after considering the evidence in relation to the Claremont Cleanskins application, His Honour Judge Greaves considered that "...cleanskin bottled table wines offered for sale and supply at Claremont Cleanskins may not be identified as liquor of a particular type different from that available in bottles bearing the producer's label and sold by the objectors..." and allowed the review, thereby quashing the decision of the Director.

In *Kartika Holdings Pty Ltd -v- Liquor Stores Association (Inc)* [2008] WASCA 103, delivered on 7 May 2008, Martin CJ summed up his review of Judge Greaves' decision by saying:

In my opinion, the application of the proper construction of s 38(2b) to the findings of fact made by the trial judge, and the uncontested evidence before him, inevitably leads to the conclusion that Kartika had satisfied the test imposed by s 38(2b) of the Act. In those circumstances, no point or purpose would be served by remitting the matter to the Liquor Commission for further consideration. Rather, in the circumstances, the proper course is to allow the appeal, to set aside the decision of the trial judge, and in its place, substitute a determination that the objectors' application for review of the Director's decision be dismissed. The effect of those orders would be to leave the decision of the Director granting Kartika's licence in place.

DECISIONS OF THE DIRECTOR OF LIQUOR LICENSING

APPLICATION FOR ALTERATION/REDEFINITION OF THE KIMBERLEY HOTEL

The licensee for the Kimberley Hotel, Kireen Nominees Pty Ltd, lodged an application with the licensing authority to alter/redefine the licensed premises to include a new drive-through bottle shop.

The application attracted a large number of objections and interventions by the Executive Director Public Health and Western Australian Police, which raised the predominant concern of all objectors/interveners that the new facility proposed would result in an increase in the consumption of liquor by at risk members of the community, resulting in an increase in harm being caused within Halls Creek due to the use of liquor.

However, the applicant argued that the application was not creating an additional packaged liquor outlet and was only providing an additional service to its patrons. In this regard, the applicant indicated that patrons prefer the convenience of accessing liquor by way of a drive-through as it “...much more convenient than being required to enter either the hotel or the liquor store”.

After considering various reports, in particular the Coroner findings into twenty two deaths in the Kimberley region, and positions put for and against the application, the Director determined that the applicant had not satisfied him, on the balance of probabilities, that the grant of the application was in the public interest. In this regard, the Director formed the opinion that there was the possibility of harm or ill-health being caused to people and groups of people in the community of Halls Creek, if the application was granted. Accordingly, the application was refused.

The applicant has appealed to the Liquor Commission for a review of the decision in which a date is yet to be set.

APPLICATION FOR ALTERATION/REDEFINITION OF SHENANIGANS BAR & GRILL

On 11 April 2008 Starwest Investments Pty Ltd, the licensee of Shenanigans Bar & Grill made application under section 77 of the *Liquor Control Act 1988* to alter the premises to allow the sale of packaged liquor without the requirement to operate a public bar from the premises under section 41(2) of the Act. In short, the application sought approval to enable the licensee to operate as a *de facto* liquor store under a tavern licence.

In support of its application, Starwest Investments Pty Ltd submitted:

... a licensee under a tavern licence is permitted but is not required to sell liquor for consumption on the premises but may do so (if it) chooses to. Similarly the licensee is permitted to sell (but not required to sell) packaged liquor either over a public bar or from the premises laid out in a retail liquor store format.

We interpret the word ‘may’ in section 42(2) of the Act as imparting discretion on the part of the licensee to sell liquor in packaged or unpacked form or both. This interpretation is consistent with section 56 of the Interpretation Act 1984 (WA) and the Explanatory Memorandum that was tabled in Parliament along with the Liquor and Gaming Legislation Amendment Bill 2006 (which states that section 41(2) is amended ‘to remove the obligation on a hotel licence to receive people’) ...

On 23 May 2008 the applicant was advised that it was the licensing authority’s preliminary view that the licensee should be applying for a liquor store licence, given the proposed layout and mode of operation of the proposed premises. However, on 18 June 2008 and notwithstanding the authority’s preliminary view, the applicant advised that it wished to proceed with the application.

In carrying out his functions under the Act, the Director is required to consider the primary objects of the Act as set out in section 5; including, amongst other things, the requirements “to regulate the sale, supply and consumption of liquor” and “to cater for the requirements of consumers for liquor and related services, with regard to the proper development of the liquor industry, the tourism industry, and other hospitality industries in the State”.

In his formal determination the Director expressed the view that the scheme of the Act and the regulation of the liquor industry is premised on distinct categories of liquor licences, one of which authorises the operation of a premises from which only packaged liquor is sold for consumption off-site, that is, a liquor store.

As such, the Director found that the application would result in circumstances where different licensed premises were only selling packaged liquor, but would be operating under different licence categories, which would not be consistent with the scheme of the Act.

Furthermore, the Director deduced that the requirement for a tavern to have facilities for the sale and consumption of liquor on those premises is discernable from the scheme of the Liquor Control Act itself and the very meaning of the word “tavern”, which the *Macquarie Dictionary Online* defines as “a place where food and alcoholic drink are served, but where no accommodation is provided”. Accordingly, the Director felt that it would be a nonsense to use the expression “tavern licence” to facilitate the operation of something which is other than a tavern (i.e. a bottle shop).

Additionally, as trading hours under a tavern licence are longer than those permitted under a liquor store licence, the grant of the application would also afford the applicant a significant commercial advantage over other liquor merchants who are only permitted to sell and supply packaged liquor.

Accordingly, the Director considered that the approval of the application would be contrary to the public interest, because:

- it would be contrary to the scheme of the Act for an identical form of premises to operate under a different category of licence; and
- on the balance of probabilities, it would not be in the public interest for the Act to be administered in such a way that bestows an advantage on the holder of a tavern licence that sells only packaged liquor (over the licensees of liquor stores).

Therefore, pursuant to the discretion afforded the Director under section 33 of the Act, the application was refused on 4 July 2008.

SECTION 64 INQUIRIES

Section 64 of the *Liquor Control Act 1988* provides that, in relation to any licence or permit, the licensing authority may use its discretion to impose conditions in addition to those specifically imposed by the Act to make licence conditions more restrictive.

In the year under review, a total of six section 64 inquiries were conducted by the licensing authority in relation to alcohol related harm and suspected breaches of the Act by licensees.

While details of the Director’s enquiry in Fitzroy Crossing have already been reported (see page 22), details of the other inquiries conducted during the year commence are provided below:

CLUB HOTEL, WILUNA

In August 2007, the Shire of Wiluna wrote to the licensing authority raising concern about the extent of alcohol related harm in that community. Following consideration of the submissions and various meetings with key stakeholders, the licensee voluntarily agreed to various conditions being imposed on the hotel licence for the Club Hotel. The conditions took effect from 12 May 2008.

TAMBREY COMMUNITY COMPLEX, KARRATHA

On 18 December 2007, the Pilbara District Police wrote to the licensing authority seeking consideration of the imposition of conditions on the Tambrey Community Complex licence as a consequence of a number incidents at the premises involving public disorder and unacceptable anti-social behaviour.

On the basis of the police reports, and given the licensee indicated a preparedness to work with the police, it was determined that it was in the public interest for conditions to be imposed on the Tambrey Community Complex licence effective from 23 January 2008.

