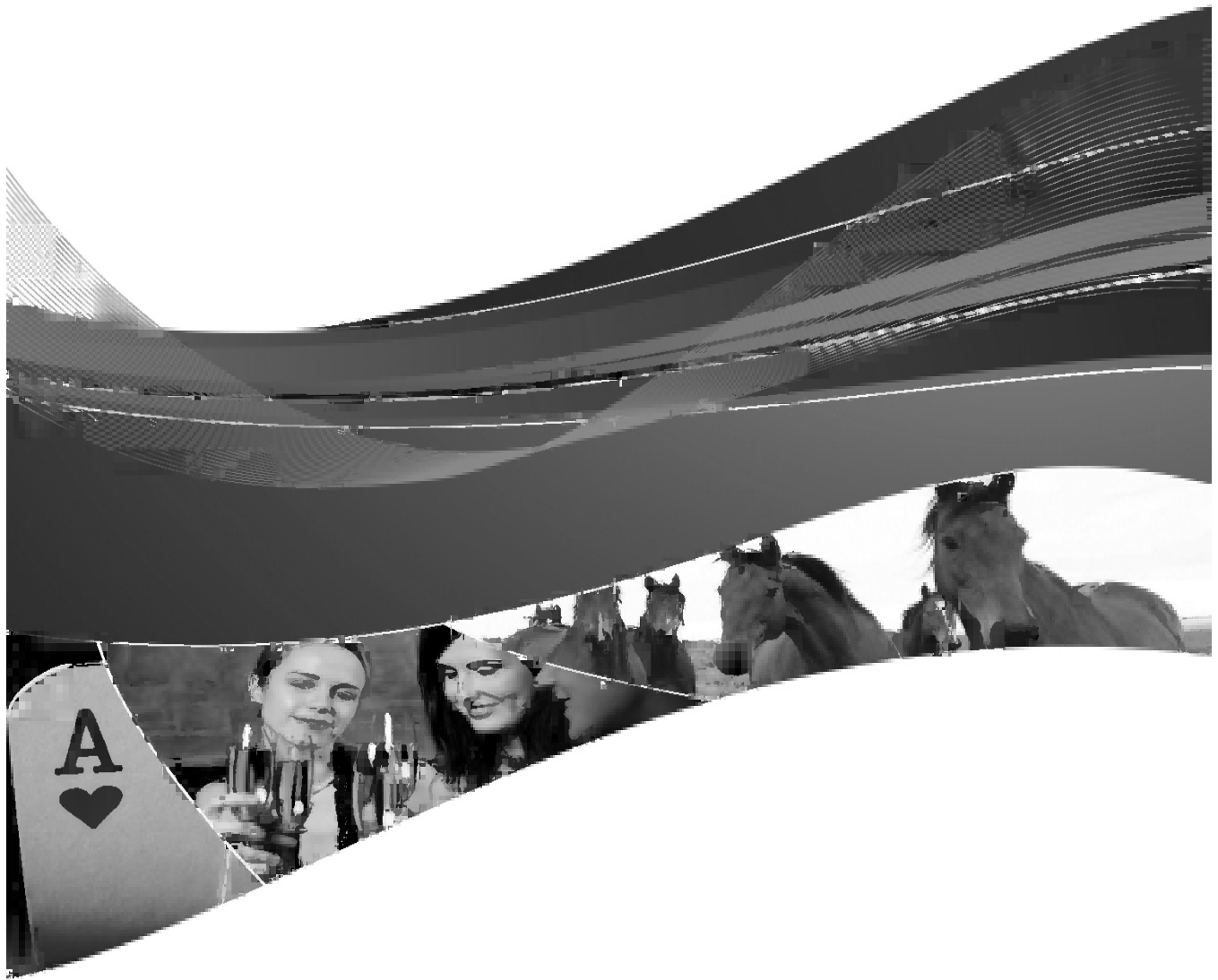


2008 - 09



Annual Report

Department of Racing, Gaming and Liquor



Level 1, 87 Adelaide Terrace, East Perth, WA 6004

T: (08) 9425 1888 F: (08) 9325 1041 E: rql@rql.wa.gov.au W: www.rql.wa.gov.au

Contacts

Office location: Level 1
87 Adelaide Terrace
East Perth WA 6004

Postal address: PO Box 6119
East Perth WA 6892

Telephone: (08) 9425 1888
Facsimile: (08) 9325 1041
Toll free: 1800 634 541

Internet: www.rgl.wa.gov.au
Email: rgl@rgl.wa.gov.au

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Statement of compliance

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 2009.

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



Barry A Sargeant
DIRECTOR GENERAL

21 September 2009

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Overview of agency

Executive summary

I am pleased to present the Department of Racing, Gaming and Liquor's Annual Report for the financial year 2008–09. The 12-month period covered in this annual report has seen significant activity throughout the Department.

One of the Department's key roles during the year was the continued facilitation of the State Government's liquor reforms. A significant number of reforms were introduced in 2007-08. These included the introduction of the small bar licence to encourage a more dynamic hospitality industry by providing a unique variation to traditional bars. The small bar licence category proved to be very popular this year with a further 19 approved in 2008-09, bringing the total small bar licences, as at 30 June 2009, to 30.

The liquor reforms also included requirements for approved managers to be present on the licensed premises during trading hours. This year the Department supported licensees in understanding and complying with the changes by conducting training and awareness sessions for licensees and industry groups. Various publications offering advice to licensees were also produced and distributed by the Department during the reporting period.

The Department has continued to assist the Minister for Racing and Gaming in developing further reforms to the Liquor Control Act 1988 (Act). The changes proposed include a new licensing regime for approved managers that acknowledges the different levels of responsibility managers have depending on the nature of the licence. It also allows for greater flexibility for approved managers to move between licensed premises. In light of repeated anti-social behaviour demonstrated by a minority in public places, it is proposed that police powers be strengthened to enable unopened containers of liquor to be seized and disposed of where a person consumes liquor in a public place without authority.

In June 2009, in my capacity as the Director of Liquor Licensing (DLL), I received a submission from Western Australia Police setting out strategies to reduce the impact of extended drinking hours in the Northbridge Entertainment Precinct. The submission

recommended, amongst other things, a reduction in trading hours and the implementation of other strategies under the Act to address alcohol-related harm in Northbridge. Industry stakeholders sought an opportunity to respond to the submission and its recommendations. Their response is not expected until after 30 June 2009.

Communities in remote locations of the State continue to seek the assistance of the DLL to address harm caused in their communities due to the inappropriate use of liquor.

Under section 64 of the Act, the DLL has the authority to act in the public interest to impose restrictions on the sale of liquor from licensed premises to address alcohol-related harm in any part of the State. Under section 64, and voluntary liquor accords in place in the State, many regional towns are subject to liquor restrictions.

The drafting of new legislation authorising the collection and disbursement of a levy to be paid by domestic and off-shore betting operators publishing or using Western Australian race fields has been a major task for the Department. Local operators, including Racing and Wagering Western Australia (RWWA), eastern states and overseas betting operators will contribute to the WA racing industry. The fees will be disbursed to Western Australian racing clubs registered with RWWA. If licensed betting operators pay the product fee and provide the appropriate information to maintain integrity in the industry, they will not be required to formally obtain permission to use WA race fields. They will also be able to advertise in WA, subject to consumer protection measures prescribed in regulations; however overseas betting operators will continue to be prohibited from advertising in WA.

This year there has also been an increased focus on ensuring that licensed bookmakers meet the requirements of legislation in respect of recording and providing information about non-cash bets that have been accepted through the use of an approved internet betting system.

In May 2009 Western Australia hosted the annual Australasian Casino and Gaming Regulators Conference. The Department organised the conference and it was attended by delegates from industry and government stakeholders. I hosted the conference and chaired the CEO's forum, which brought together CEOs of state government departments responsible for gaming. The conference addressed a broad range of

issues, including the Federal Government's inquiry into gambling in Australia and international trends in casino gaming.

In the period covered by this report, the Department and its staff continued to provide a range of services to the Western Australian public. For instance, more than 10,000 liquor licensing applications were processed, including those for new licences, one-off permits and transfers of licence. Additionally, more than 2700 community gaming applications were processed which included allowing eligible organisations to raise funds through the conduct of gaming functions and raffles.

Furthermore, inspectors and other officers from the Department conducted more than 11,200 compliance actions, including audits and inspections of lawful racing, community gaming, liquor and casino activities throughout Western Australia.

The achievements of the Department would not have been possible without the professionalism and dedication of our staff. I take this opportunity to thank them for their commitment and their belief in the importance of their role.



Barry A Sargeant
DIRECTOR GENERAL

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 2009, the Minister responsible for the Racing and Gaming Portfolio was the Hon. Terry Waldron MLA, Minister for Racing and Gaming.

Corporate Executive

Barry A Sargeant, Director General

As at 30 June 2009, Barry was the Accountable Officer for the Department of Racing, Gaming and Liquor, a position he has held since 1992. As Director General, Barry is the administrative head and Accountable Officer for the operations of the Department of Racing, Gaming and Liquor. Barry is also the employing authority for all staff.

Barry 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.

Janine Belling, Director Licensing

Janine has over 20 years experience in the public sector and has been employed at both State and Commonwealth Government level, including the past several 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, Janine 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.

Vanessa Grant, Director Governance and Strategy

Vanessa has over 23 years experience in both the WA State Public Sector and Australian Public Service. Vanessa joined the Department in December 2008 following five years as Director Business Services with the Corruption and Crime Commission.

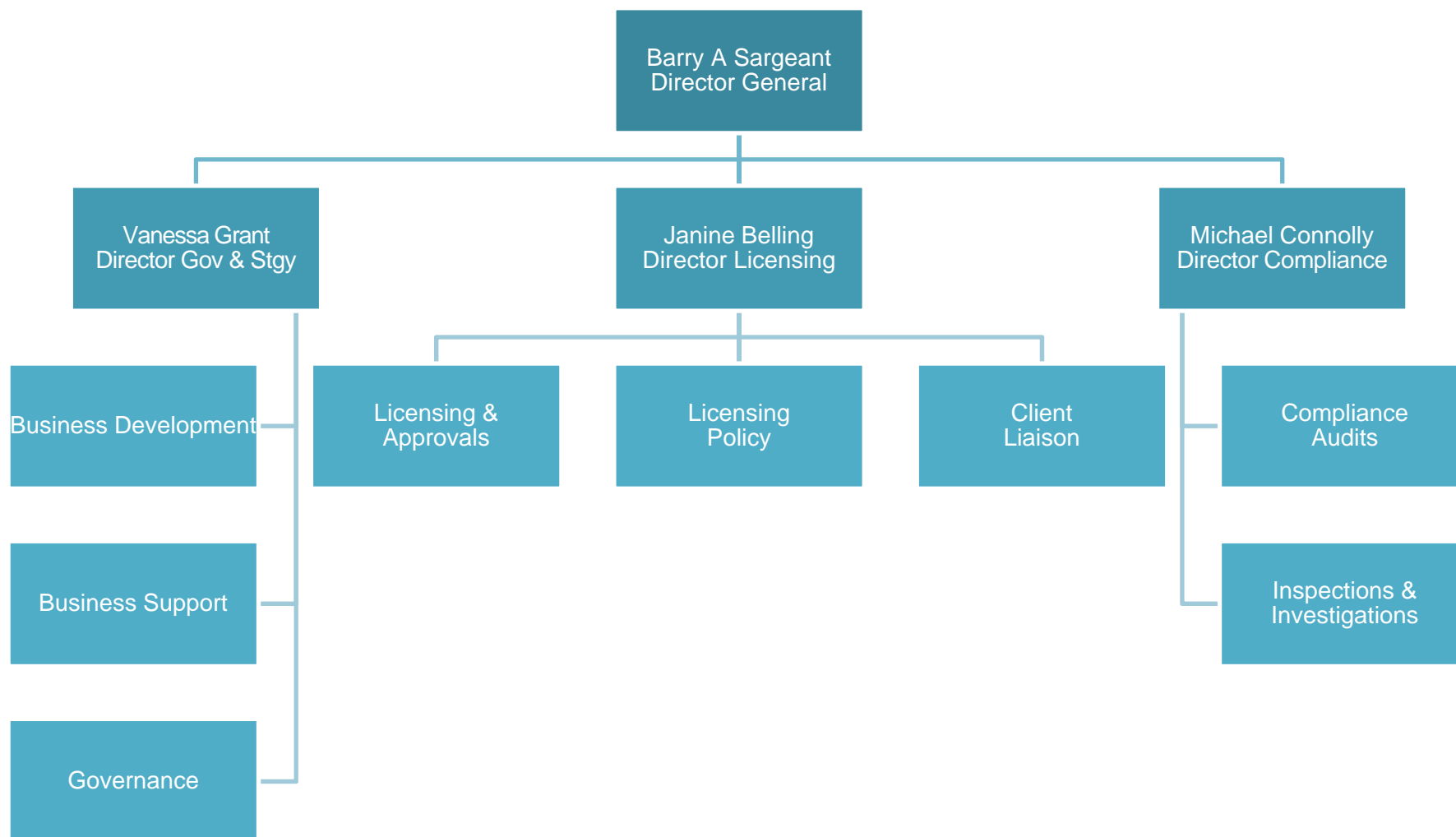
Vanessa has responsibility for ensuring the seamless delivery of corporate services along with overseeing the various governance functions required in the public sector. In addition to this experience, Vanessa has qualifications in public administration.

Michael Connolly, Director Compliance

Michael has 26 years experience in the public sector, including the past 19 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, Michael is responsible for the conduct of enforcement, audit and inspection programs associated with the racing, gaming and liquor industries and in determining and ensuring the compliance of those industries within the requirements of legislation.

Organisational chart



Key functions of the Department

To ensure its objectives and desired outcomes are achieved, the Department is engaged in a range of activities and provides a number of core services to the public of Western Australia. The Department provides:

- Licensing services for casino and permitted gaming, liquor licensing and betting industries;
- Inspectorial and audit services for casino and permitted gaming, liquor licensing and betting industries;
- Expertise and experience in structuring legislation and policy relevant to the racing, gaming and liquor industries;
- Information and support to stakeholders and engages in programs designed to raise awareness of relevant legislation and policies.

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 of Western Australia](#)

Plans and policies

The Department has a strong organisational policy framework covering governance, conduct, communications and human resources. Policies are available to staff through the Department's intranet and new staff are informed about them as part of their induction.

During the year, the Department initiated a review of all its corporate governance policies to ensure they are fit for purpose and comply with relevant legislation. This review is expected to be completed during 2009–10.

Administered legislation

The Minister for Racing and Gaming administers the following Acts:

- Gaming and Betting (Contracts and Securities) Act 1985;
- Liquor Control Act 1988¹;
- 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 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

Mission, vision and values

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

The vision of the Department is to be acknowledged and respected by our customers for our leadership and commitment to quality service.

The core values of the Department are respect, integrity, professionalism and innovation.