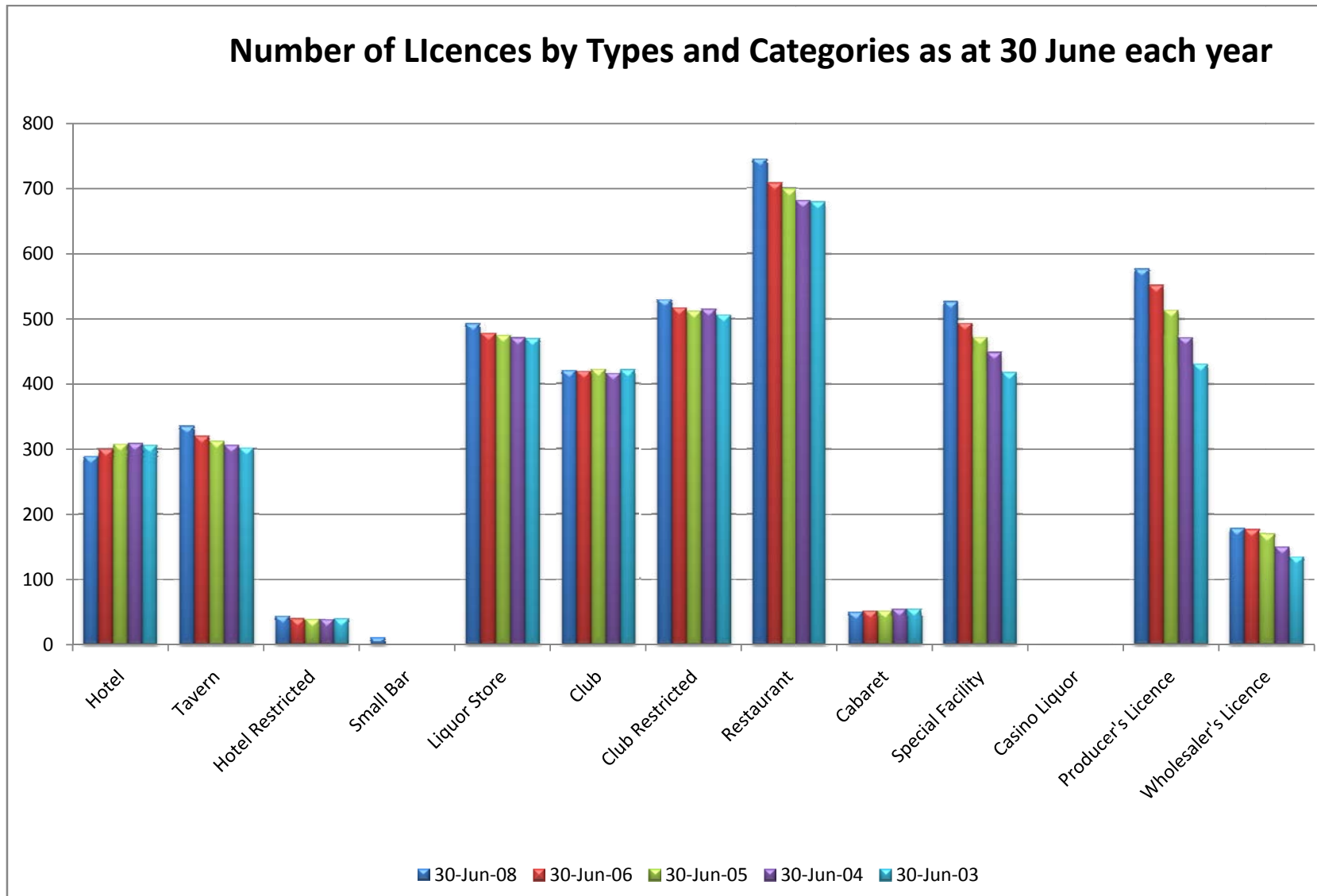
CLUB RED SEA, SUBIACO

On 5 July 2007, Superintendent G M Maloney, Licensing (Compliance) Division WA Police, wrote to the licensing authority seeking consideration of the imposition of conditions on the Club Red Sea licence, pursuant to the provisions of section 64 of the Liquor Control Act 1988 ('the Act').

Superintendent Maloney sought the imposition of conditions as a consequence of a number incidents at the premises, including serious assaults, theft and the use of weapons. Superintendent Maloney's correspondence detailed the frequency, nature and outcome of those incidents.

Effective as from 27 July 2007, the following conditions were imposed on the nightclub licence:

1. By 27 August 2007, the licensee must have two (2) approved managers on duty at the premises at all times the licensed premises is open. One of those approved managers is required to oversee the activities of the crowd controllers at the entry to the licensed premises.
2. No person is permitted to enter or re-enter the licensed premises after 3.30am.
3. A 'walk-thru' metal detector, satisfactory to the WA Police, must be installed at the entry to the licensed premises by 27 October 2007. No other entrance or egress is permitted to be used for gaining entry to this licensed premises.
4. Until installation of a satisfactory 'walk-thru' metal detector is completed, all persons entering the licensed premises must be scanned at the entrance with hand-held metal detectors. Again, these hand-held metal detectors must be satisfactory to the WA Police.
5. Any patron carrying an offensive weapon is prohibited from remaining on the licensed premises.
6. All crowd controllers engaged at the licensed premises must complete the national unit of competency in the responsible service of alcohol. This training must be completed within by 27 October 2007.



ROTTNEST GENERAL STORE AND GEORDIE BAY LIQUOR STORE, ROTTNEST ISLAND

On 5 December 2007, the Officer in Charge Rottnest Police Station wrote to the licensing authority seeking consideration of the imposition of conditions for New Year's Eve on the Rottnest General Store and the Geordie Bay Liquor Store licences, pursuant to the provisions of section 64.

Following consideration of the submissions made by the WA Police and the licensees concerned, conditions were imposed on both licences for the evening of 31 December 2007.

GERALDTON NIGHTCLUBS

In May 2008, the WA Police wrote to the licensing authority seeking consideration of the imposition of conditions on both nightclub licences in Geraldton, pursuant to the provisions of section 64 of the Liquor Control Act 1988 ('the Act').

These proceedings are ongoing.

SECTION 95 COMPLAINTS

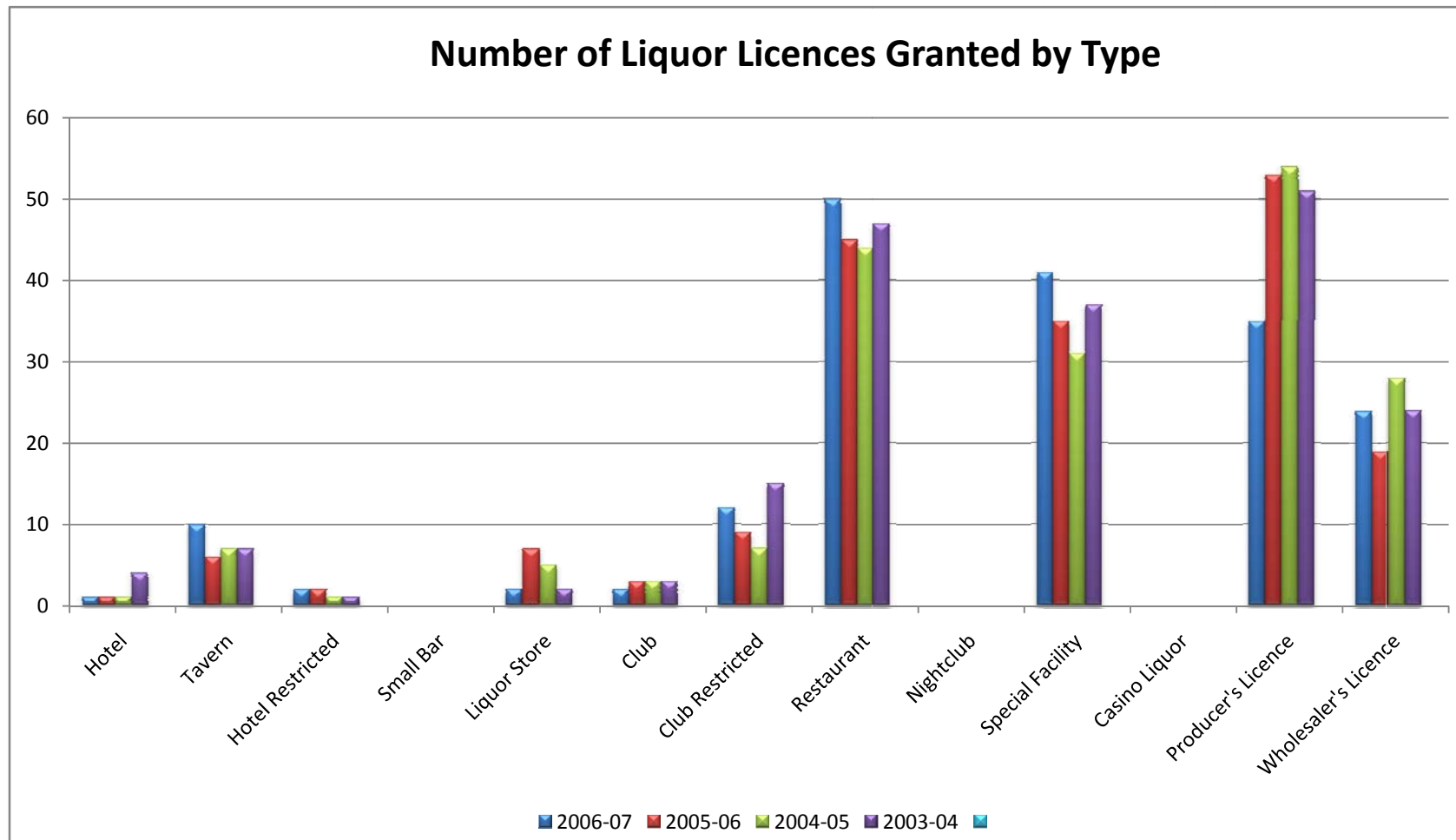
The Liquor Commission may, in consideration of a complaint under section 95 of the *Liquor Control Act 1988*, take disciplinary action provided that the complaint alleges that proper cause for such action exists.

Section 95(4) of the Act prescribes the grounds upon which there is proper cause for disciplinary action to be taken. The Director of Liquor Licensing is able to make a complaint on any ground listed in section 95(4).

Although the Director of Liquor Licensing did not lodge any complaints during the year under the review, three complaints were lodged by the Commissioner of Police⁸ in respect of the:

- Royal George Hotel;
- Exchange Hotel Kalgoorlie; and
- Seoul Karaoke Restaurant.

⁸ For further information on the outcome of these complaints, please see the 2007-08 Annual Report of the Liquor Commission.



SECTION 117 COMPLAINTS

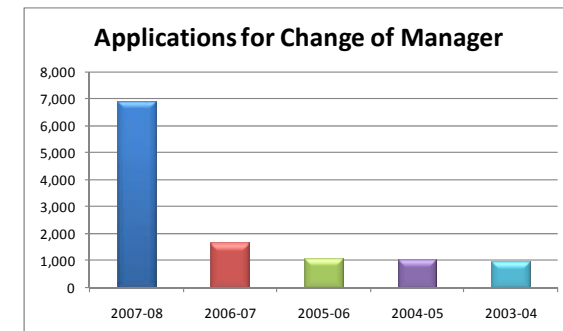
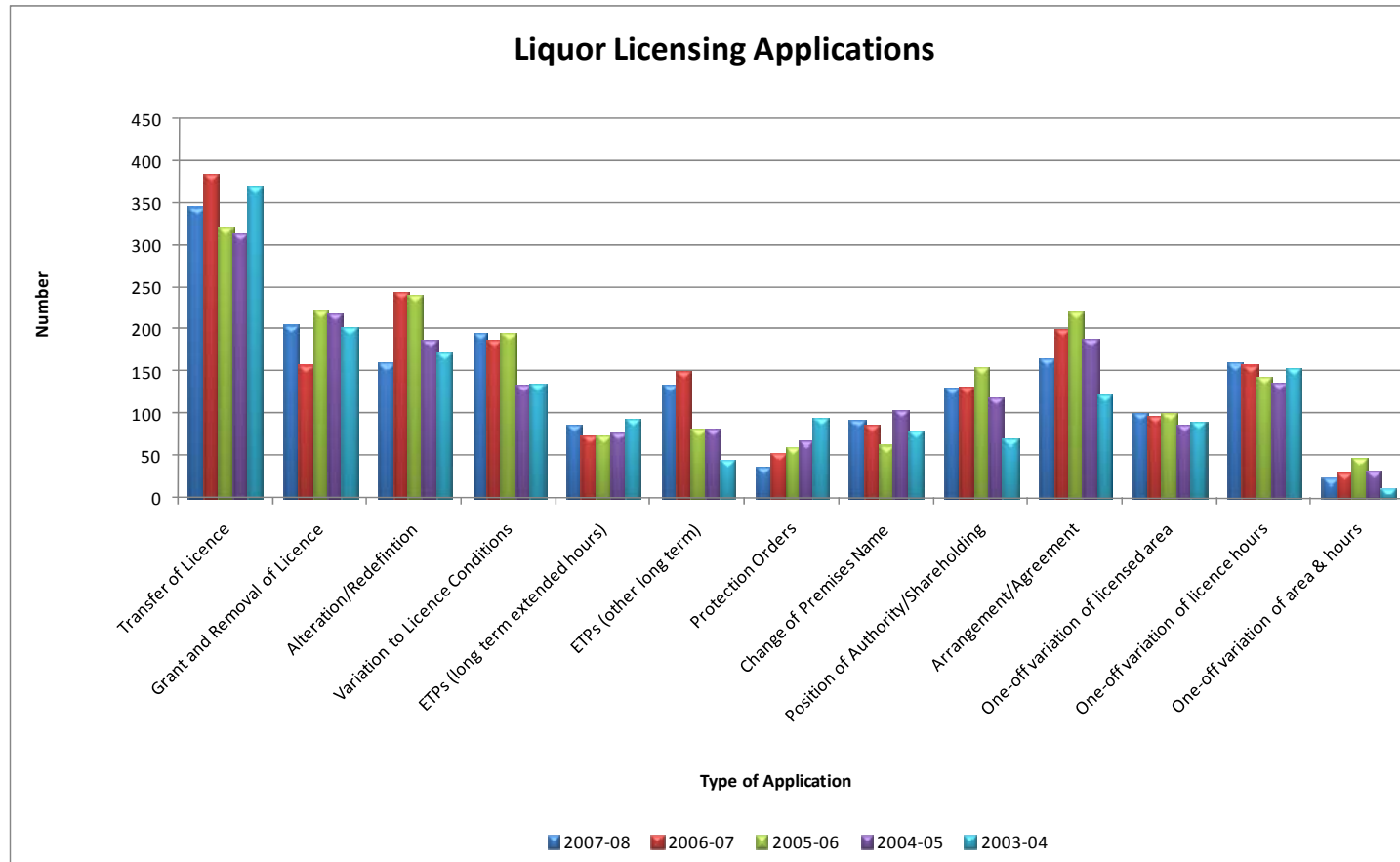
Section 117 of the Act provides for complaints to be made to the Director of Liquor Licensing about noise or behaviour related to licensed premises. During the year under review, nine section 117 complaints were heard by the Director, conciliated by staff acting on the Director's behalf or were under investigation, as detailed below:

DUNSBOROUGH TAVERN, DUNSBOROUGH

On 21 July 2005, a section 117 complaint was lodged by residents of Hibernia Close, Dunsborough, in relation to the Dunsborough Tavern, which is situated at 536 Naturaliste Terrace, Dunsborough.

The ground of the complaint was that noise caused by bands playing at the Dunsborough Tavern on a regular basis, was unduly annoying and disturbing.

Following extensive efforts by all parties to resolve the complaint by conciliation, and taking into account the contents of reports from two independent acoustic engineers; the noise readings taken at various times and in various locations away from the premises; the remedial work undertaken by the licensee; the comments of the Dunsborough Police; and the fact that no other residents in the neighbourhood of the complainants had complained, nor had the Shire of Busselton taken further disciplinary action, the complaint was dismissed.



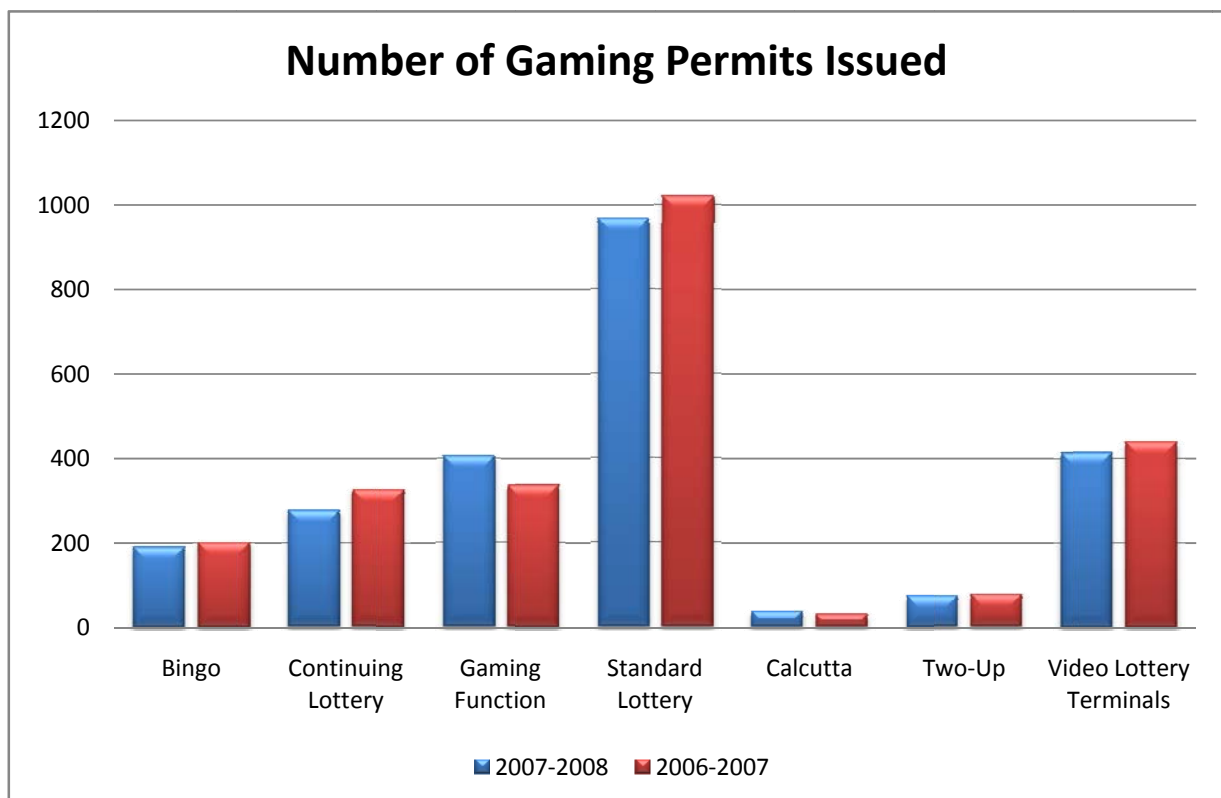
GAMING AND WAGERING LICENSING AND PERMITS

Licences and permits are issued to enable community and sporting clubs to raise funds through the conduct of community gaming, such as standard lotteries (“raffles”), continuing lotteries (“break-open bingo tickets”), video lottery terminals, bingo and gaming nights. Section 51 of the *Gaming and Wagering Commission Act 1987* provides that gaming cannot be promoted or otherwise conducted for the purposes of private gain or any commercial undertaking.

As delegates of the Gaming and Wagering Commission of Western Australia, Department staff issued 2440 community gaming permits, which resulted in approximately \$51.8 million being raised by permit holders. Following the deduction of expenses associated with running the event (such as permit fees; cost of prizes; ticket printing or hiring fees for gaming equipment and advertising fees, telemarketing charges, postage and bank charges), approximately \$14.5 million was returned to beneficiary organisations for the active promotion, support or conduct of sporting, social, political, literary, artistic, scientific, benevolent, charitable or other similar activities within the Western Australian community.

Department staff also issued licences and permits to allow:

- 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.



Revenue Raised by Permit Holders for community benefit in 2007-08	Gross Revenue	Net Revenue
Bingo	\$6,012,713	\$489,536
Continuing Lottery	\$9,165,211	\$1,875,377
Gaming Functions	\$1,622,249	\$364,203
Standard Lottery	\$21,838,272	\$10,228,679
Calcutta	\$312,618	\$47,943
Two-Up	\$179,511	\$107,386
VLTS	\$12,753,886	\$1,465,817

Revenue Raised by Permit Holders for community benefit in 2006-07	Gross Revenue	Net Revenue
Bingo	\$5,807,299	\$471,804
Continuing Lottery	\$8,619,686	\$1,856,702
Gaming Functions	\$637,010	\$266,000
Standard Lottery	\$22,210,111	\$10,605,279
Calcutta	\$275,853	\$33,224
Two-Up	\$160,942	\$96,344
VLTS	\$11,535,352	\$1,449,662

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.