Agency level government desired outcome

Broad government goals are supported by this Department by specific outcomes. The Department delivers services to achieve these outcomes. The following table illustrates the relationship between the Department's services and desired outcomes, and the government goal the Department contributes to.

| Government goal | Desired outcome of the Department | Services delivered by the Department |
|--|---|---|
| Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians. | To promote, monitor and enforce responsible and lawful gambling and liquor services in accordance with legislation. | Evaluation and determination of licensing applications. |
| | | The carrying out of compliance audits and inspections. |

Detailed information on the Department's Key Performance Indicators is provided on pages 95-97.

Changes to Outcome Based Management Framework

The Department's Outcome Based Management Framework did not change during 2008-09.

Shared responsibilities with other agencies

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

Cross-agency initiatives

The Department is involved in the following cross-agency initiatives:

- Director General's Group on Indigenous Affairs;
- Indigenous Safety Taskforce – East Kimberley; and
- Shared Services Governance Council.

The Department is not the lead agency for any of the initiatives.

Agency performance

Summary of financial targets

| | 2008-09 Target ⁽¹⁾ \$000 | 2008-09 Actual \$000 | Variation ⁽²⁾ \$000 |
|--|---|----------------------------|-----------------------------------|
| Total cost of services (expense limit) (sourced from Income Statement) | 9,220 | 10,164 | (944) |
| Net cost of services (sourced from Income Statement) | 3,883 | 3,729 | 154 |
| Total equity (sourced from Balance Sheet) | 3,936 | 2,855 | 1081 |
| Net increase / (decrease) in cash held (sourced from Cash Flow Statement) | (4) | (1,742) | (1,738) |
| | No. | No. | No. |
| Approved full time equivalent (FTE) staff level | 101 | 105.7 | 4.7 |

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

(2) Explanations for significant variances are contained in Note 31 'Explanatory Statement' to the financial statements (page 86).

Summary of key performance indicators

| | 2008-09 Target ⁽¹⁾ | 2008-09 Actual | Variation ⁽²⁾ |
|---|----------------------------------|-------------------|--------------------------|
| Licensee/service providers that comply with audit requirements and statutory criteria | 97% | 93% | 4% |
| Evaluation and determination of licensing applications – average cost of determining an application | \$424 | \$351 | \$73 |
| Compliance audits and inspections – average cost of conducting an inspection | \$471 | \$449 | \$22 |

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

(2) Explanations for the variations between target and actual results are presented at pages 95-97.

An explanation for the variation between target and actual results is only provided if the variance is greater (plus or minus) than 10% of the target.

Supplementary performance information

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 and industry training;
- consider section 117 complaints (complaints about noise or behaviour related to licensed premises) and be responsive to such complaints; and
- determine any other matters arising from the administration of the Liquor Control Act 1988.

The Director of Liquor Licensing is Barry Sargeant, the Director General of the Department of Racing, Gaming and Liquor.

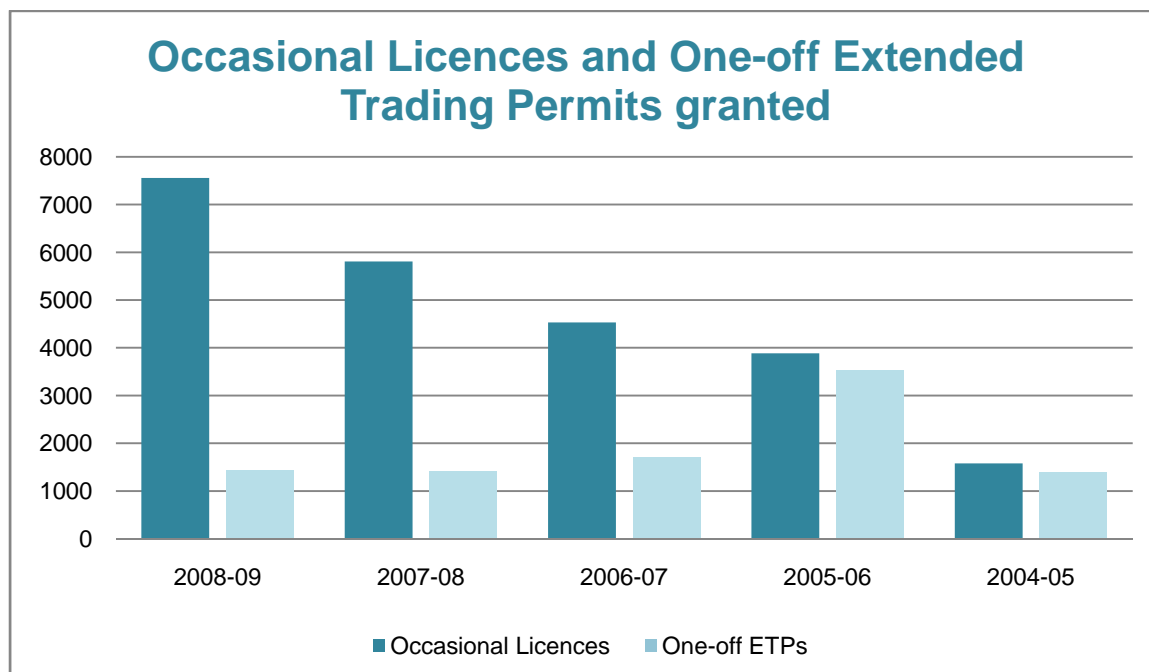
The Department also performs functions for the Commonwealth Government in respect of liquor activities on Christmas and Cocos Islands. The cost of services provided in the Indian Ocean Territories is recouped by the Department and retained as part of a net appropriation determination.

Liquor performance information

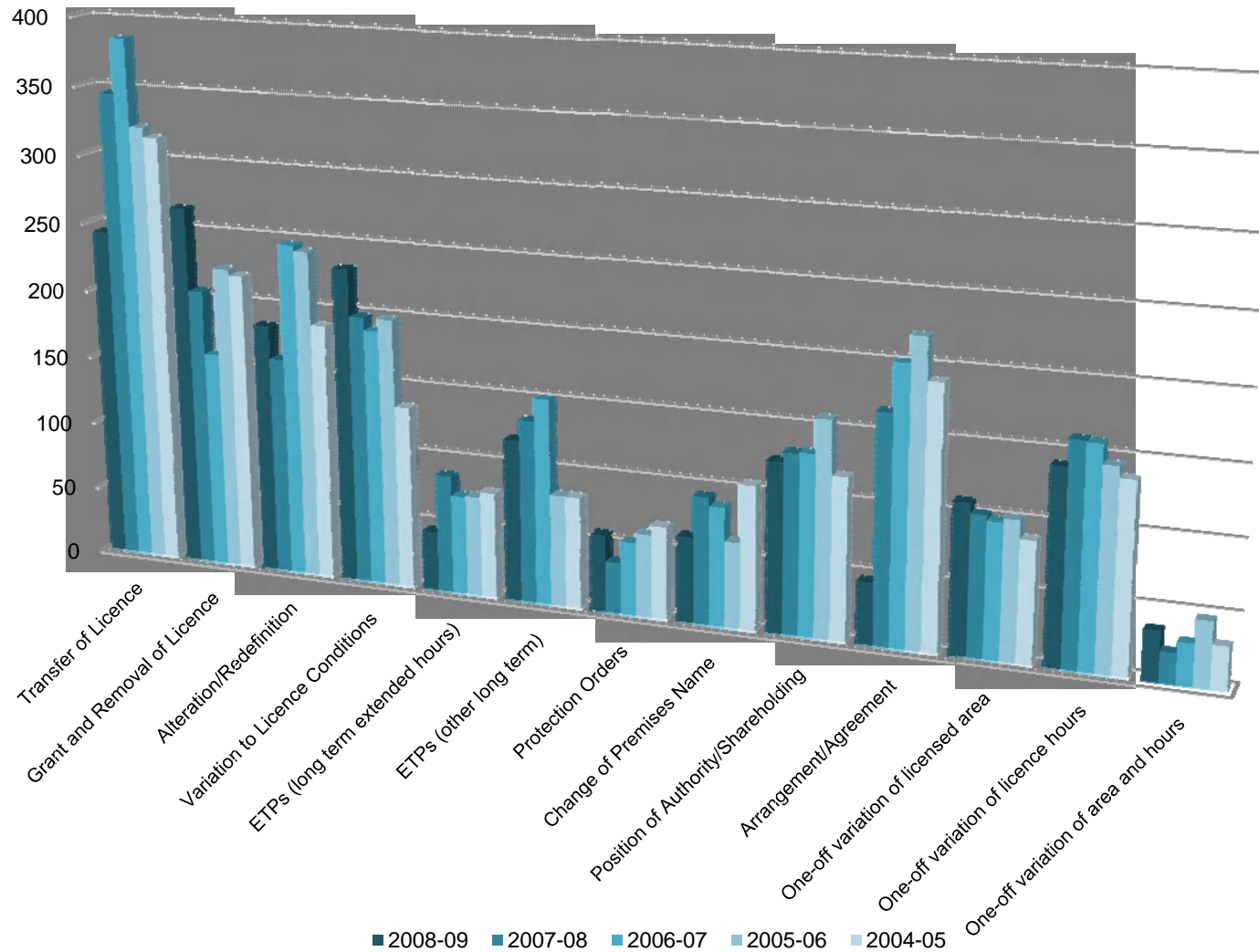
The Department provides a licensing service for casino and community gaming, liquor licensing and the betting industries.

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

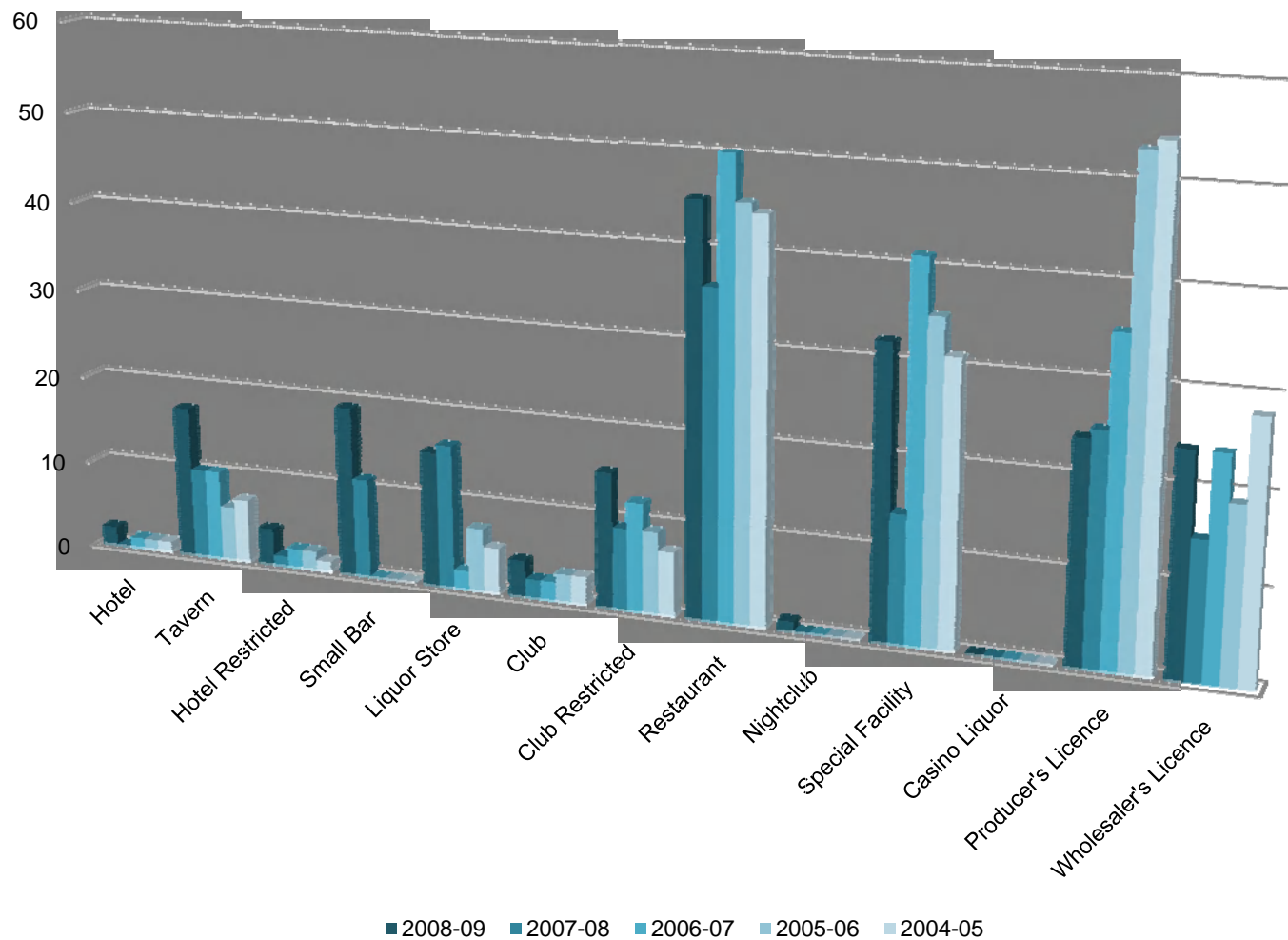
The following graphs provide a snapshot of the types and quantity of liquor licence applications that the Department determines and how many licences are active in Western Australia. For comparison, the graphs cover the Department's operations over the last five years.



Liquor Licensing applications



Liquor Licences granted by type



| Liquor Licences by types and categories as at 30 June each year | | | | | |
|---|------|------|------|------|------|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Hotel | 288 | 289 | 293 | 300 | 308 |
| Tavern | 347 | 335 | 325 | 320 | 312 |
| Hotel Restricted | 44 | 43 | 41 | 39 | 38 |
| Small Bar | 30 | 11 | 0 | 0 | 0 |
| Liquor Store | 506 | 493 | 477 | 478 | 475 |
| Club | 423 | 420 | 419 | 419 | 422 |
| Club Restricted | 534 | 530 | 524 | 517 | 512 |
| Restaurant | 734 | 745 | 735 | 708 | 699 |
| Nightclub | 47 | 50 | 50 | 52 | 52 |
| Special Facility | 529 | 527 | 522 | 494 | 472 |
| Casino Liquor | 1 | 1 | 1 | 1 | 1 |
| Producer's Licence | 579 | 577 | 571 | 552 | 514 |
| Wholesaler's Licence | 179 | 178 | 181 | 176 | 170 |

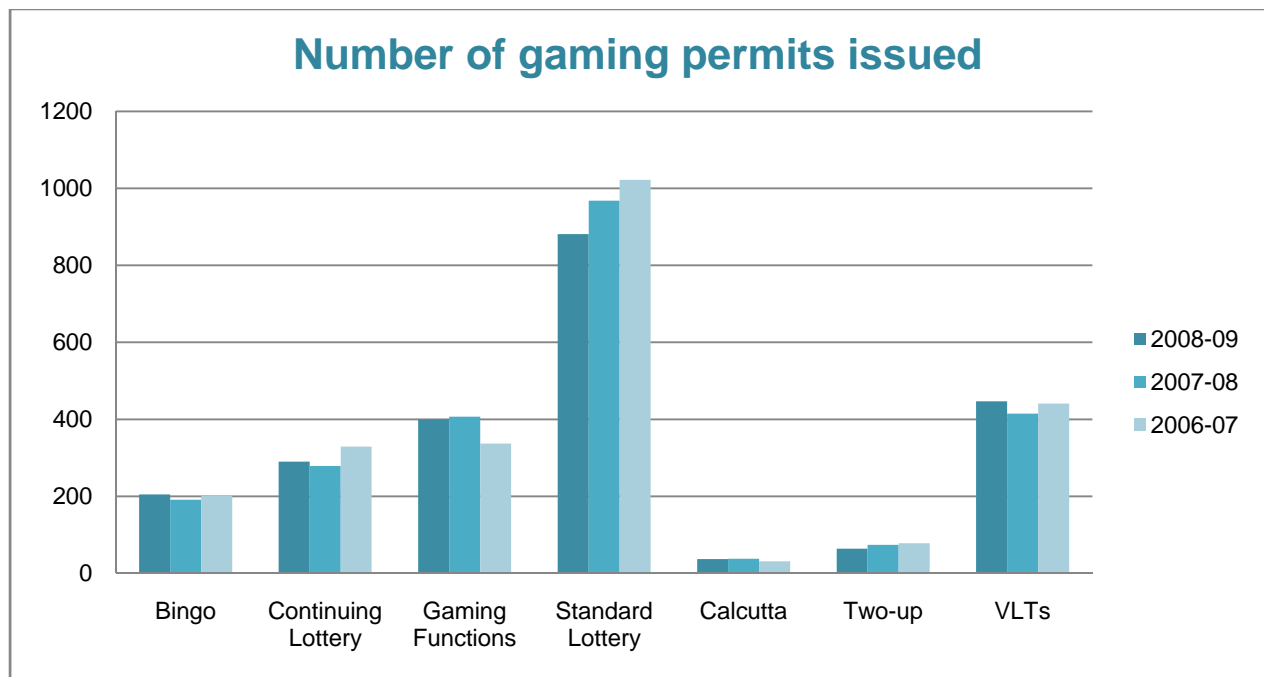
Gaming and wagering licensing and permits

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 2324 community gaming permits, which resulted in approximately \$54 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 \$16 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.



Comparison of Gross Revenue and Net Revenue raised by gaming permits

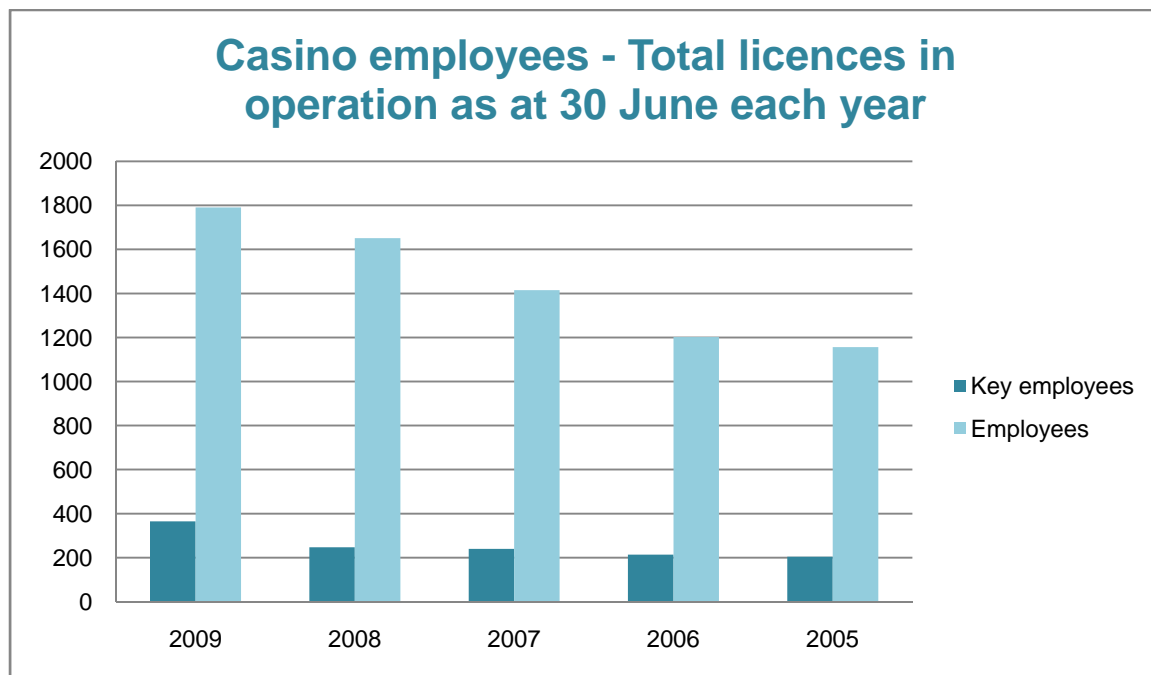
| | 2008-09 Gross Revenue | 2007-08 Gross Revenue | 2008-09 Net Revenue | 2007-08 Net Revenue |
|--------------------|-----------------------|-----------------------|---------------------|---------------------|
| Bingo | \$5,193,468 | \$5,783,507 | \$610,852 | \$611,130 |
| Continuing Lottery | \$8,709,058 | \$8,173,687 | \$2,630,975 | \$1,785,280 |
| Gaming Functions | \$2,653,366 | \$1,997,493 | \$547,375 | \$446,622 |
| Standard Lottery | \$25,461,192 | \$26,414,860 | \$10,925,262 | \$11,115,070 |
| Calcutta | \$370,295 | \$348,761 | \$52,575 | \$59,316 |
| Two-Up | \$112,680 | \$164,092 | \$73,097 | \$105,118 |
| VLTs | \$11,509,442 | \$10,200,292 | \$1,307,348 | \$1,171,866 |
| TOTAL | \$54,009,501 | \$53,082,692 | \$16,147,484 | \$15,294,402 |

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.

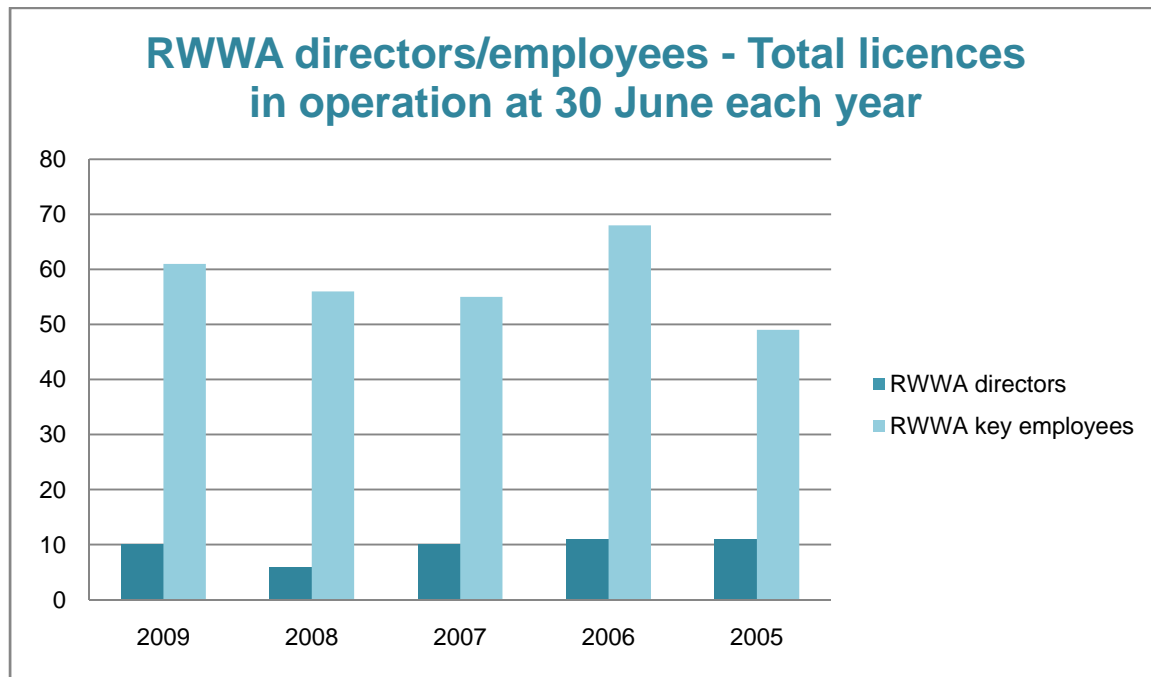
Licensing of casino employees and casino key employees

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.



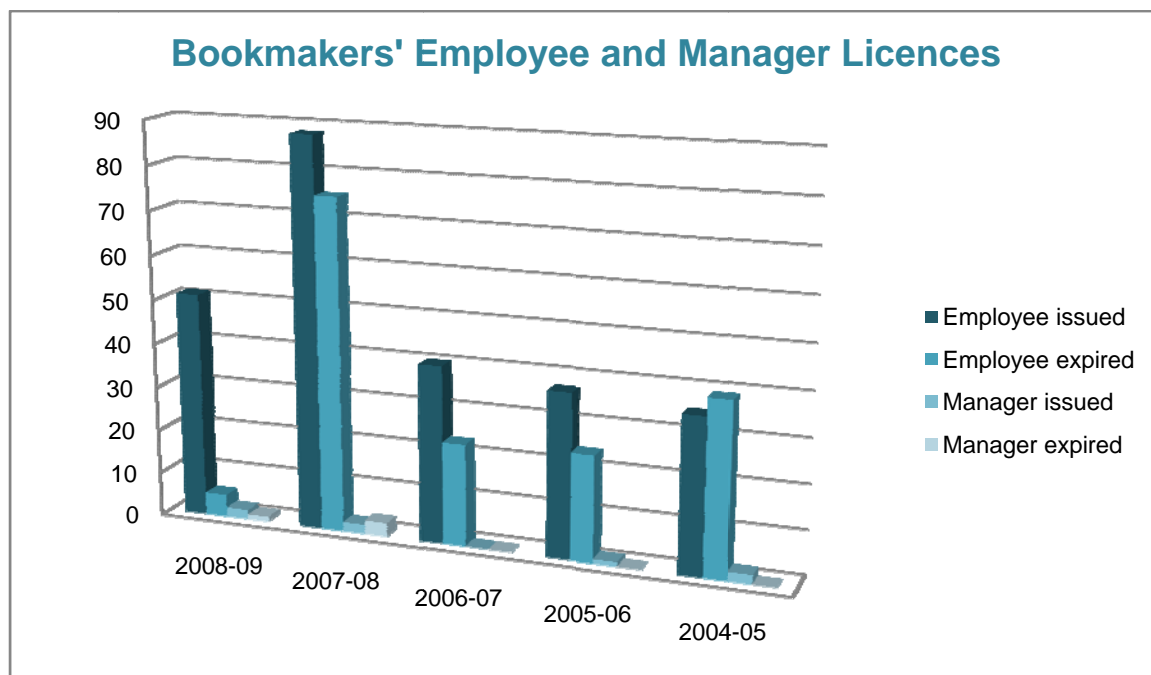
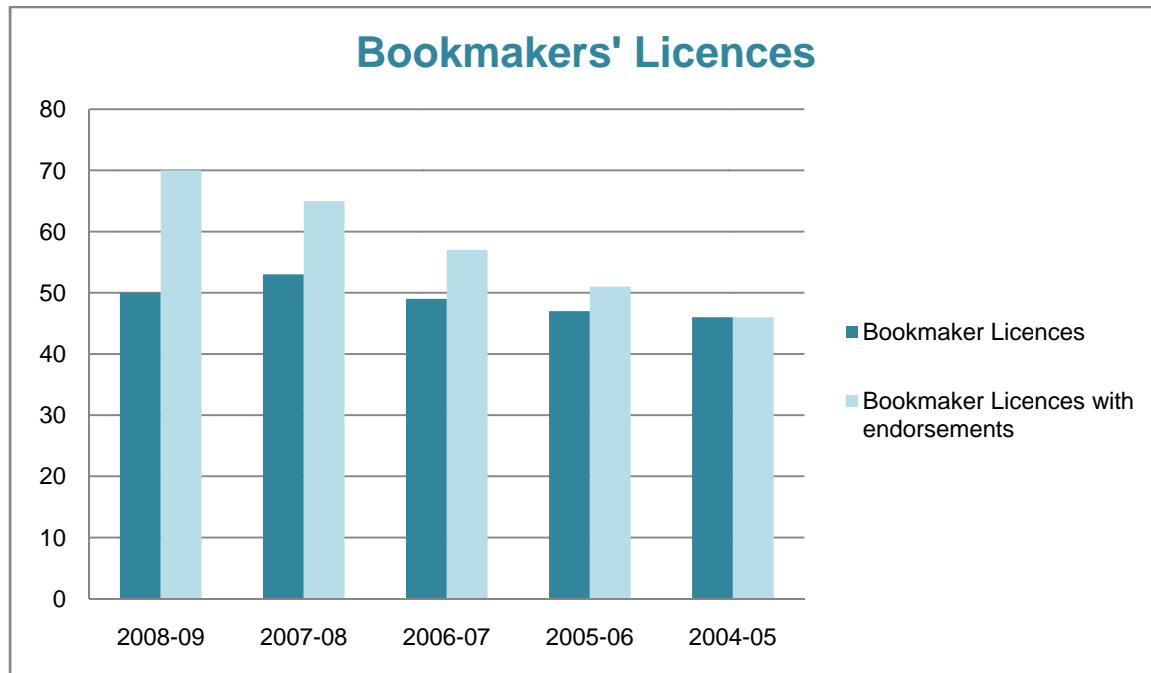
Licensing of RWWA directors and key employees

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' employees.



Compliance performance information

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

Inspectorial functions carried out by the Compliance Division 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 Control 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.

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 | 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 |
|---|---------|---------|---------|---------|---------|
| Racing | 181 | 182 | 64 | 180 | 205 |
| Lotterywest | 1134 | 1128 | 1103 | 1022 | 951 |
| Community Gaming | 478 | 574 | 447 | 905 | 700 |
| Burswood Casino | 6253 | 6853 | 4808 | 5368 | 3271 |
| Liquor | 2182 | 2206 | 1661 | 1705 | 888 |

| Regulatory Function | 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 |
|--------------------------------|---------|---------|---------|---------|---------|
| Inspections | 6582 | 6924 | 5001 | 5632 | 3446 |
| Audits | 2083 | 442 | 195 | 530 | 466 |
| Cautions Issued | 79 | 53 | 57 | 32 | 25 |
| Infringement Notices Issued | 141 | 70 | 107 | 120 | 57 |
| Prosecutions Initiated | 2 | 2 | 0 | 0 | 0 |

Significant issues impacting the agency

Liquor reforms

The implementation of the Liquor and Gaming Legislation Amendment Act 2006 saw significant reform to Western Australia's liquor laws. Between 2006 and 2008 the reforms were implemented in three stages and included:

- changing the permitted trading hours for metropolitan liquor stores and nightclubs;
- establishing the Liquor Commission in place of the Liquor Licensing Court;
- implementing the 'public interest' test for the grant of applications;
- introducing the Small Bar Licence;
- allowing restaurant licensees to apply to sell and supply liquor without a meal in up to 100 per cent of the premises;
- requiring all bar staff of licensed premises to be trained in responsible service of alcohol; and
- requiring approved managers to be present on licensed premises during trading hours.