LICENSING OF CASINO EMPLOYEES AND CASINO KEY EMPLOYEES

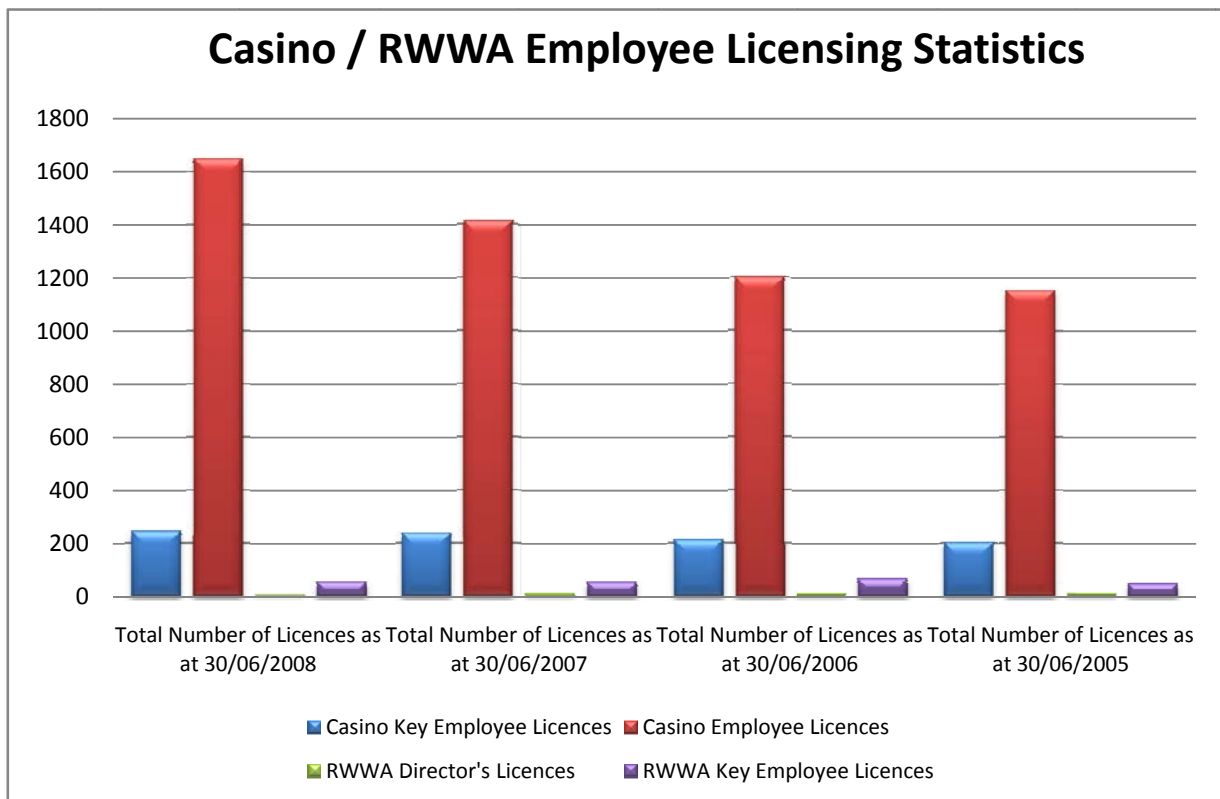
The integrity of a casino's employees is central to the integrity of casino gaming. For this reason, all people directly associated with gaming at the Burswood Casino must be licensed under the appropriate regulations.