Further legislative changes have been developed by the Department during 2008-09 in support of the Government's reform of the Liquor Control Act 1988. The proposed changes include:

- establishing a new licensing regime for approved managers;
- allowing the licensing authority to declare private premises as restricted residences;
- increasing police powers to seize and dispose of any unopened container of liquor where a person without approval is consuming liquor in a public place;
- allowing juveniles who have graduated from a hospitality course to continue their employment in licensed premises; and
- clarifying the licensing authority's power with respect to granting producer licences so that a licence will only be granted if the Director of Liquor Licensing is satisfied that the applicant will become a genuine producer of liquor within 12 months.

The proposed amendments are consistent with the primary objectives of the Act, which are to:

- regulate the sale, supply and consumption of liquor; and
- minimise harm or ill-health caused to people, or any group of people, due to the use of liquor.

Kimberley liquor restrictions

Communities in remote locations of the State continue to seek the assistance of the Director of Liquor Licensing (DLL) to address harm being caused in their communities due to the use of liquor.

Under section 64 of the Liquor Control Act 1988, the DLL has the authority to act in the public interest to impose restrictions on the sale of liquor from licensed premises to address alcohol related harm in any part of the State.

To assist communities in the Kimberley region arrest harm being caused due to the use of liquor, the DLL imposed the following restrictions in 2008-09:

Kimberley region

On 13 January 2009, the DLL issued a show cause notice under section 64 of the Act outlining a proposal to ban the sale of liquor in all containers greater than one litre and beer in containers of more than 440 ml ('king browns') from all licensed premises in the Kimberley. Licensees were asked to show cause why the restrictions should not be introduced.

After consideration of all submissions lodged, the DLL determined that it was in the public interest to impose on all licensed premises in the areas of the State north of 20° south (essentially the Kimberley region), conditions prohibiting the sale of:

- takeaway liquor (containing an alcohol content of more than six per cent) in individual containers of more than one litre; and
- takeaway beer in individual glass containers of more than 400millilitres

The DLL determined that the restrictions were in the interest of public health given the level of alcohol-related harm that had occurred in the Kimberley region.

The restrictions took effect from 30 March 2009.

Halls Creek

On 13 January 2009, the DLL issued a notice to all licensees in the area of the State north of 20° south that he was satisfied that the level of alcohol-related harm occurring in the Halls Creek area and in the Kimberley region is such that it would be in the public interest to impose restrictive conditions on those licences.

The notice issued to the licensee of the Halls Creek Store and the Kimberley Hotel included the following proposed condition:

“The sale of packaged liquor, exceeding a concentration of ethanol and 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)”.

On 11 May 2009, the DLL, having considered all submissions, decided that on the balance of probabilities it was in the public interest and desirable to restrict the sale of packaged liquor in Halls Creek to minimise alcohol-related harm or ill health.

A table setting out the conditions imposed in Halls Creek is on the following page.

From 18 May 2009, the following section 64 conditions were imposed in Halls Creek:

| Premises | Conditions |
|-------------------|--|
| Halls Creek Store | <ul style="list-style-type: none">• The sale of packaged liquor, exceeding a concentration of ethanol and liquor of 2.7 per cent at 20°C, is prohibited to any person, other than a liquor merchant.• The licensee is to lodge returns of sales data every four months in accordance with the approved form. |
| Kimberley Hotel | <ul style="list-style-type: none">• The sale of packaged liquor, exceeding a concentration of ethanol and 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) or a liquor merchant.• The sale and supply of liquor for consumption on the premises is prohibited before 12.00 noon on any day, except when it is sold ancillary to a meal or to a lodger.• The licensee is to lodge returns of sales data every four months in accordance with the approved form.• A dress code is to be displayed at each entrance to the premises.• Liquor products are not permitted to be displayed for sale within the area outlined blue on the plan dated 17 November 2008. |

Halls Creek - continued

On 25 May 2009, Spinifex Trading Pty Ltd (Licensee of Halls Creek Store) lodged an application with the Liquor Commission of Western Australia (the Commission) to lift the imposition of the conditions placed on Halls Creek Store, pending the final determination of an application for a review, also lodged on the same date.

The Commission refused the application for the lifting of the conditions until the determination of the review hearing is published. The Commission found that the harm and ill-health issues are such that it would not be in the public interest to lift the conditions as an interim measure, prior to the review hearing.

The Liquor Commission held its hearing into the application for a review of the DLL's decision dated 11 May 2009, relating to conditions imposed under section 64 of the Liquor Control Act on the Kimberley Hotel and Halls Creek Store, on 28 July 2009. In its determination (dated 3 August 2009) the Commission affirmed the DLL's decision of 11 May 2009 and refused the application.

Further information on the Commission's determinations can be found on the Commission's website www.liquorcommission.wa.gov.au and in the Commission's Annual Report 2008-09.

Fitzroy Crossing

In 2007 the DLL imposed on the licensee of the Crossing Inn a condition prohibiting the sale of packaged liquor with an alcohol content of more than 2.7 per cent.

On 16 May 2008 the DLL determined that he was satisfied on the balance of probabilities that it was in the public interest that restrictions should continue and therefore determined that the restrictions would continue for an indefinite period.

An evaluation of the benefits of the liquor restrictions in Fitzroy Valley is being carried out by Notre Dame University on behalf of the Drug and Alcohol Office and a report of the findings is expected to be published in 2009-10.

Restricted Area Regulations

A number of Aboriginal communities throughout the north of the State have sought the assistance of the Government to address alcohol related harm being caused in their communities. To date, three Aboriginal communities have been declared restricted areas under section 175(1a) of the Liquor Control Act 1988, prohibiting the importation and consumption of liquor in those communities:

- Wangkatjungka – expires 22 April 2010;
- Oombulgurri – expires 7 November 2009; and
- Jigalong – expires 1 May 2011.

In addition, the following three areas are either currently before Executive Council or are about to be submitted to Executive Council, and once implemented will be in operation for a period of two years:

- Noonkanbah;
- Juwurlinypany (Bow River); and
- Mungullah.

As a number of Aboriginal communities are in proximity of the above declared (or about to be declared) areas, following consultation with the Department of Indigenous Affairs, the Department has written to the following communities seeking their views on introducing restricted area regulations:

- Ngumpan (located approximately 20km from Wangkatjungka);
- Koorabye (located approximately 20km from Noonkanbah);
- Yakanarra (located approximately 40km from Noonkanbah); and
- Kadjina (located approximately 50km from Noonkanbah).

During 2009-10 there could be up to 10 areas declared restricted areas under section 175(1a) of the Liquor Control Act 1988.

Significant liquor licensing decisions

In 2008-09 there were a number of significant decisions made for applications for extended trading permits (ETPs) by some non-metropolitan liquor stores to trade on Sundays.

In late 2008, the Department determined applications for ETPs from Pemberton Cellars, O'Connor Cellars (Kalgoorlie), Liquorland Mandurah Forum and Woolworths Esperance Liquor Store. All were declined in accordance with the provisions of the Liquor Control Act 1988. Three of the applicants submitted applications for a review of the decision to the Liquor Commission.

Under the 2007 reforms to the Liquor Control Act 1988, metropolitan liquor stores were given the ability to trade on Sundays. However, the trading hours of regional liquor stores remained unchanged, meaning they are not generally permitted to trade on Sundays.

The Liquor Commission upheld two decisions but the third, relating to a premises in Mandurah, was overturned.

Explaining its decision to grant an ETP to Liquorland Mandurah Forum, the Commission highlighted a number of reasons that focussed on the approval of the ETP being in the public interest (in accordance with section 38(2) of the Act).

The Commission stated:

- “Applying the principles of section 16(7) within the context of the principles established by the primary objects of the Act, the Commission considers that the definition of “metropolitan area” contained in the Act at Part 1, section 3 should be used in the circumstances and for the purposes of this determination Mandurah is regarded as non-metropolitan.
- However, recognition under other legislation that allows for designated Sunday trading by the larger retail centres in the city acknowledges the consumer shopping needs of Mandurah and the importance of the tourism industry in that region.

- Accordingly, there is a case for a consistent approach in relation to the trading hours that the applicant seeks, particularly as they are to be the same as the centre in relation to Sundays.
- The Commission is, however, particularly cognisant of the fact that the definition of metropolitan area in Part 1, section 3 of the Act is relevant to a situation very far removed from that extant in 2009. That having been said, the Commission does not consider that it should take on itself the redefinition of metropolitan area in the Act but accepts that Mandurah is to be acknowledged as a special case in respect of retail trading hours.

Further in this instance the proposed Sunday trading hours being sought by the applicant are consistent with the established and approved Sunday trading hours of the centre which restricts the number of Sunday trading days to be in accordance with the recognised market demand.

- The Commission thus finds that the applicant has met the requirements of section 38(2) of the Act and it follows that on this ground alone the application should be allowed and the ETP granted.”

In 2008-09, 15 matters came before, and were determined by, the Commission.

Decisions of the Commission can be viewed on the Commission's website at www.liquorcommission.wa.gov.au.

Joint inspection regime

During 2008-09 the Department's Compliance Division and Police Licensing Enforcement Division carried out joint inspection operations. These operations began in 2007-08 and are planned to continue in 2009-10. These operations will continue to build on the collaborative approach that has developed between the Department and Police. Due to the positive outcomes of the inspections, both the Department and Police view this as a long-term initiative.

Joint inspections in 2008-09 included:

Northbridge and Fremantle

Department inspectors worked with Licensing Enforcement Division Police officers to conduct inspections of licensed premises in Northbridge. This proved to be a valuable exercise enabling a greater number of inspections to be conducted and resulted in enhanced information sharing between the agencies. Exercises have also been conducted in Fremantle with similar results.

Fitzroy Crossing

A Department Gaming inspector attended Fitzroy Crossing and assisted Police in educating both local Police and community representatives concerning the provisions of the Gaming and Wagering Commission Act. The inspector provided Police with expert advice concerning legislation and the provisions regarding social gambling and unlawful gambling. This exercise assisted in establishing valuable communication networks with local Police, resulting in improved information flow between Police and inspectors regarding local issues.

Spring in the Valley 2008

Police and Liquor Licensing inspectors conducted a joint compliance operation during the Spring in the Valley festival in the Swan Valley. They attended each licensed premises involved in the festival and ensured compliance with the conditions of the liquor licence. Inspectors attended Police briefings prior to the festival and attended post operational de-briefings. Inspectors also participated in a licensee awareness campaign leading up to the festival in which they visited licensees to support them in understanding their obligations under the Liquor Control Act.

Bunbury

Department inspectors liaised with local Police on two separate occasions to conduct joint operations. Inspectors and Police attended the Bunbury Race Round to ensure that the conditions of the liquor licence were adhered to. Inspectors also took the opportunity to provide an education session to local Police concerning the methods used to conduct

race day inspections to ensure compliance with the provisions of the Betting Control Act.

On a separate occasion inspectors worked jointly with local Alcohol and Drug Police to conduct inspections of licensed premises in the Bunbury CBD. This was a direct response to local issues identified by Police. The operation resulted in a marked improvement of the level of compliance by licensees in the Bunbury CBD.

Reform of the sexual services industry

The Sexual Services Amendment Act 2008 made the Chief Executive Officer (Director General) of the Department of Racing, Gaming and Liquor responsible for certificating operators and approved managers in the sexual service industry. In addition, the Amendment Act made the CEO responsible for approving the continued use of land for well-managed sexual service businesses that have been in existence prior to 12 September 2006 and have continuously been operating since.

A Senior Officers Working Party, chaired by the Department of the Attorney General, has been established to develop new legislation governing prostitution in Western Australia and consists of representatives from:

- Department of Racing, Gaming and Liquor;
- WA Police;
- Department of Health;
- Department of Planning and Infrastructure; and
- Department of Local Government.

Use of Western Australian race fields

The Department has been involved in drafting new legislation to avoid the Western Australian racing industry being disadvantaged by the introduction of product fees in other States. The Department's officers are involved in drafting new legislation to:

- authorise betting operators licensed in Australia (including RWWA) to engage in or conduct betting on races or sporting events, to publish/use Western Australian race fields subject to:
 - the payment of levy to the Gaming and Wagering Commission; and
 - wagering operators complying with information requirements in relation to matters concerning the integrity and reputation of the racing industry.
- enable the Gaming and Wagering Commission to charge and collect a levy from domestic and offshore licensed wagering operators who use Western Australian race fields;
- remove the prohibition under section 43A of the Gaming and Wagering Commission Act 1987 and allow interstate wagering operators to advertise in Western Australia; and
- repeal the prohibition under the Betting Control Act 1954 on betting through, and establishing and operating, a betting exchange.

Australasian Racing Ministers' Conference

The Australasian Racing Ministers' Conference was held in December 2008 in Melbourne. The Australian Racing Board, Harness Racing Australia and Greyhounds Australasia all presented to the conference.

A common goal for all Ministers at this conference was the need to secure the best outcome for the national racing industry. The conference was an important forum for keeping pace with the changing national and international racing industry.

Racing Ministers established a Working Party to look at both national standards for advertising and the regulation of Commission Agents. Barry Sargeant, Director General of the Department of Racing, Gaming and Liquor, attended the first meeting of the Working Party in February 2009. A second meeting is expected to be held shortly after 30 June 2009.

Bookmakers' non-cash bets

This year there has been an increased focus on ensuring that licensed bookmakers meet the requirements of legislation in respect of recording and providing information about the non-cash bets that have been accepted through the use of an approved internet betting system.

Legislative background

A Western Australian licensed bookmaker can, upon authorisation by the Gaming and Wagering Commission, obtain an endorsement to utilise a computerised betting system to record the acceptance of wagers and generate betting tickets on racing and sporting events in accordance with the procedures established and approved by the Commission. The licensed bookmaker may also obtain an endorsement to accept wagers communicated through the internet via an approved internet betting system.

The Betting Control Act 1954 requires that licensed bookmakers enter accurately and in a manner approved by the Commission, full particulars and details of each betting transaction and the resulting betting turnover.

Regulation 37 of the Betting Control Regulations 1978, details the requirements for the written record of betting transactions. Regulation 37 provides, amongst other things, that where a bet is not made for cash, the name of the person with whom the bet is made must be recorded. Bets made through the internet are not cash bets. Further, subsection (5) provides that the Commission may grant written approval for the use of a computer to facilitate the recording of bets and for the purposes of the written record required to be kept by the bookmaker under the Act.

Regulation 76 provides that any internet betting system shall be developed in accordance with the Commission's specifications. The Commission has developed and published specifications for internet betting systems. Regulation 76(3) provides that the details of all internet bets received are to be recorded separately in a format approved by the Commission.

Compliance activity

To ensure that licensed bookmakers are operating in compliance with the Act and its regulations, the Department's Compliance Division has undertaken inquiries into licensed bookmaker's internet betting systems and has identified a number of non compliance issues where they are not meeting the requirements outlined under Regulation 37. Specifically, as internet bets are not deemed to be cash bets, the licensed bookmaker has failed to record the name of the person with whom the bet is made when accepting bets via their internet betting system.

Texas Hold'em Poker

Texas Hold'em Poker has continued to be popular in the community gaming environment. Several new gaming operators and suppliers have been licensed to provide equipment and expertise to permit holders conducting gaming through poker tournaments.

The growth of poker and the involvement of commercial operators has continued to be monitored by the Department's Compliance Division. In response to audit and inspection activity several changes have been made to gaming policy and licensing processes to ensure that gaming conducted under a permit is not conducted primarily for private gain or as a commercial undertaking as required by the Gaming and Wagering Commission Act 1987. The policy and processes around community gaming and poker continue to evolve and be refined.

Redevelopment of Burswood Entertainment Complex

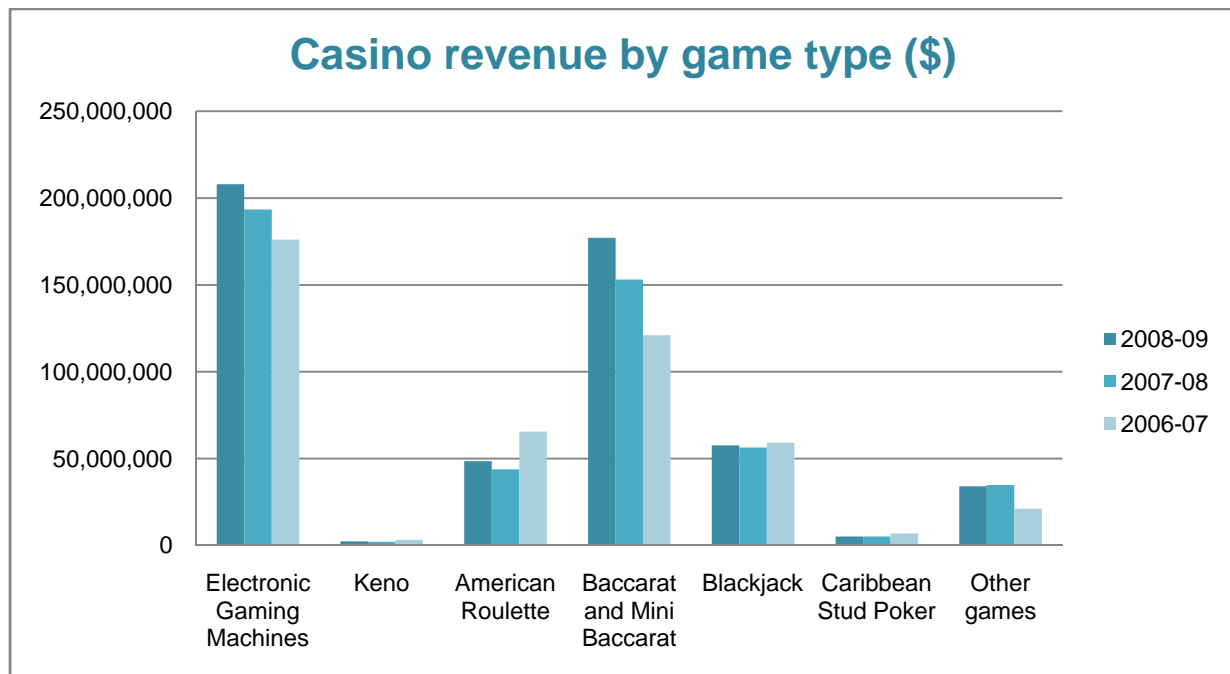
The Gaming and Wagering Commission provided approval in principle of proposed redevelopment of the main casino building in October 2006. The redevelopment is being undertaken in a number of stages with work expected to be completed in November 2010.

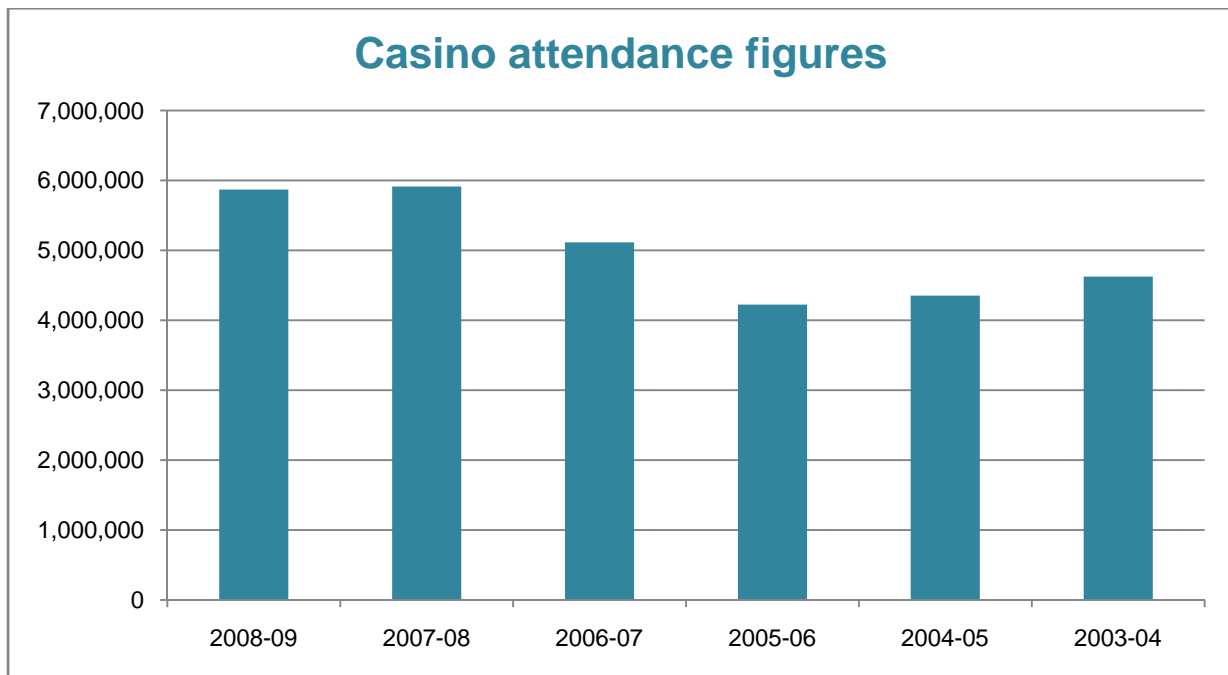
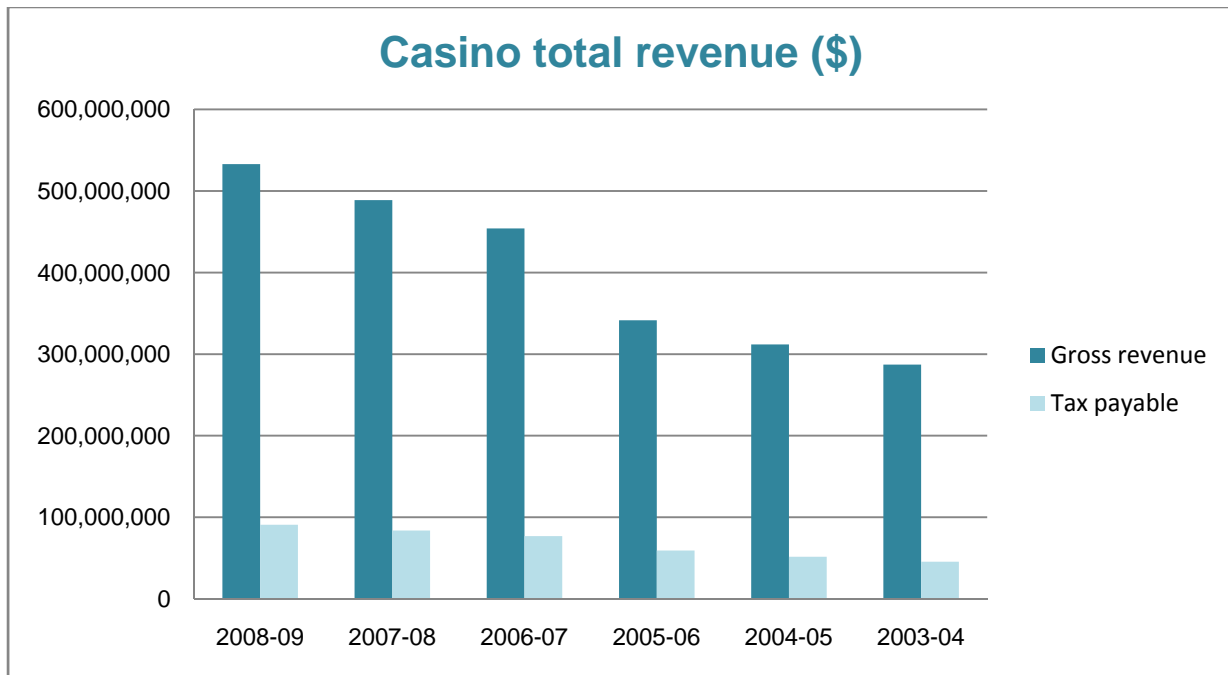
A number of redevelopments have been finalised including the basement area and the south east extension which included three significant components, the Riviera Room, Carbon Sports Bar and the new Riverside Entry.

In 2008, as part of the redevelopment, the licensed casino area was increased to include new security and keno offices and a 12-table poker parlour.

The main gaming floor is approximately 11,400 square metres and contains 121 gaming tables and 1600 electronic gaming machines. The International Gaming Facility (Pearl Room) has 48 gaming tables and 150 electronic gaming machines. The Pearl Room has an area of approximately 2900 square metres. By comparison, the main gaming floor in 1985/86 was 7500 square metres.

During 2008-09, software upgrades of the IGT iView Floor Motoring System and the casino security system were approved by the Gaming and Wagering Commission.





Burswood electronic gaming machine system

In 2008-09 the Gaming and Wagering Commission approved the replacement of the existing electronic gaming machine (EGM) management system at the Burswood Entertainment Complex. The Insight Gaming System (IGS) has been in use at Burswood for more than ten years and in recent times the supplier has signalled that continued support and development cannot be guaranteed.

The EGM management system is an important system for monitoring and managing EGM play, loyalty point schemes and machine performance. The system provides the Casino Licensee with information on which to base operational decisions as well as providing a security function to EGMs with door and other access alarms incorporated into user displays.

The system is to be replaced with the Advantage system supplied and manufactured by International Gaming Technology.

The Advantage system provides considerably more functionality for the Casino Licensee and has significant potential to streamline some of the regulatory processes. In particular the Advantage system may be used to:

- calculate gross and taxable revenue with the requirement for a physical count of cash;
- provide an extended player loyalty and bonus scheme; and
- provide a coinless transit system for patrons using existing Burswood Club cards.

Approval of the use of the Advantage system is subject to:

- accredited testing facility certification against the Gaming and Wagering Commission's criteria;

- the development of an installation and test plan which includes user testing and internal audit sign off and, where appropriate, independent certification of system functionality;
- key features and functionality identified by the Commission to be included in relevant approved policy and procedures manuals;
- the Commission being satisfied that the use of the bonus features is consistent with responsible service of gambling practice and that parameters for these bonus features are approved by the Commission; and
- manual verification of system revenue calculations for a period determined by the Commission.

New Wagering System

Racing and Wagering Western Australia (RWWA) is currently in the process of replacing its wagering system. The New Wagering System is a complete replacement of the existing mainframe based wagering systems with new applications running on current technology.

The change includes replacement of some non-wagering Business Applications and includes implementation of the new development and production infrastructure, platforms and capabilities needed to modify, support and operate the new systems.

In the past year RWWA has also continued to expand the number self-service agencies and introduced new pay terminals to be used at these agencies. Approval has been granted for RWWA to install new terminals for use in other agency types throughout its agency network.

Review of the Gaming and Wagering Commission Act 1987

The Department's Compliance Division conducted an internal review of the Gaming and Wagering Commission Act 1987 (the Act) and the Gaming and Wagering Regulations

1988 (the regulations). The Act legalises gambling recognised as social gambling and allows other forms of minor gaming, such as Bingo and standard lotteries, for fund raising by non profit organisations. The Act is administered by the Gaming and Wagering Commission (the Commission), which is responsible for the control and regulation of gaming in Western Australia. The Department provides support services to the Commission.

The review was based on the Commission's own regulatory experience together with submissions provided by the Department's Licensing and Compliance Divisions. The outcome of the review is a discussion paper that sets out potential amendments to the Act and regulations. This is the first stage in the process of potentially amending the legislation and the review will be developed further in 2009-10.

Problem gambling in Fitzroy Crossing

The Department developed and implemented signs in Aboriginal communities in and around Fitzroy Crossing to increase awareness of the problems associated with gambling and involving juveniles in gambling.

The Department was addressing concerns expressed by the local community that card games were being played in the streets of Fitzroy Crossing and that gambling contributed to the poverty of most of the participants. The Department's Compliance Division conducted an investigation but did not establish any evidence that acts of unlawful gaming under the Gaming and Wagering Commission Act 1987 were taking place, such as games being conducted for private gain by persons not participating in the gaming or commission being taken out of the games. However, the main issues established by the investigation were:

- Gaming is habitual and occurs frequently at a variety of venues;
- Some of the games are for what could be considered high value stakes with individuals pots reaching \$5000;
- Children are able to view and sometimes participate in gaming;
- Children are sometimes exposed to violence as a consequence of the gaming;
- Money lending is part of the existing gaming culture; and
- The gaming sometimes provides an environment which results in violence.

To address these issues an education and advertising campaign aimed at both juveniles and problem gambling has been developed and is currently being implemented in the Fitzroy Valley. This consists of signage that focuses on children not being present at the card games.