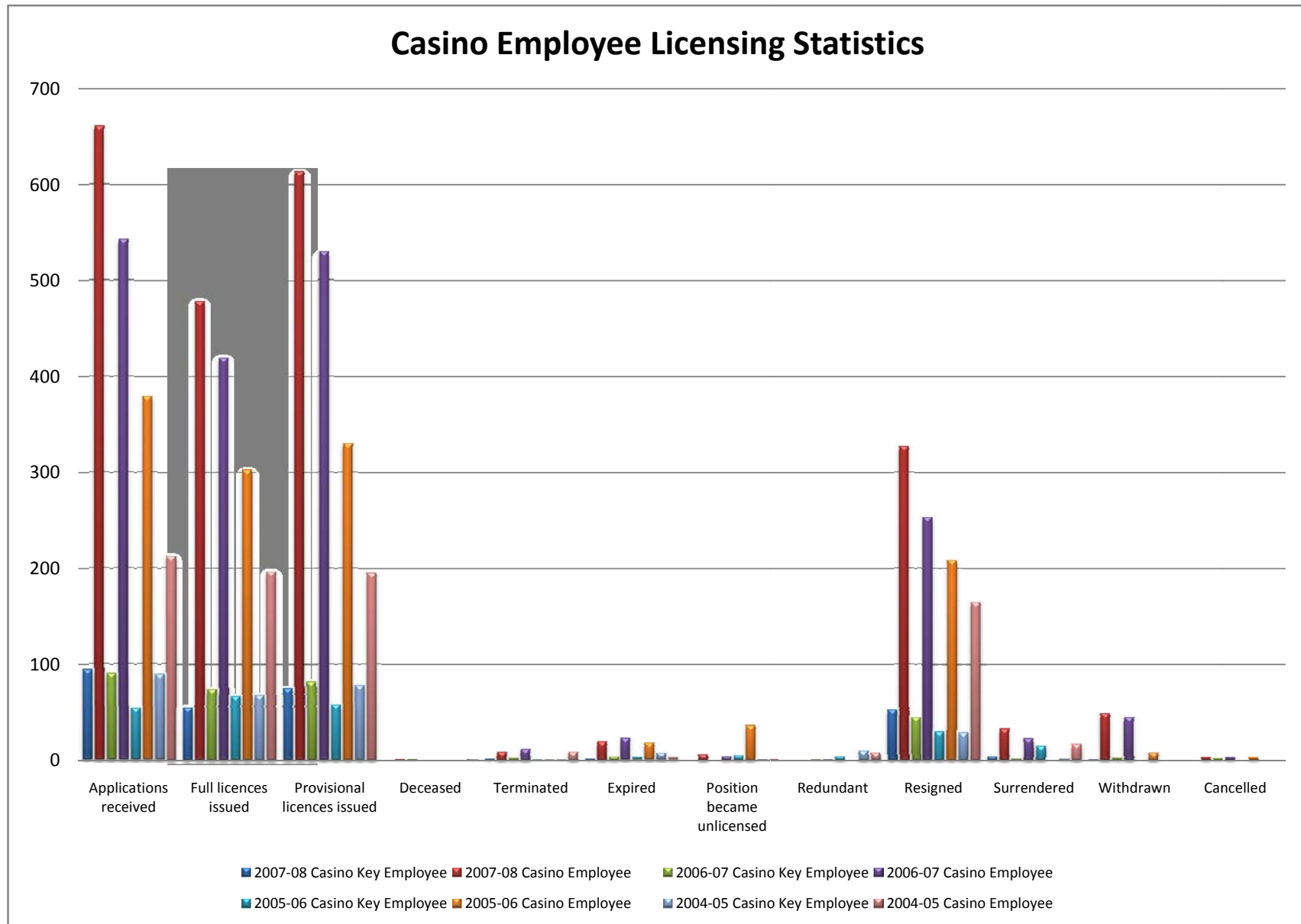
LICENSING OF RWWA DIRECTORS AND KEY EMPLOYEES

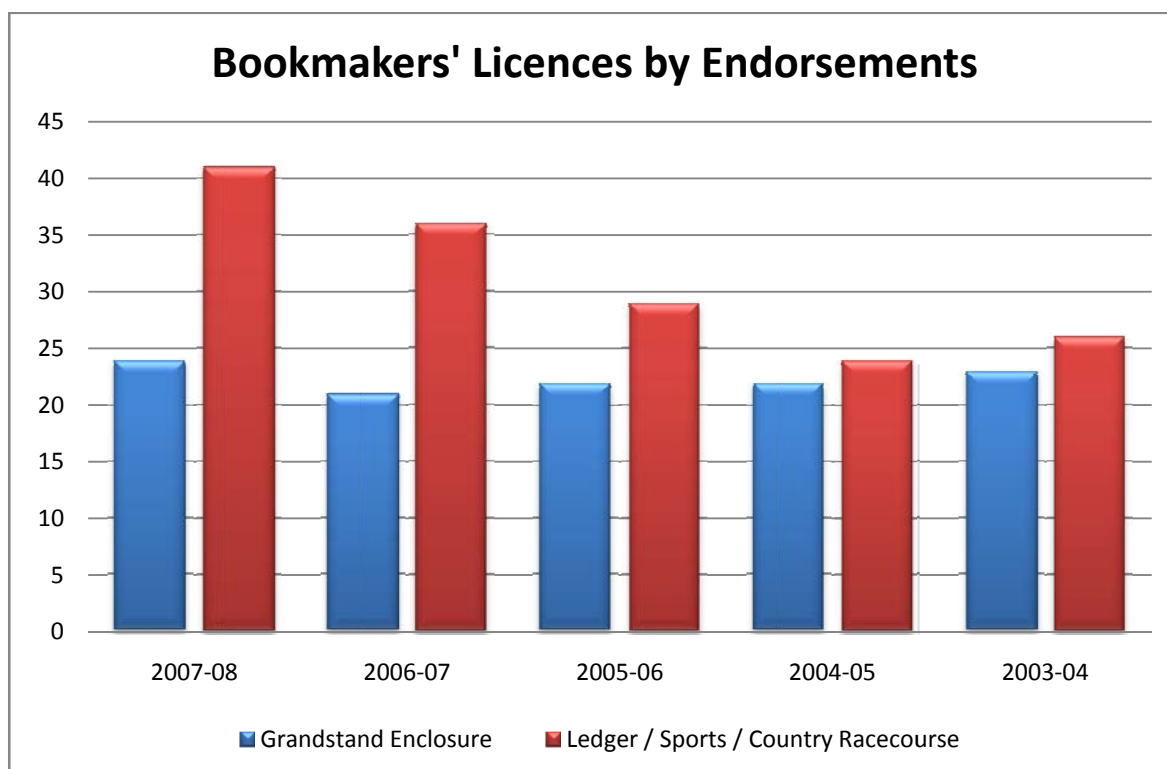
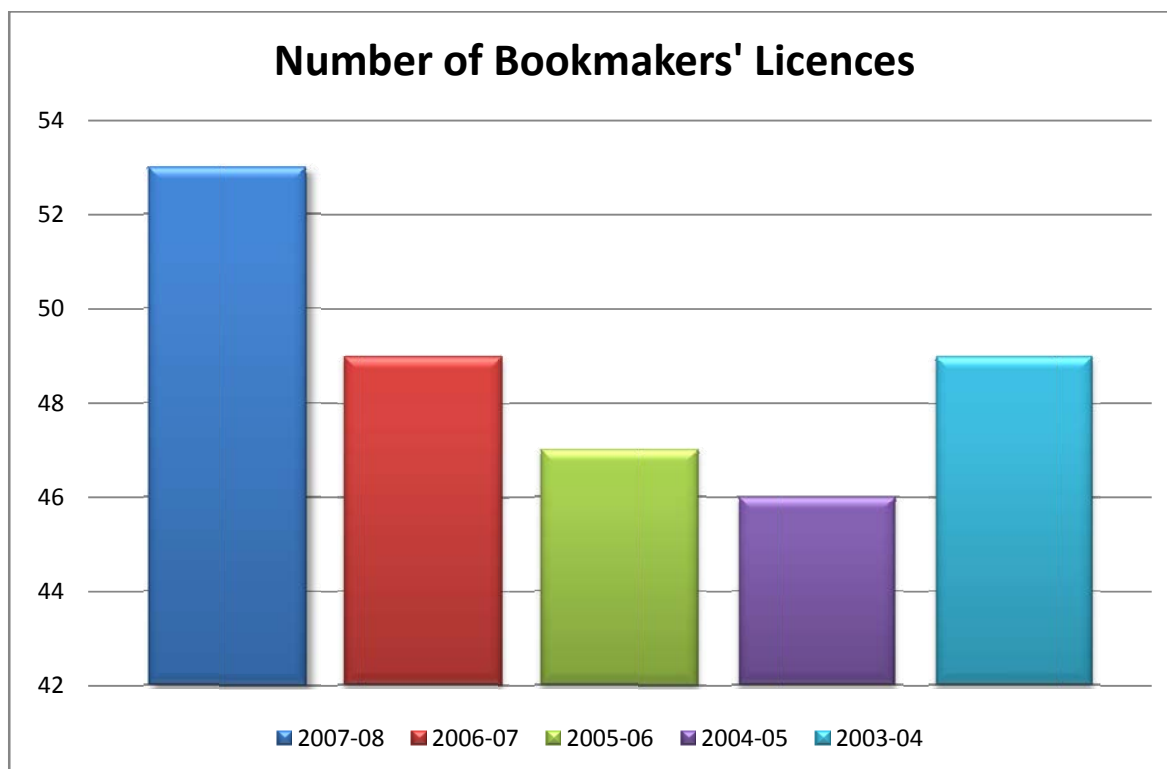
In accordance with the provisions of sections 14 and 24 of the *Racing and Wagering Western Australia Act 2003*, employees acting on behalf of the Gaming and Wagering Commission coordinate the lodgment of applications for the licensing of directors and key employees of RWWA.

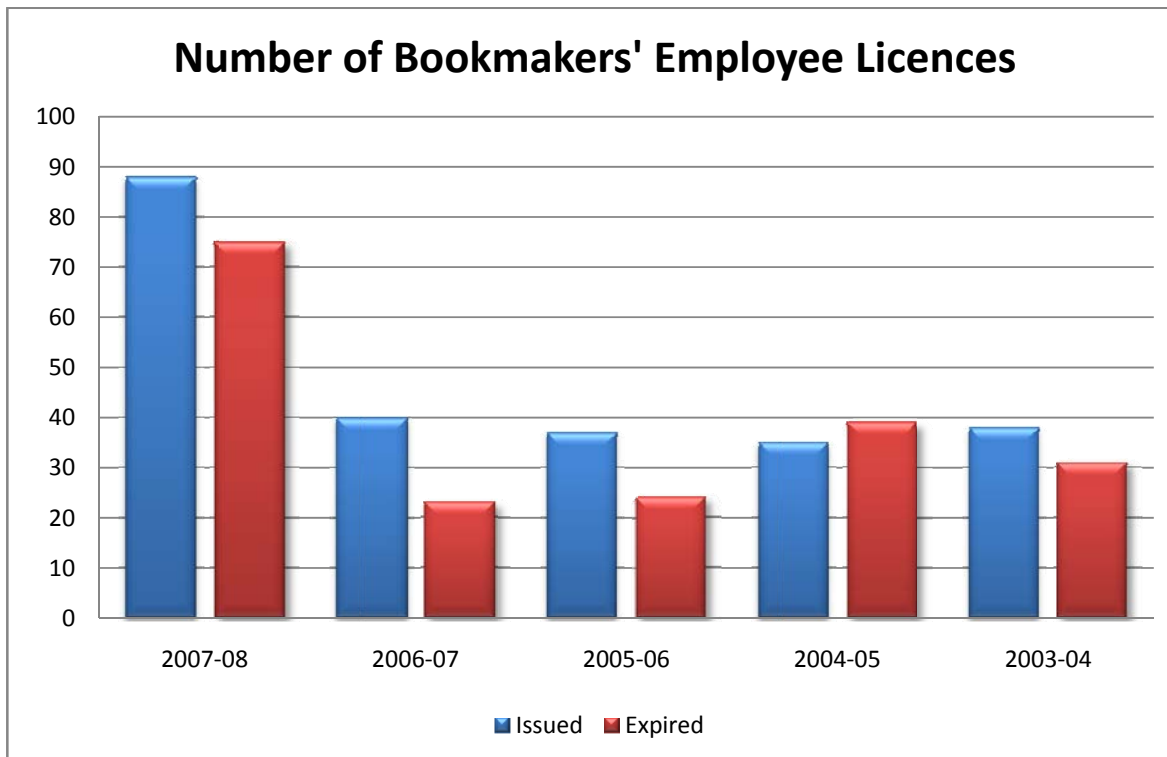
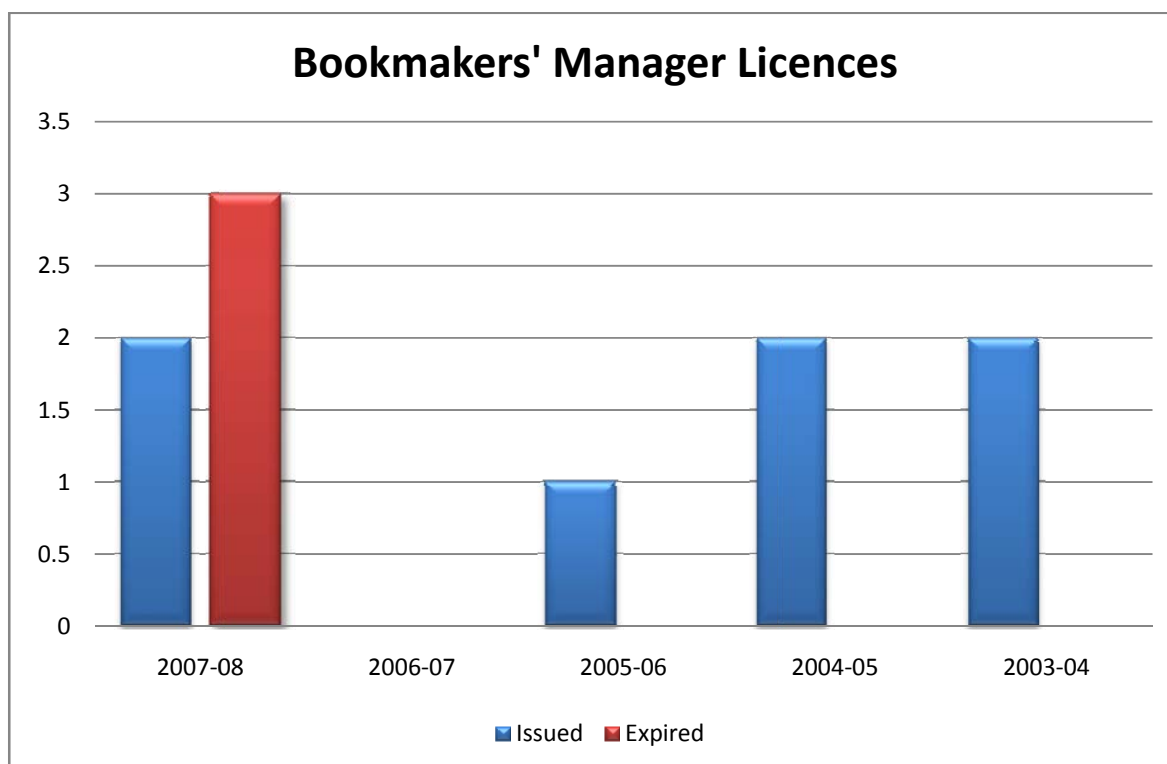
LICENSING OF BOOKMAKER OPERATIONS

The Department provides a licensing service for bookmakers and bookmakers' managers.