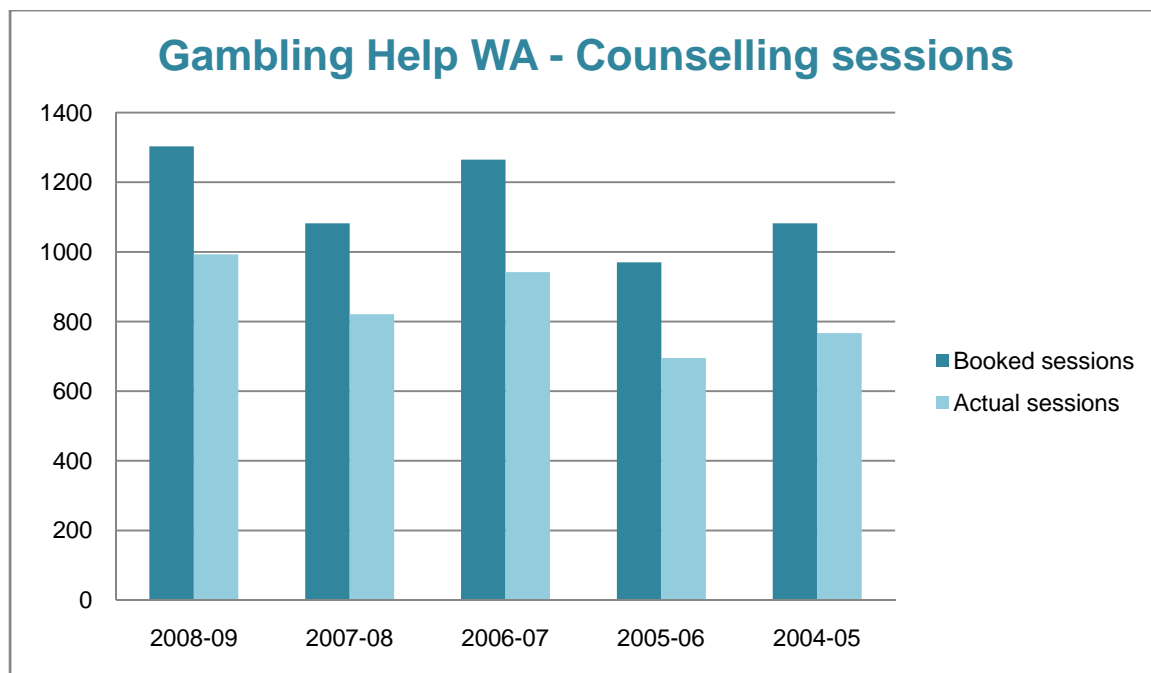
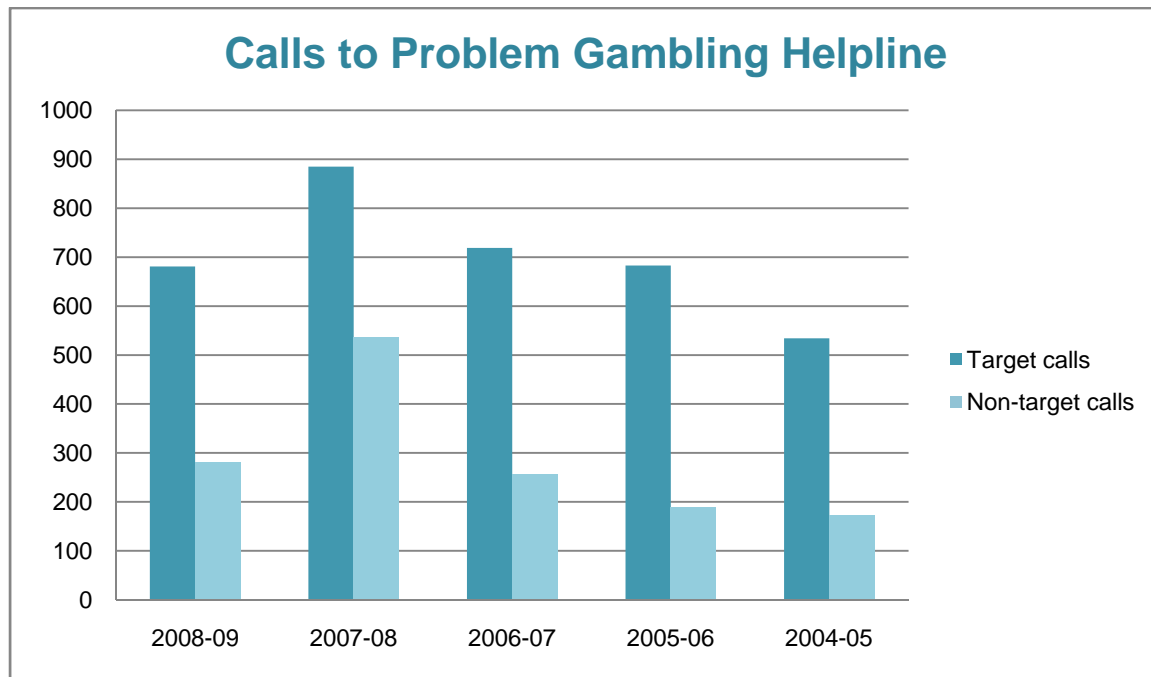
Problem Gambling Support Services Committee

The Problem Gambling Support Services Committee (the Committee) was formed in 1995 under the auspices of the Gaming and Wagering Commission of Western Australia and brings together representatives from the gambling industry and government to address the social and economic issues that result from problem gambling in Western Australia. The Committee is chaired by Barry Sargeant in his capacity as Chairman of the Gaming and Wagering Commission. Mr Sargeant is also the Director General of the Department. Officers of the Department provide executive support to the Committee.

During the year the Committee 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 Committee 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”.



Other activities the Problem Gambling Support Services Committee was involved in during the year include:

National helpline number

On the 25 July 2008, the Ministerial Council on Gambling met in Melbourne and resolved to support a number of national problem gambling initiatives. In particular, the Ministers agreed to establish:

- a national gambling Helpline number; and
- a national online counselling service (see section [National online counselling](#) below)

The 1800 gambling helpline allows people to seek immediate help through a counsellor in their state or territory by ringing one number wherever they are in Australia.

The new national number is 1800 858 858. This new national number has been added to the Yellow Pages 'Gambling Helpline' advertisement. Both the new national number and the existing WA number will remain active into the foreseeable future.

The Committee will meet the call costs for any Western Australian callers using the national number.

National online counselling

Earlier this year, Victoria and Tasmania contracted Turning Point to develop and implement an online problem gambling counselling service. Consequently interest was sought from other jurisdictions to participate in and progress a national approach for the introduction of online problem gambling counselling services. At the Ministerial Council on Gambling meeting held on 25 July 2008, Ministers expressed their interest in a national commitment to the online counselling service.

As a result, a working party was convened and a draft Memorandum of Understanding for establishing and funding an Australian Online Gambling Counselling and Support Program was developed and signed. The Minister for Racing and Gaming, the Hon. Terry Waldron MLA, signed the memorandum on 18 August 2008.

The service will provide an online 24-hour, seven-days-a-week counselling service for problem gamblers. The service will reach a wide range of individuals, and may appeal to those people who would not otherwise be reached through traditional face-to-face counselling. Further, the service may appeal to the increasing number of people who gamble online, while ensuring that people in remote areas have access to quality support services.

The cost structure proposed under the Memorandum of Understanding is based on each jurisdiction's share of the national gambling expenditure.

However, as electronic gaming machine expenditure is widely acknowledged as the greatest cause of problem gambling, and as Western Australia is unique in this regard by virtue of its low electronic gaming machine expenditure due to not having machines in the wider community, the State successfully negotiated a lesser contribution to the national program. Western Australia's contribution has been set at a flat rate of \$10,000 per annum.

Western Australia's required financial contributions were considered to properly reflect the likely number of Western Australians accessing the service. Furthermore, the success of this national initiative depended upon participation of all states. Consequently, in the interests of supporting this initiative, and with the service being more affordable, Western Australia decided to participate in the program.

All governments have committed funding for three years, totalling \$1.5 million.

Responsible Gambling Awareness Week

Responsible Gambling Awareness Week was held during the week of 22 to 28 June 2009. Various meetings were held between industry and government stakeholders regarding appropriate initiatives for the week and included representatives from:

- Burswood Entertainment Complex;
- Racing and Wagering Western Australia;
- Centrecare's Gambling Help WA Counselling Service;
- McKesson Asia Pacific Problem Gambling Helpline;

- Lotterywest; and
- Department of Racing, Gaming and Liquor.

The collaboration of the gambling industry, health services and government demonstrated a united commitment to responsible gambling and addressing the needs of people with gambling problems. Responsible Gambling Awareness Week provided an opportunity for industry to highlight its responsible gambling initiatives and to improve community awareness about the potential risks of gambling, how to prevent a problem and where to get help.

Problem gambling initiatives

Outlined below is an overview of responsible gambling initiatives implemented by industry and government stakeholders in 2008-09.

Burswood Entertainment Complex

Burswood launched the Responsible Gambling Information Centre on 22 June 2009. The Centre enables Burswood to continue to promote and raise awareness of responsible gambling; and provide problem gambling related assistance, advice and referral information.

Racing and Wagering Western Australia (RWWA)

RWWA promoted the first race held at Belmont in 2009 as a 'Gambleaware' event. In addition to this, the following initiatives were also promoted during the week:

- A message supporting Responsible Gambling Awareness Week was displayed on all TAB Agency Customer Information Terminals;
- A message was attached to all outgoing RWWA emails;
- A message supporting responsible gambling was displayed on the OZBET website;
- Gambleaware posters were displayed in all TAB agencies;
- Live reads on Racing Radio; and
- Responsible Gambling Awareness Week was advertised in Tabform (a racing form guide newspaper).

Lotterywest

Lotterywest arranged for their designer to develop the 'Gambleaware' imagery. Posters were also displayed at their head office.

Group Initiatives

The stakeholder group decided that some initiatives could be organised as a collaborative effort. These included:

- a visual 'Gambleaware' logo, followed by a by-line promoting various aspects of responsible gambling. 'Gambleaware' is to be used for the event over the next few years. This year's by-line was 'Know Your Limit, Play Within It';
- the launch of the 'Gambleaware' website www.gambleaware.com.au to promote responsible gambling and information for assistance with problem gambling. Funding for the website was provided by the Gaming and Wagering Commission; and
- advertisements in the West Australian newspaper a week before the Responsible Gambling Awareness Week, listing the planned activities for the week. Funding for the advertisement was provided by Burswood, RWWA and Lotterywest.

Australasian Casino and Gaming Regulators Conference

This year Western Australia hosted the annual Australasian Casino and Gaming Regulators Conference. The conference was organised by the Department of Racing, Gaming and Liquor. Delegates from industry and government attended, including representatives from all Australian state governments and territories; and the governments of Papua New Guinea, New Zealand, Norfolk Island and Singapore. The Minister for Racing and Gaming, Hon. Terry Waldron MLA, attended as a guest speaker.

The conference was held on 21 and 22 May 2009 and addressed a broad range of issues, including the Federal Government's inquiry into gambling in Australia and international trends in casino gaming.

New Client Services Team

In September 2008, a new Client Services Team was formed to provide the first point of contact for customer services in the Department. The team's role covers front counter activities, the switchboard, an educational officer, a training officer and a coordinator. The focus of this team is to provide high quality and professional service to our customers. The team also provides training externally through educational meetings and presentations, and train staff within the Department.

The Client Liaison Officer and Customer Services Coordinator attended various Liquor Accord meetings, similar industry-related meetings and presented information to members of the public, providing an overview of liquor laws and answering questions. Presentations were given in both metropolitan and regional areas.

The Client Liaison Officer and Customer Services Coordinator also carried out free seminars for prospective licensees interested in applying for a liquor licence, providing in-depth information on the statutory requirements and licensing process involved in applying for a liquor licence.

Other activities of the team included:

- meeting with new licensees who have recently been issued with a liquor licence to ensure they understand their conditions of licence and their obligations and responsibilities under the Liquor Control Act.
- continuing to give presentations to industry groups (predominantly club licence holders) on the liquor laws and liquor legislation in general; and
- briefing new croupiers and security personnel at Burswood on the Casino Control Act and Regulations.

Information technology

This year there was significant progress in the development of the core components of the Department's new web-based licensing system. The system will allow for online application lodgement and electronic document management, with the capability to interface with other agencies. This year it was also decided that the system should be designed to allow Race Fields Financial Returns to be lodged online.

This project is on track to allow for the first licence type (Occasional Liquor Licenses) to be lodged online from November / December 2009.

The Department is currently designing new websites for the Racing Penalties Appeal Tribunal and Gaming and Wagering Commission. The Department also implemented a new staff intranet that went live in February 2009.

Changes in written laws

Liquor Control Amendment Regulations

- The Liquor Control Amendment Regulations (No. 3) 2008 amended the Liquor Control Regulations 1989 on 25 October 2008 to:
 - provide a 5 per cent reduction in application fees for lodgement of electronic plans;
 - reduce the application fee for the issue of a list of licensed premises on computer disk from \$95 to \$50; and
 - amend schedule 2 to delete the requirement for an applicant to provide unnecessary details such as height, weight, build etc and to only require the details of a spouse or de facto partner where that person will be assisting in the conduct of the business under the liquor licence.
- The Liquor Control Amendment Regulations (No. 4) 2008 provided new fees and charges under the Liquor Control Act 1988 effective from 1 January 2009.
- The Liquor Control Amendment Regulations (No.8) 2008 amended the Liquor Control Regulations 1989 on 7 February 2009 to remove the reference to “potential to yield” at regulation 10 (a) (ii) by including a requirement that the producer’s licence applicant must demonstrate that the vineyard is in full bearing and able to harvest sufficient produce in the coming season to be considered a genuine producer of liquor.
- The Liquor Control Amendment Regulations 2009 amended the Liquor Control Amendment Regulations 1989 on 14 March 2009 to:
 - include karaoke bars under the special facility licence; and
 - under Regulation 18B, repeal the need for applicants to provide two passport photographs with endorsement made by an approved person and amend to

allow for the destruction of signatures within 10 years, to align the process with that of driver's license applications.

- The Liquor Control Amendment Regulations (No. 6) 2009 amended the Liquor Control Amendment Regulations 1989 on 10 June 2009 to reflect the changes of amendments to the Vocational Education and Training Act 1996.

Restricted Area Regulations

- The Liquor Control (Oombulgurri Restricted Area) Regulations 2008 came into operation on 8 November 2008 to prohibit a person from bringing in and possessing liquor in the Oombulgurri Aboriginal Community.
- The Liquor Control Amendment Regulations (No. 5) 2008 amended the Liquor Control Regulations 1989 on 8 November 2008 to complement the Liquor Control (Oombulgurri Restricted Area) Regulations 2009 so an offence against the Liquor Control (Oombulgurri Restricted Area) Regulations 2009 can be dealt with by way of infringement notice.
- The Liquor Control (Wangkatjunka Restricted Area) Amendment Regulations 2009 amended the Liquor Control (Wangkatjunka Restricted Area) Regulations 2008 to extend the declaration for a further 12 months, effective 22 April 2009. The Regulations prohibit persons from bringing in and possessing liquor in the Wangkatjunka Aboriginal Community.
- The Liquor Control (Jigalong Restricted Area) Regulations 2009 came into operation on 2 May 2009 to prohibit a person from bringing in and possessing liquor in the Jigalong Aboriginal Community.
- The Liquor Control Amendment Regulations (No. 2) 2009 amended the Liquor Control Regulations 1989 on 2 May 2009 to complement the Liquor Control (Jigalong Restricted Area) Regulations 2009 so an offence against the Liquor Control (Jigalong Restricted Area) Regulations 2009 can be dealt with by way of infringement notice.

Disclosures and legal compliance

Financial statements

The aim of these Financial Statements is to present to Parliament details of revenue and expenditure for the Department of Racing, Gaming and Liquor in the format determined by Statement of Accounting Standard AAS 29: 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;
- 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 Commission².

² 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.

Certification of financial statements

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 2009 and the financial position as at 30 June 2009.

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

15 September 2009



Barry A Sargeant
Director General

15 September 2009

DEPARTMENT OF RACING, GAMING AND LIQUOR

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

| | Note | 2009 \$000 | 2008 \$000 |
|---|------|---------------|---------------|
| COST OF SERVICES | | | |
| Expenses | | | |
| Employee benefits expense | 7 | 7,609 | 6,767 |
| Supplies and services | 8 | 1,474 | 1,747 |
| Depreciation and amortisation expense | 9 | 176 | 214 |
| Accommodation expenses | 10 | 659 | 577 |
| Finance costs | 11 | 9 | 4 |
| Loss on disposal of non-current assets | 12 | 28 | 0 |
| Other expenses | 13 | 209 | 204 |
| Total cost of services | | 10,164 | 9,513 |
| Income | | | |
| Revenue | | | |
| User charges and fees | 14 | 6,435 | 5,306 |
| Total revenue | | 6,435 | 5,306 |
| Total income other than income from State Government | | 6,435 | 5,306 |
| NET COST OF SERVICES | 27 | 3,729 | 4,207 |
| INCOME FROM STATE GOVERNMENT | 15 | | |
| Service appropriation | | 2,762 | 3,909 |
| Liabilities assumed by the Treasurer | | 0 | 51 |
| Resources received free of charge | | 116 | 90 |
| Total income from State Government | | 2,878 | 4,050 |
| SURPLUS/(DEFICIT) FOR THE PERIOD | | (851) | (157) |

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 2009

| | Note | 2009 \$000 | 2008 \$000 |
|--------------------------------------|--------|---------------------|---------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 27 | 530 | 2,283 |
| Restricted cash and cash equivalents | 16, 27 | 12 | 17 |
| Receivables | 17 | 563 | 475 |
| Amounts receivable for services | 18 | 80 | 130 |
| Total Current Assets | | <u>1,185</u> | <u>2,905</u> |
| Non-Current Assets | | | |
| Restricted cash and cash equivalents | 16, 27 | 64 | 48 |
| Amounts receivable for services | 18 | 1,833 | 1,563 |
| Plant and equipment | 19 | 1,556 | 793 |
| Intangible assets | 20 | 32 | 109 |
| Total Non-Current Assets | | <u>3,485</u> | <u>2,513</u> |
| TOTAL ASSETS | | <u><u>4,670</u></u> | <u><u>5,418</u></u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 22 | 335 | 417 |
| Provisions | 23 | 653 | 578 |
| Other current liabilities | 24 | 61 | 63 |
| Total Current Liabilities | | <u>1,049</u> | <u>1,058</u> |
| Non-Current Liabilities | | | |
| Provisions | 23 | 766 | 654 |
| Total Non-Current Liabilities | | <u>766</u> | <u>654</u> |
| TOTAL LIABILITIES | | <u><u>1,815</u></u> | <u><u>1,712</u></u> |
| NET ASSETS | | <u><u>2,855</u></u> | <u><u>3,706</u></u> |
| EQUITY | | | |
| Contributed equity | 25 | 454 | 454 |
| Accumulated surplus/(deficiency) | | <u>2,401</u> | <u>3,252</u> |
| TOTAL EQUITY | | <u><u>2,855</u></u> | <u><u>3,706</u></u> |

See also the 'Schedule of Assets and Liabilities by Service'

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 2009

| | Note | 2009 \$000 | 2008 \$000 |
|--|------|---------------------|---------------------|
| Balance of equity at start of period | | <u>3,706</u> | <u>3,863</u> |
| CONTRIBUTED EQUITY | 25 | | |
| Balance at start of period | | 454 | 454 |
| Capital contribution | | 0 | 0 |
| Balance at end of period | | <u>454</u> | <u>454</u> |
| ACCUMULATED SURPLUS | 25 | | |
| Balance at start of period | | 3,252 | 3,409 |
| Change in asset capitalisation policy | | 0 | 0 |
| Restated balance at start of period | | <u>3,252</u> | <u>3,409</u> |
| Surplus/(deficit) or profit/(loss) for the period | | (851) | (157) |
| Gain/(losses) recognised directly in equity | | 0 | 0 |
| Balance at end of period | | <u>2,401</u> | <u>3,252</u> |
| Balance of equity at end of period | | <u><u>2,855</u></u> | <u><u>3,706</u></u> |
| Total income and expense for the period ^(a) | | <u>(851)</u> | <u>(157)</u> |

(a) The aggregate net amount attributable to each category of equity is: deficit \$851,000 (2008: deficit \$157,000).

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 2009

| | Note | 2009 \$000 | 2008 \$000 |
|---|------|----------------|----------------|
| CASH FLOWS FROM STATE GOVERNMENT | | | |
| Service appropriation | | 2,412 | 3,488 |
| Holding account drawdowns | | 130 | 350 |
| Net cash provided by State Government | | <u>2,542</u> | <u>3,838</u> |
| Utilised as follows: | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments | | | |
| Employee benefits | | (6,868) | (5,799) |
| Supplies and services | | (2,175) | (2,295) |
| Accommodation | | (654) | (574) |
| GST payments on purchases | | (286) | (238) |
| GST payments to taxation authority | | 0 | 0 |
| Other payments | | 0 | (11) |
| Receipts | | | |
| User charges and fees | | 6,326 | 5,108 |
| GST receipts on sales | | 5 | 1 |
| GST receipts from taxation authority | | 296 | 275 |
| Net cash provided by/(used in) operating activities | 27 | <u>(3,356)</u> | <u>(3,533)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of non-current physical assets | | (904) | (498) |
| Proceeds/(payments) from fees in trust | | (19) | (45) |
| Proceeds/(payments) from special purpose account | | (5) | (7) |
| Net cash provided by/(used in) investing activities | | <u>(928)</u> | <u>(550)</u> |
| Net increase/(decrease) in cash and cash equivalents | | (1,742) | (245) |
| Cash and cash equivalents at the beginning of period | | 2,348 | 2,593 |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | 27 | <u>606</u> | <u>2,348</u> |

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 2009

| | Licensing - Evaluation and determination of applications | | Compliance audits and inspections | | Total | |
|---|---|---------------|--------------------------------------|---------------|---------------|---------------|
| | 2009 \$000 | 2008 \$000 | 2009 \$000 | 2008 \$000 | 2009 \$000 | 2008 \$000 |
| COST OF SERVICES | | | | | | |
| Expenses | | | | | | |
| Employee benefits expense | 3,809 | 3,326 | 3,800 | 3,441 | 7,609 | 6,767 |
| Supplies and services | 738 | 974 | 736 | 773 | 1,474 | 1,747 |
| Depreciation and amortisation expense | 88 | 119 | 88 | 95 | 176 | 214 |
| Accommodation expenses | 330 | 324 | 329 | 253 | 659 | 577 |
| Finance costs | 5 | 2 | 4 | 2 | 9 | 4 |
| Loss on disposal of non-current assets | 14 | 0 | 14 | 0 | 28 | 0 |
| Other expenses | 111 | 117 | 98 | 87 | 209 | 204 |
| Total cost of services | 5,095 | 4,862 | 5,069 | 4,651 | 10,164 | 9,513 |
| Income | | | | | | |
| User charges and fees | 4,268 | 3,614 | 2,167 | 1,692 | 6,435 | 5,306 |
| Total income other than income from State Government | 4,268 | 3,614 | 2,167 | 1,692 | 6,435 | 5,306 |
| NET COST OF SERVICES | 827 | 1,248 | 2,902 | 2,959 | 3,729 | 4,207 |
| INCOME FROM STATE GOVERNMENT | | | | | | |
| Service appropriation | 1,050 | 1,127 | 1,712 | 2,782 | 2,762 | 3,909 |
| Liabilities assumed by the Treasurer | 0 | 28 | 0 | 23 | 0 | 51 |
| Resources received free of charge | 58 | 51 | 58 | 39 | 116 | 90 |
| Total income from State Government | 1,108 | 1,206 | 1,770 | 2,844 | 2,878 | 4,050 |
| Surplus/(deficit) for the period | 281 | (42) | (1,132) | (115) | (851) | (157) |

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

DEPARTMENT OF RACING, GAMING AND LIQUOR
SCHEDULE OF ASSETS AND LIABILITIES BY SERVICE
FOR THE YEAR ENDED 30 JUNE 2009

| | Licensing - Evaluation and determination of applications | | Compliance audits and inspections | | Total | |
|-------------------------------|---|---------------|--------------------------------------|---------------|---------------|---------------|
| | 2009 \$000 | 2008 \$000 | 2009 \$000 | 2008 \$000 | 2009 \$000 | 2008 \$000 |
| ASSETS | | | | | | |
| Current assets | 593 | 1,453 | 592 | 1,452 | 1,185 | 2,905 |
| Non-current assets | 1,743 | 1,257 | 1,742 | 1,256 | 3,485 | 2,513 |
| Total assets | 2,336 | 2,710 | 2,334 | 2,708 | 4,670 | 5,418 |
| LIABILITIES | | | | | | |
| Current liabilities | 525 | 529 | 524 | 529 | 1,049 | 1,058 |
| Total non-current liabilities | 383 | 327 | 383 | 327 | 766 | 654 |
| Total liabilities | 908 | 856 | 907 | 856 | 1,815 | 1,712 |
| NET ASSETS | 1,428 | 1,854 | 1,427 | 1,852 | 2,855 | 3,706 |

The Schedule of Assets and Liabilities 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 2009 | | | | | | |
|--|---------------------------|-------------------------|-------------------|-------------------------|-------------------------|-------------------|
| | 2009 Estimate \$000 | 2009 Actual \$000 | Variance \$000 | 2009 Actual \$000 | 2008 Actual \$000 | Variance \$000 |
| DELIVERY OF SERVICES | | | | | | |
| Item 53 Net amount appropriated to deliver services | 3,552 | 2,521 | 1,031 | 2,521 | 3,740 | (1,219) |
| Section 25 transfer of service appropriation | 0 | 0 | 0 | 0 | 0 | 0 |
| Amount Authorised by Other Statutes - Salaries and Allowances Act 1975 | 172 | 241 | (69) | 241 | 169 | 72 |
| Total appropriations provided to deliver services | 3,724 | 2,762 | 962 | 2,762 | 3,909 | (1,147) |
| CAPITAL | | | | | | |
| Capital Contribution | 0 | 0 | 0 | 0 | 0 | 0 |
| ADMINISTERED TRANSACTIONS | | | | | | |
| Item 54 Administered grants, subsidies and other transfer payments | 72,084 | 76,391 | (4,307) | 76,391 | 73,340 | 3,051 |
| Amount Authorised by Other Statutes - Liquor Control Act 1988 | 4,500 | 2,819 | 1,681 | 2,819 | 2,110 | 709 |
| Total administered transactions | 76,584 | 79,210 | (2,626) | 79,210 | 75,450 | 3,760 |
| GRAND TOTAL | 80,308 | 81,972 | (1,664) | 81,972 | 79,359 | 2,613 |
| Details of Expenses by Service | | | | | | |
| Service 1 : Licensing - Evaluation and determination of applications | 4,945 | 5,095 | (150) | 5,095 | 4,862 | 233 |
| Service 2 : Compliance audits and inspections | 4,275 | 5,069 | (794) | 5,069 | 4,651 | 418 |
| Total Cost of Services | 9,220 | 10,164 | (944) | 10,164 | 9,513 | 651 |
| Less total income | (5,337) | (6,435) | 1,098 | (6,435) | (5,306) | (1,129) |
| Net Cost of Services | 3,883 | 3,729 | 154 | 3,729 | 4,207 | (478) |
| Adjustments | (159) | (967) | 808 | (967) | (298) | (669) |
| Total appropriations provided to deliver services | 3,724 | 2,762 | 962 | 2,762 | 3,909 | (1,147) |
| Capital Expenditure | | | | | | |
| Purchase of non-current physical assets | 150 | 904 | (754) | 904 | 498 | 406 |
| Adjustments for other funding sources | (150) | (904) | 754 | (904) | (498) | (406) |
| Capital Contribution (appropriation) | 0 | 0 | 0 | 0 | 0 | 0 |
| DETAILS OF INCOME ESTIMATES | | | | | | |
| Income disclosed as Administered Income | | | | | | |
| Taxes and licences Casino Tax | 81,000 | 90,824 | (9,824) | 90,824 | 83,709 | 7,115 |

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 2009 and between the actual results for 2008 and 2009.

DEPARTMENT OF RACING, GAMING AND LIQUOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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 2008-09, 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 2009 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 2009.

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 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

AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers, other than as a result of a restructure of administrative arrangements, 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.

Transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

(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 2008-09 Budget Statements, the Department retained \$6.44 million in 2009 (\$5.31 million in 2008) 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.

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.

Sick Leave

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised in the income statement for this leave as it is taken.

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) in accordance with legislative requirements administers public sector superannuation arrangements in WA.

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 - For 2007-08, the 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 - For 2007-08, 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. Commencing in 2008-09, the reporting of annual movements in these notional liabilities has been discontinued and is no longer recognised 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 figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

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. Based on the assessment, there is no indication of impairment noted and no provision is deemed necessary.

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 2008 that impacted on the Department:

Review of AAS 27 'Financial Reporting by Local Governments', AAS 29 'Financial Reporting by Government Departments and AAS 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';

AASB 1050 'Administered Items';

AASB 1051 'Land Under Roads';

AASB 1052 'Disaggregated Disclosures';

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];

Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. These requirements remain substantively unchanged. The new and revised Standards and Interpretation make some modifications to disclosures and provide additional guidance, otherwise there is no financial impact.

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 early 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 |
| AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 - Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]. This Standard amends AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by the Department where the Crown land is to be sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). The Department does not expect any financial impact when the Standard is first applied prospectively. | 1 July 2009 |
| AASB 2009-2 'Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]'. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. The Department does not expect any financial impact when the Standard is first applied. | 1 January 2009 |

| | 2009 \$000 | 2008 \$000 |
|---|---------------|---------------|
| 7. Employee benefits expense | | |
| Wages and salaries ^(a) | 6,827 | 5,907 |
| Superannuation - defined contribution plans ^(b) | 652 | 590 |
| Superannuation - defined benefit plans ^{(c)(d)} | 0 | 51 |
| Change in annual and long service leave entitlements ^(e) | 130 | 219 |
| | <u>7,609</u> | <u>6,767</u> |
| <p>(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. Commencing in 2008-09, the reporting of notional superannuation expense and equivalent notional income has been discontinued. (e) Includes a superannuation contribution component.</p> | | |
| 8. Supplies and services | | |
| Communications | 111 | 134 |
| Consultants and contractors | 591 | 438 |
| Consumables | 251 | 482 |
| Repairs and maintenance | 67 | 169 |
| Travel | 84 | 159 |
| Advertising and promotion | 49 | 128 |
| Motor vehicle leasing | 84 | 71 |
| Insurance | 8 | 0 |
| Legal services - Resources received free of charge | 111 | 87 |
| Other | 118 | 79 |
| | <u>1,474</u> | <u>1,747</u> |
| 9. Depreciation and amortisation expense | | |
| Depreciation | | |
| Furniture equipment | 15 | 20 |
| Office equipment | 84 | 91 |
| Total depreciation | 99 | 111 |
| Amortisation | | |
| Intangible assets | 77 | 103 |
| Total amortisation | 77 | 103 |
| Total depreciation and amortisation | <u>176</u> | <u>214</u> |
| 10. Accommodation expenses | | |
| Lease rentals | 654 | 574 |
| Resources received free of charge | 5 | 3 |
| | <u>659</u> | <u>577</u> |
| 11. Finance costs | | |
| Unwinding of discounts applied to provisions | 9 | 4 |
| | <u>9</u> | <u>4</u> |
| 12. Net loss on disposal of non-current assets | | |
| <u>Cost of disposal of non-current assets</u> | | |
| Plant and equipment | 28 | 0 |
| <u>Proceeds from disposal of non-current assets</u> | | |
| Plant and equipment | 0 | 0 |
| Net loss | <u>28</u> | <u>0</u> |

| | 2009 \$000 | 2008 \$000 |
|------------------------------------|---------------|---------------|
| 13. Other expenses | | |
| Restoration costs | 37 | 36 |
| Employment on-costs ^(a) | 13 | 17 |
| Other employee related expenses | 89 | 81 |
| Other ^(b) | 70 | 70 |
| | <u>209</u> | <u>204</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'.