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 'Lotto' and 'Cash 3" draws, ticket sales and winner selection;
- reporting on applications made under the provisions of the Liquor Control 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 Control 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.

Audit Inspections / Assessments- Investigations	2007-08	2006-07	2005-06	2004-05
Racing	182	64	180	205
Lotterywest	1,128	1,103	1,022	951
Community Gaming	574	447	905	700
Burswood Casino	6,853	4,808	5,368	3,271
Liquor	2,206	1,661	1,705	888

Regulatory Function	2007-08	2006-07	2005-06	2004-05
Inspections	6,924	5,001	5,632	3,446
Audits	442	195	530	466
Cautions Issued	53	57	32	25
Infringement Notices Issued	70	107	120	57
Prosecutions Initiated	2	0	0	0

ACTIVITIES OF THE COMMUNITY GAMING TRUST

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

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

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

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

As at 1 July 2007 the balance of the Gaming Community Trust Fund was \$1,240,206 and during the 2007-08 financial year, a total of \$479,165 was paid out of the Gaming Community Trust Fund to the:

- Catalina Restoration Project;
- River Guardians Project; and
- Sustainable Gardens / Great Gardens Project.

The balance of the Trust Fund, as at the 30 June 2008, was \$1,098,526.

CATALINA RESTORATION PROJECT

On 29 June 2006, the Gaming Community Trust resolved to support a proposal submitted by the Australian American Catalina Memorial Foundation Inc (AAACMF) for the transportation and display of a Catalina aircraft at the Royal Australian Air Force Association Museum, to inform the public of Western Australia, in particular young people, families and tourists, about the unique role played by the Catalina Aircraft during World War II.

The Trust has set aside \$250,000 for this project. The AAACMF has accessed \$115,581 of this grant, with \$145,834 still to be acquitted.

The grant has been used to cover the costs associated with:

- transportation of aircraft from Midland to RAAFA Museum in Bull Creek;
- restoration of aircraft by American Engineers;
- design and fit out of exhibition display;
- research by historian to complete interactive information displays; and
- production of brochures and website.

The project is nearing completion, and the launch is expected to be held before the end of the year.

RIVER GUARDIANS PILOT PROJECT

The Gaming Community Trust set aside \$250,000 towards the Swan River Trust's River Guardians Pilot Project, to increase community involvement in protecting and rehabilitating the Swan and Canning Rivers and foreshores, incorporating environmental education, community involvement and sustainable behaviour change activities.

A guardian / stewardship program has been established that incorporates participation by volunteers and sustainable behaviour change objectives.

The River Guardians Program was launched on Sunday, June 22 at the Melville Water Polo Club in Bicton. More than 75 people were given honorary membership in recognition of their excellent work to protect the Swan and Canning rivers. While the program is approximately half way through, it will continue to increase community involvement and awareness of the protection and rehabilitation of the Swan and Canning rivers.

SUSTAINABLE GARDENS AND GREAT GARDENS PROJECT

The Gaming Community Trust provided \$250,000 to the Swan River Trust for the Great Gardens and Sustainable Gardening WA Project to:

- educate and provide information to encourage people to change their behaviour to implement river friendly activities on their properties; and
- educate the people of Perth to become fertiliser wise and thereby reduce nutrients, such as phosphorous and nitrogen, from entering river systems and causing environmental problems.

This project was completed in June 2008. As a result of the funding from the Gaming Community Trust, the project certified eight garden centres, which involved training nursery staff to provide accurate and environmentally friendly advice to customers, with particular emphasis on river-friendly gardens. The project delivered 58 workshops in the Swan Canning Catchment in the 2007/08 financial year; with almost 5000 urban gardeners attending workshops that promoted safe fertiliser and water use in the growing of sustainable, river-friendly gardens.

SERVICES FOR PROBLEM GAMBLERS

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

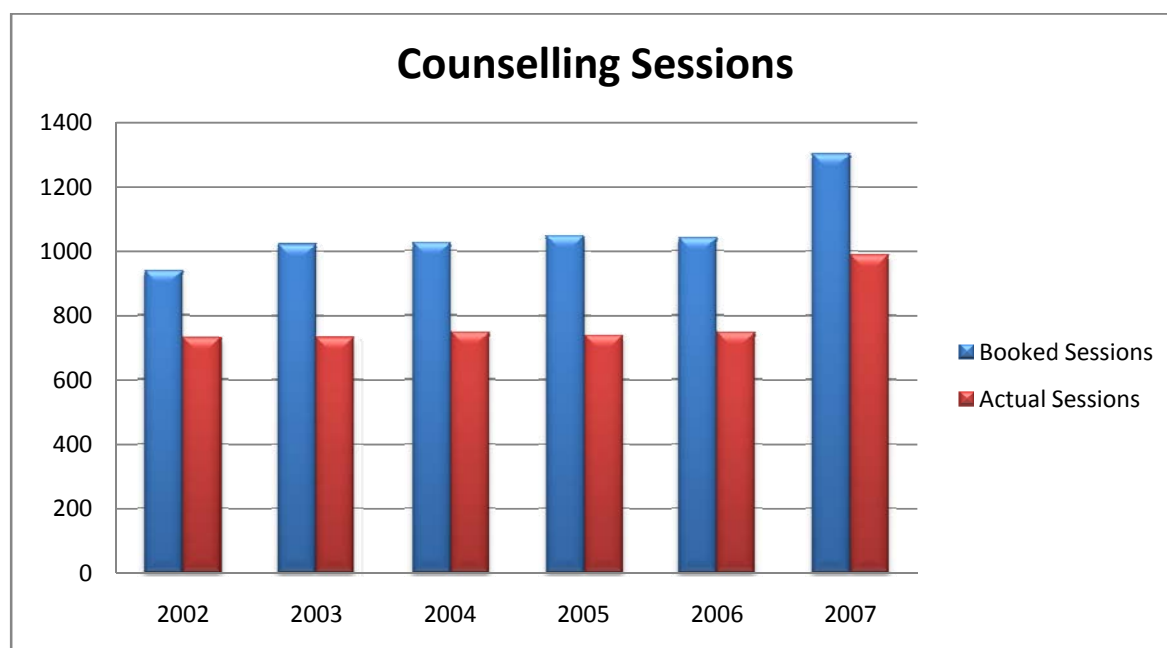
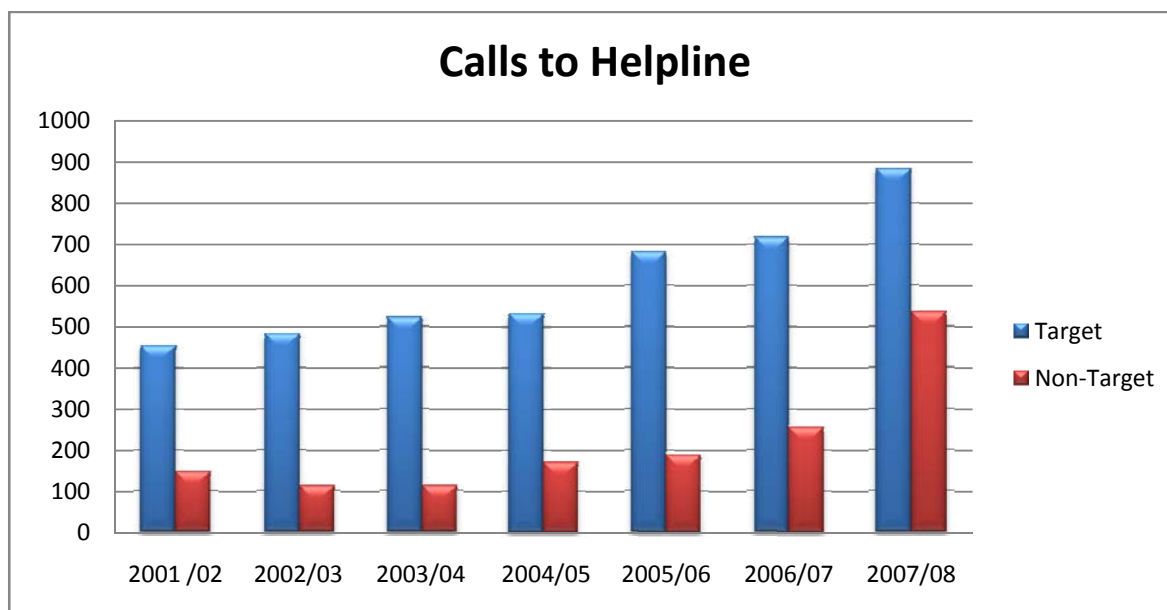
The objectives of the Problem Gambling Support Services Committee are to:

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

During the year under review, the Problem Gamblers Support Services Committee ("PGSSC") continued to fund a specialist, toll-free, telephone counselling and referral service (Helpline) for problem gamblers and their families, who are residents of Western Australia. The Helpline is available 24 hours a day, seven days a week.

A significant feature of the service is the provision of on-going telephone counselling (i.e. regular booked sessions) for those people for whom face-to-face counselling is not available or appropriate. This will be particularly beneficial for people in regional and remote parts of Western Australia.

To complement the Helpline, the PGSSC also funds a counselling service, which provides free face-to-face counselling. This service is currently operated by Centrecare under the program name “Gambling Help WA”.



PROBLEM GAMBLING AWARENESS CAMPAIGN – REGIONAL

After the completion of the Committee's problem gambling awareness campaign in 2005, a follow up awareness campaign was developed and targeted at regional Western Australia, which was launched on 13 July 2007. The campaign included the use of Sky Channel and regional radio, advertising, convenience advertising in regional hotels (particularly those with Pub TABS) and press advertising in *Mine Magazine* and the *Sunday Times*.

An evaluation of the campaign's impact was undertaken by analysing the call data provided by the Problem Gambling Helpline. The analysis showed:

- an increase in the number of target calls received during and immediately after the campaign period;
- an increase in first time callers to the Helpline at the beginning of the campaign period; and
- a record of callers from certain regional areas, where there had been no or few calls from the area in the past. For example, there were four calls from Karinjini and two calls from the Port Hedland area during the campaign, and there had been no previous calls ever recorded from these areas.



Figure 1 an example of some of the posters used in the campaign.

NATIONAL PROBLEM GAMBLING HELPLINE

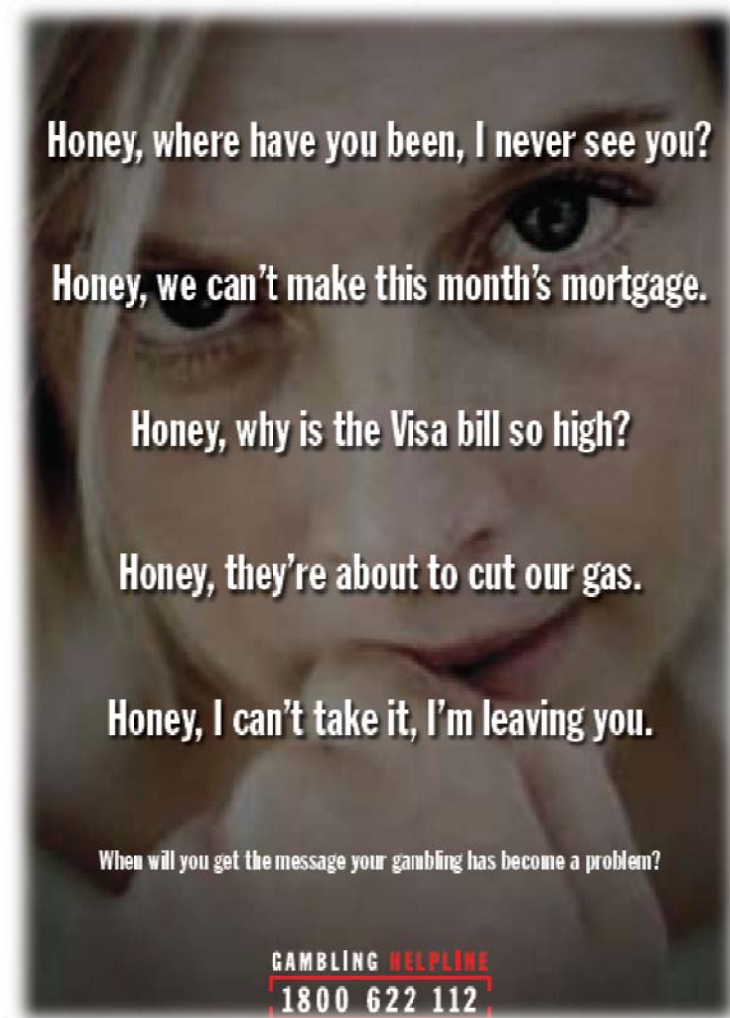


Figure 2 an example of some of the posters used in the campaign.

In 2007, the Community and Disability Services Ministers (CDSMAC) Gambling Working Party (GWP) commenced work on the adoption of a consistent 1800 number for all problem gambling telephone help services across Australia.

The introduction of a new number will provide for flexible transition arrangements by enabling clients in any state or territory to continue to call their current or the national 1800 number. Either way the client will be directed to the state-based helpline service.

The national helpline number is **1800 858 858**.

A single, national number will provide a range of opportunities for the sharing of promotional and community awareness collateral around problem gambling and available help services between jurisdictions. It also presents the potential to develop national campaign initiatives so communities everywhere can be provided with the same information to access telephone help services.

Western Australia's 2007 problem gambling awareness campaign, which adopted advertising on SKY TV, was viewed as a trial run of a national approach to this initiative. The State's 1800 Help Line number was aired Australia-wide and consequently broadcast into the pubs, clubs and homes of SKY TV patrons in all jurisdictions.

OTHER FINANCIAL DISCLOSURES

Containing information about pricing policies, major capital projects and employees, 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.

PRICING POLICIES OF SERVICES PROVIDED

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 fees⁹;
2. the primary purpose for the imposition of fees should be regulatory¹⁰;
3. provision to allow the imposition of a fee should be contained in legislation with the level of fees being established by regulation¹¹;
4. the liquor, racing and gaming industries should perceive that they receive value for money in the context of the regulation of those industries¹²; and
5. the fee structure should be simple.

The latest changes to the Department's fees and charges, effective as from 1 January 2008, were published in the *Gazette* on 9 October 2007.

CAPITAL WORKS

CAPITAL PROJECT INCOMPLETE

The *Future Directions – Five Year Plan* for the Department has recognised the need for the development and delivery of a single fully integrated customer-centric system to deliver internal core business processes and customer integration, such as online application lodgement, electronic document management and the capability to interface with other agencies using standardised protocols.

⁹ This policy is consistent with the principle of net appropriations. The Department of Racing, Gaming and Liquor is working towards full cost recovery for the services provided.

¹⁰ This is consistent with advice from the Solicitor General regarding the desirability for fees raised at State level to be regulatory in nature.

¹¹ 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 arises, legislation will be amended to reflect this approach.

¹² The Department will be responsible for ensuring that its regulatory services are efficient, effective and appropriate.

As a June 30 2008 system development, which is consistent with office of e-Government policy and priorities, was still underway, with construction on track on the Occasional Licence Proof of Concept, due to be trialed in December 2008.

Additionally, a roll-out of new desktop and laptop personal computers, with the latest version of Microsoft Office, will be finalised early in the next reporting year.

CAPITAL PROJECTS COMPLETED

Nil

EMPLOYMENT AND INDUSTRIAL RELATIONS

STAFF PROFILE

	2007-08	2006-07
Full-time permanent	90	100
Full-time contract	12	5
Part-time measured on an FTE basis	10.58	8.25
On secondment	1	0

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 included leadership coaching, improving proficiency in the use of corporate business systems, basic resuscitation techniques and cross-cultural and EEO training.

WORKERS COMPENSATION

There were no compensation claims recorded during the financial year or in 2007.

GOVERNANCE DISCLOSURES

This part of the Annual Report contains disclosures with regard to governance policy requirements, such as those relating to potential conflicts of interest and any other similar matter.

MINISTERIAL DIRECTIVES

No Ministerial directives were received during the financial year.

CONTRACTS WITH SENIOR OFFICERS

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

OTHER LEGAL REQUIREMENTS

ADVERTISING

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

Total expenditure for 2007-08 was \$182,037, with expenditure incurred in the following areas:

Advertising Agencies	\$	Name of Advertising Agency	\$
Advertising Agencies	180,035	<i>Marketforce Express</i>	9,355
		<i>Design Design Graphic Management</i>	27,809
		<i>Rare Creative Thinking</i>	126,186
		<i>Media Decisions WA</i>	16,684
Market Research Organisations	Nil		
Government agencies	2,003	<i>State Law Publisher</i>	2,003
Polling organisations	Nil		
Direct mail organisations	Nil		
Media advertising organisations	Nil		

DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES

The Department currently has in place a five-year Disability Service Plan that provides strategies to improve access to the services it provides. The plan is reviewed annually.

In accordance with requirements of the *Disability Services Act 1993*, the Department has developed a 'Disability Access and Inclusion Plan', to achieve the following outcomes:

1. Outcome 1 - People with disabilities have the same opportunities as other people to access the services of, and any events organised by, the Department of Racing, Gaming and Liquor:

Strategy	Task
Provide people with disabilities with the opportunity to comment on access to services.	<ul style="list-style-type: none"> • Develop a system to assist people with disabilities to comment on services.
Provide people with disabilities with the opportunity to access services in a variety of ways.	<ul style="list-style-type: none"> • Develop a system to allow on-line applications.

2. Outcome 2 – People with disabilities have the same opportunities as other people to access the buildings and other facilities of the Department of Racing, Gaming and Liquor.

Strategy	Task
Ensure that all buildings and facilities are physically accessible to people with disabilities.	<ul style="list-style-type: none"> • Audit and identify access barriers to buildings and facilities. • Identify complaints concerning access. • Where buildings cannot be changed, identify alternative methods by which services can be accessed.
Ensure that agents and contractors, particularly publishers and events/promotional service providers, of the Department are aware of their requirements under the DAIP.	<ul style="list-style-type: none"> • Provide a copy of the DAIP to agents and contractors as part of the contract documentation. • Respond to queries from agents and contractors as required.

3. Outcome 3 – People with disabilities receive information from the Authority in a format that will enable them to access the information as readily as other people.

Strategy	Task
Improve community awareness that the Department's information can be made available in alternative formats upon request.	<ul style="list-style-type: none"> • Add a notation to all vital documentation regarding availability in alternative formats. • Inform the community of the availability of alternative formats via the Department's website.
Improve staff awareness of alternative means of providing information.	<ul style="list-style-type: none"> • Provide guidelines on the Intranet. • Provide awareness raising sessions to customer service staff and include as a part of induction process.
Improve the Department's website to meet contemporary good practice.	<ul style="list-style-type: none"> • Ensure forms and applications are available electronically.
Provide documentation regarding services in an appropriate format and using clear and concise language.	<ul style="list-style-type: none"> • Adopt State Government Access Guidelines for Information, Services and Facilities, and incorporate into general practice.

4. Outcome 4 – People with disabilities receive the same level and quality of service from the staff of the Department of Racing, Gaming and Liquor as other people.

Strategy	Task
Improve staff awareness of disability and access issues and improve skills to provide a good service to people with disabilities.	<ul style="list-style-type: none"> • Determine staff training needs through consultation.
Improve the awareness of new staff about disability and access issues.	<ul style="list-style-type: none"> • Prepare information and plan the establishment of including training in the induction of new staff.

5. Outcome 5 – People with disabilities have the same opportunities as other people to make complaints to the Department of Racing, Gaming and Liquor.

Strategy	Task
Ensure that the current grievance mechanisms are accessible to people with disabilities.	<ul style="list-style-type: none"> Review current process. Develop other methods for the lodgement complaints e.g. online.

6. Outcome 6 – People with disabilities have the same opportunities as other people to participate in any public consultation by the Department of Racing, Gaming and Liquor.

Strategy	Task
Improve community awareness of consultation processes.	<ul style="list-style-type: none"> Conduct a review of the Department's community consultation processes.
Commit to ongoing monitoring review of the DAIP Implementation reports to Corporate Executive or evaluate outcomes.	<ul style="list-style-type: none"> Quarterly reports to Corporate Executive.

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

- 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 our Code of Conduct.
- I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in 1. is correct.
- The applications made for breach of standards review and the corresponding outcomes for the reporting year are:

Number lodged: nil

Number of breaches found,
including details of multiple breaches per application: nil

Number still under review: nil



Barry A Sargeant
DIRECTOR GENERAL

RECORDKEEPING PLAN

The Department of Racing, Gaming and Liquor has a Recordkeeping Plan (RKP 2004048) and under Part 3, Division 4 of the *State Records Act 2000*, the agency is to review its Recordkeeping Plan periodically or when there is any significant change to the agency's function.

All new employees of the Department of Racing, Gaming and Liquor undertake an online Recordkeeping Awareness Training developed by CALM and Techniworks Action Learning. The objective of this course is to provide every new 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.

The Department intends to measure the effectiveness and efficiency of the training programs and recordkeeping systems through the application of Information Services Performance Indicators that will be evaluated during the 2008 calendar year.

All new employees receive one-on-one training on their roles and responsibilities in regards to compliance with the Department's Recordkeeping Plan and using the Department's recordkeeping systems from Information Services staff as part of their induction program to the agency.

GOVERNMENT POLICY REQUIREMENTS

CORRUPTION PREVENTION

The Department has developed and implemented a range of strategies for identifying, managing and preventing misconduct and corruption. These strategies have been communicated to staff through the posting of a specific Policy Statement, together with Notification Guidelines on the Department's intranet.

In addition:

- Code of conduct and internet access policy provided to all new employees.
- Regular audits are conducted of internet usage and access and employees are reminded quarterly of their obligations.
- Potential conflicts of interest are assessed and managed in accordance with a standard model.
- All members of the executive group have attended awareness raising sessions (conflict of interest and ethical behaviour) conducted by the Corruption and Crime Commission.
- Managers and supervisors have attended seminars presented by Corruption and Crime Commission on matters which are topical.

The Department's Risk Management Program has also identified areas of potential misconduct and fraud and appropriate strategies to manage these risks have been implemented, including scheduling training for all staff during 2008-09 on Accountable and Ethical Decision-making.

Furthermore, during the 2008-09 reporting year, the Department will review existing agency standards of behaviour and boundaries for ethical conduct to ensure that they are consistent with the new WA Public Sector Code of Ethics, released in February 2008 by the Office of the Public Sector Standards Commissioner.

SUBSTANTIVE EQUALITY

The Department of Racing, Gaming and Liquor is committed to the elimination of systemic racial discrimination from all policies and practices, in accordance with the *Policy Framework for Substantive Equality*.

The *Policy Framework for Substantive Equality* will be developed and integrated into the Department's policies and practices by using the four key drivers:

- Needs Assessment;
- Learning and Development;
- Organisational Performance Appraisal; and
- Monitoring.

During 2007-08, implementation of the *Policy Framework for Substantive Equality* was commenced in relation to the process for conducting section 64 inquiries under the *Liquor Control Act 1988*. However, since the conduct of the review and initial drafting of an associated report, significant amendments were introduced to section 64, as part of the Government's liquor reform program. While responsibility for this function originally sat with the Director of Liquor Licensing, in the now defunct Licensing Directorate, following a restructure of the Department the implementation of substantive in this matter now equality rests in both the Licensing and Governance and Strategy Divisions.

The motivation for selecting section 64 inquiries as the initial area for implementation was that alcohol-related harm is a significant issue in many remote Aboriginal communities.

Following finalisation of the section 64 review, the focus of the *Policy Framework* in 2008-09 will be on the Department's role in assisting the Minister in the drafting of "restricted area" regulations under section 175(1a) of the *Liquor Control Act 1988*, given the requirement in section 175(1b) for the Minister to consult with the Commission of Police, each local government in the district of which any part of the proposed restricted area would be situated and any other person the Minister considers it appropriate to consult.

SUSTAINABILITY

During 2007-08 the Department addressed the targets and priority areas of the Sustainability Action Plan by:

- complying with State Supply Commission policies and guidelines for procurement. Where available, Department of Treasury and Finance Common Use Agreements the Department utilises, as these have already taken sustainability factors into account in their formation and evaluation for the provision of goods or services;
- utilising Department of Treasury and Finance Common Use Agreements for waste paper and cardboard recycling, including confidential bins; and
- maintaining a vehicle pool of only four-cylinder vehicles.

OCCUPATIONAL SAFETY AND HEALTH

As a responsible employer the Department of Racing, Gaming and Liquor recognises and accepts its obligation to provide employees with as far as practicable the highest possible standards of safety.

The achievement of this objective is both an individual and a shared responsibility that requires commitment from both management and employees. It is particularly important that responsibilities are accepted and a willingness to cooperate in the elimination of workplace hazards is demonstrated by all.

The Department of Racing, Gaming and Liquor believes that workplace accidents and injuries are preventable. Further, it is recognised that the safety and health of employees is paramount. The Department's Occupational Health and Safety Policy Statement commits the Department to the provision of a safe and healthy working environment for all employees through the provision of a comprehensive safety and health program that complements the operations of the Department. In meeting its responsibilities, the Department undertakes to provide and maintain, as far as practicable, a working environment that is safe and without risks to health.

In particular the Department will:

- provide and maintain safe plant, equipment and systems of work;
- make and monitor arrangements for the safe use, handling, storage, and transport of plant and substances;
- maintain the workplace in a safe and healthy condition;
- provide adequate resources to implement the policy and programs introduced for the safety and health of all employees; and
- provides information, training and supervision for employees so that all work related activities may be conducted in a safe and healthy manner.

FORMAL MECHANISM FOR CONSULTATION WITH EMPLOYEES ON OHS AND INJURY MANAGEMENT MATTERS

The Department's Occupational Health and Safety Committee coordinates the implementation of the *Occupational Health and Safety Policy* and program, with support from the Organisation Development Branch.

STATEMENT OF COMPLIANCE WITH THE INJURY MANAGEMENT REQUIREMENTS OF THE WORKERS' COMPENSATION AND INJURY MANAGEMENT ACT 1981

The Department's Governance and Strategy Division coordinates the implementation of the *Occupational Health and Safety Program* and provides consultancy and advisory services on legislation, best practice and other initiatives associated with the health and safety program.

Furthermore, the Department's Occupational Health and Safety Committee has developed a safety policy and a health and safety program, which has been considered by both management and employees. The Committee also assists in the implementation of the policy and program and in the consideration of matters referred by staff on safety issues.

The *Occupational Health and Safety Program* requires that employees at all levels understand and accept specific responsibilities associated with their positions. The safety and health program includes strategies to prevent incidents and accidents in the workplace, such as:

- induction and training;
- safe work procedures and guidelines on safe behaviour;
- provision for workplace inspections;
- team discussions;
- display of safety information;
- publishing of emergency procedures;
- first aid and emergency assistance;
- incident reporting and investigation;
- a rehabilitation program; and
- an employee assistance program.

LOST TIME INJURY SEVERITY RATE

A report of annual performance for 2007/08 against the following targets:

	2007/08 Actual	2007/08 Target
Number of fatalities	0	0
Lost time injury/disease incidence rate	0	0
Lost time injury severity rate	0	0