14. User charges and fees

Recoups for services provided:

Net Appropriation Revenues

| | | |
|---|--------------|--------------|
| Gaming and Wagering Commission of Western Australia | 3,605 | 2,896 |
| Racing Penalties Appeal Tribunal | 145 | 139 |
| Commonwealth Government | 79 | 80 |
| Liquor fees and other charges | <u>2,606</u> | <u>2,191</u> |
| | <u>6,435</u> | <u>5,306</u> |

15. Income from State Government

Appropriation received during the year:

| | | |
|---|--------------|--------------|
| - Service appropriations ^(a) | 2,762 | 3,909 |
| | <u>2,762</u> | <u>3,909</u> |

The following liabilities have been assumed by the Treasurer during the financial year:

| | | |
|--|----------|-----------|
| - Superannuation ^(b) | 0 | 51 |
| Total liabilities assumed by the Treasurer | <u>0</u> | <u>51</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 | 5 | 3 |
| Department of Attorney General | | |
| - legal services | 111 | 87 |
| | <u>116</u> | <u>90</u> |
| | <u>2,878</u> | <u>4,050</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. Commencing in 2008-09, the reporting of the notional superannuation expense and equivalent notional income has been discontinued.

(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 measured and which would have been purchased if they were not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contribution of assets or services are in the nature of contributions by owners, the Department makes an adjustment direct to equity.

| | 2009 \$000 | 2008 \$000 |
|--|---------------|---------------|
| 16. Restricted cash and cash equivalents | | |
| <i>Current</i> | | |
| Special purpose accounts (refer to note 26) | 12 | 17 |
| | <u>12</u> | <u>17</u> |
| <i>Non-current</i> | | |
| Accrued salaries suspense account ^(a) | 64 | 48 |
| | <u>64</u> | <u>48</u> |
| | <u>76</u> | <u>65</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 | 127 | 33 |
| Allowance for impairment of receivables | 0 | (15) |
| Other receivables | 250 | 264 |
| Accrued revenue | 172 | 146 |
| GST receivable | 14 | 47 |
| Total current | <u>563</u> | <u>475</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 \$422,075 (2008: \$389,565) in due course.

Reconciliation of changes in the allowance for impairment of receivables:

| | | |
|---|----------|-----------|
| Balance at start of year | 15 | 0 |
| Doubtful debts expense recognised in the Income Statement | 0 | 15 |
| Amounts written off during the year | (13) | 0 |
| Amount recovered during the year | (2) | 0 |
| Balance at end of year | <u>0</u> | <u>15</u> |

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

18. Amounts receivable for services

| | | |
|--------------------|--------------|--------------|
| <i>Current</i> | 80 | 130 |
| <i>Non-current</i> | 1,833 | 1,563 |
| | <u>1,913</u> | <u>1,693</u> |

| | 2009 \$000 | 2008 \$000 |
|--------------------------------|---------------|---------------|
| 19. Plant and equipment | | |
| <u>Furniture equipment</u> | | |
| At cost | 187 | 244 |
| Accumulated depreciation | (2) | (203) |
| Accumulated impairment losses | 0 | 0 |
| | <u>185</u> | <u>41</u> |
| <u>Office equipment</u> | | |
| At cost | 707 | 716 |
| Accumulated depreciation | (610) | (571) |
| Accumulated impairment losses | 0 | 0 |
| | <u>97</u> | <u>145</u> |
| Sub-total | <u>282</u> | <u>186</u> |
| Add: Work in progress | <u>1,274</u> | <u>607</u> |
| Total | <u>1,556</u> | <u>793</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 |
|---|---------------------------------|------------------------------|------------------------------|----------------|
| 2009 | | | | |
| Carrying amount at start of year | 41 | 145 | 607 | 793 |
| Additions | 187 | 36 | 667 | 890 |
| Disposals | (28) | 0 | 0 | (28) |
| Transfers | 0 | 0 | 0 | 0 |
| Impairment losses ^(a) | 0 | 0 | 0 | 0 |
| Impairment losses reversed ^(a) | 0 | 0 | 0 | 0 |
| Depreciation | <u>(15)</u> | <u>(84)</u> | <u>0</u> | <u>(99)</u> |
| Carrying amount at end of year | <u>185</u> | <u>97</u> | <u>1,274</u> | <u>1,556</u> |

| | 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 | <u>(20)</u> | <u>(91)</u> | <u>0</u> | <u>(111)</u> |
| Carrying amount at end of year | <u>41</u> | <u>145</u> | <u>607</u> | <u>793</u> |

(a) Recognised in the Income Statement.

| | 2009 \$000 | 2008 \$000 |
|--|---------------|---------------|
| 20. Intangible assets | | |
| Computer software | | |
| At cost | 2,406 | 2,406 |
| Accumulated amortisation | (2,374) | (2,297) |
| Accumulated impairment losses | 0 | 0 |
| | <u>32</u> | <u>109</u> |
| Reconciliations: | | |
| Computer software | | |
| Carrying amount at start of year | 109 | 212 |
| Additions | 0 | 0 |
| 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 | (77) | (103) |
| Carrying amount at end of year | <u>32</u> | <u>109</u> |
| 21. Impairment of assets | | |
| There were no indications of impairment to plant and equipment, and intangible assets at 30 June 2009. | | |
| 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 2009 have been written-off. | | |
| 22. Payables | | |
| Current | | |
| Trade payables | 27 | 169 |
| Other payables | 101 | 1 |
| Accrued expenses | 120 | 105 |
| Accrued salaries | 87 | 142 |
| | <u>335</u> | <u>417</u> |

| | 2009 \$000 | 2008 \$000 |
|------------------------------------|---------------|---------------|
| 23. Provisions | | |
| Current | | |
| Employee benefits provision | | |
| Annual leave ^(a) | 205 | 150 |
| Long service leave ^(b) | 389 | 374 |
| | <u>594</u> | <u>524</u> |
| Other provisions | | |
| Employment on-costs ^(c) | 59 | 54 |
| Restoration costs ^(d) | 0 | 0 |
| | <u>59</u> | <u>54</u> |
| | <u>653</u> | <u>578</u> |
| Non-current | | |
| Employee benefits provision | | |
| Long service leave ^(b) | 558 | 498 |
| | <u>558</u> | <u>498</u> |
| Other provisions | | |
| Employment on-costs ^(c) | 56 | 50 |
| Restoration costs ^(d) | 152 | 106 |
| | <u>208</u> | <u>156</u> |
| | <u>766</u> | <u>654</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 | 205 | 150 |
| More than 12 months after balance sheet date | 0 | 0 |
| | <u>205</u> | <u>150</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 | 389 | 374 |
| More than 12 months after balance sheet date | 558 | 498 |
| | <u>947</u> | <u>872</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 \$152,400.

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 | 106 | 66 |
| Additional provisions recognised | 37 | 36 |
| Payments/other sacrifices of economic benefits | 0 | 0 |
| Unwinding of the discount | 9 | 4 |
| Carrying amount at end of year | <u>152</u> | <u>106</u> |

Employment on-cost provision

| | | |
|--|------------|------------|
| Carrying amount at start of year | 104 | 86 |
| Additional provisions recognised | 41 | 18 |
| Payments/other sacrifices of economic benefits | 0 | 0 |
| Unwinding of the discount | 0 | 0 |
| Carrying amount at end of year | <u>145</u> | <u>104</u> |

| | 2009 \$000 | 2008 \$000 |
|---|---------------|---------------|
| 24. Other liabilities | | |
| Current | | |
| Special purpose accounts (refer to note 26) | 12 | 17 |
| Fees in trust | 49 | 46 |
| | <u>61</u> | <u>63</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 |
|----------------------------------|-----|-----|

Contributions by owners

| | | |
|--------------------------------|------------|------------|
| Capital contribution | 0 | 0 |
| Total contributions by owners | <u>0</u> | <u>0</u> |
| Balance at the end of the year | <u>454</u> | <u>454</u> |

Accumulated surplus/(deficit)

| | | |
|--|--------------|--------------|
| Balance at the start of the year | 3,252 | 3,409 |
| Result for the period | (851) | (157) |
| Income and expense recognised directly to equity | <u>0</u> | <u>0</u> |
| Balance at the end of the year | <u>2,401</u> | <u>3,252</u> |

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 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 | 17 | 24 |
| Receipts | 73 | 73 |
| Payments | <u>(78)</u> | <u>(80)</u> |
| Balance at the end of the year | <u>12</u> | <u>17</u> |

| | | |
|--|--------------|--------------|
| | 2009 | 2008 |
| | \$000 | \$000 |

27. Notes to the Cash Flow Statement

Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

| | | |
|--------------------------------------|------------|--------------|
| Cash and cash equivalents | 530 | 2,283 |
| Restricted cash and cash equivalents | 76 | 65 |
| | <u>606</u> | <u>2,348</u> |

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

| | | |
|---|----------------|----------------|
| Net cost of services | (3,729) | (4,207) |
| Non-cash items: | | |
| Depreciation and amortisation expense | 176 | 214 |
| Superannuation expense | 0 | 51 |
| Resources received free of charge | 116 | 90 |
| Net (gain)/loss on sale of non-current assets | 28 | 0 |
| Doubtful debts expenses | 0 | 15 |
| (Increase)/decrease in assets: | | |
| Current receivables | (52) | (232) |
| Increase/(decrease) in liabilities: | | |
| Current payables | (114) | 233 |
| Current provisions | 75 | 348 |
| Non-current provisions | 112 | (69) |
| Net GST receipts/(payments) | 15 | 38 |
| Change in GST in receivables/payables | 18 | (14) |
| Net cash provided by/(used in) operating activities | <u>(3,356)</u> | <u>(3,533)</u> |

At the balance sheet date, the Department had fully drawn on all financing facilities, details of which are disclosed in the financial statements.

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 | 78 | 0 |
| Later than 1 year and not later than 5 years | 0 | 0 |
| Later than 5 years | 0 | 0 |
| | <u>78</u> | <u>0</u> |
| The capital commitments include amounts for: | | |
| Computing equipment | <u>78</u> | <u>0</u> |

28. Commitments (contd)*Non-cancellable operating lease commitments*

Commitments for minimum lease payments are payable as follows:

| | 2009 \$000 | 2008 \$000 |
|--|---------------|---------------|
| Within 1 year | 597 | 579 |
| Later than 1 year and not later than 5 years | 34 | 563 |
| Later than 5 years | 0 | 0 |
| | <u>631</u> | <u>1,142</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 2009.

.

These commitments are all exclusive of GST.

29. Remuneration of senior officersRemuneration

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:

| \$ | | |
|---|------------|------------|
| 70,001 - 80,000 | 2 | 0 |
| 110,001 - 120,000 | 0 | 1 |
| 120,001 - 130,000 | 0 | 0 |
| 130,001 - 140,000 | 1 | 1 |
| 140,001 - 150,000 | 1 | 0 |
| 150,001 - 160,000 | 0 | 1 |
| 270,001 - 280,000 | 0 | 1 |
| 280,001 - 290,000 | 1 | 0 |
| | <u>5</u> | <u>4</u> |
| The total remuneration of senior officers is: | <u>708</u> | <u>673</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 in respect of the audit for the current financial year is as follows:

| | | |
|--|-----------|-----------|
| Auditing the accounts, financial statements and performance indicators | <u>65</u> | <u>70</u> |
|--|-----------|-----------|

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 2009***Total appropriation to deliver services and Total income***

There was a significant unfavourable variance of \$962,000 in the total appropriation due to the implementation of the State Government's Cash Management Policy in 2009, under which the Department was required to utilise its existing cash resources before any appropriation drawdown could be made. This mainly explained the deficit of \$851,000 recorded for the year 2009.

However, there was a favourable variance of \$1,098,000 in the total income, mainly attributable to the increases in the liquor fee revenues, and recoupment from the Gaming and Wagering Commission of WA.

| | 2009 Estimate \$000 | 2009 Actual \$000 | Variation \$000 |
|--|---------------------------|-------------------------|--------------------|
| Total appropriation provided to deliver services | 3,724 | 2,762 | (962) |
| Total income | 5,337 | 6,435 | 1,098 |

Service Expenditure

| | | | |
|--|-------|-------|-----|
| Service 1 - Evaluation and determination of applications | 4,945 | 5,095 | 150 |
| Service 2 - Compliance audits and inspections | 4,275 | 5,069 | 794 |

The increase in the expenditure of Service 1 and Service 2 was mainly due to the increased expenditure associated with the filling of vacant positions, positions reclassification as a result of an office restructure, and increase in employee leave entitlements.

Significant variances between actuals for 2008 and 2009***Total appropriation to deliver services and Total income***

| | 2009 \$000 | 2008 \$000 | Variance \$000 |
|---|---------------|---------------|-------------------|
| Total appropriation provided to deliver services for the year | 2,762 | 3,909 | (1,147) |
| Total income | 6,435 | 5,306 | 1,129 |

Total appropriation provided to deliver services for the year

The unfavourable variance \$1,147,000 was attributable to the impact of the State Government's Cash Management Policy as explained in the section of 'Significant variances between estimate and actual for 2009'.

Total income

The favourable variance \$1,129,000 was due to the increases in the liquor fee revenues, and recoupment from the statutory authorities.

Service Expenditure

| | 2009 \$000 | 2008 \$000 | Variance \$000 |
|--|---------------|---------------|-------------------|
| Service 1 - Evaluation and determination of applications | 5,095 | 4,862 | 233 |
| Service 2 - Compliance audits and inspections | 5,069 | 4,651 | 418 |

Refer to the explanations provided in the section of 'Significant variances between estimate and actual for 2009' for the unfavourable variances in the two Services.

31. Explanatory statement (contd)

Significant variances between estimate and actual for 2009

Capital Contribution: No variances.

Significant variances between actuals for 2008 and 2009*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 2009, and actuals for 2008 and 2009*Total administered transactions:*

| | 2009 Estimate \$000 | 2009 Actual \$000 | Variation \$000 |
|--|---------------------------|-------------------------|--------------------|
| Administered grants and transfer payments | 72,084 | 76,391 | (4,307) |
| Amount Authorised by Other Statutes - Liquor Control Act 1988 | 4,500 | 2,819 | 1,681 |
| | <u>76,584</u> | <u>79,210</u> | |

Administered Grants and Transfer Payments

The claims for GST gambling rebates lodged were significantly higher mainly due to increased casino gross revenue. The initial appropriation for 2008-09 was \$72,084,000 and supplementary funding of \$5,600,000 was approved.

Amount Authorised by Other Statutes - Liquor Control Act 1988

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

| | 2009 \$000 | 2008 \$000 | Variance \$000 |
|--|---------------|---------------|-------------------|
| Administered grants and transfer payments | 76,391 | 73,340 | 3,051 |
| Amount Authorised by Other Statutes - Liquor Control Act 1988 | 2,819 | 2,110 | 709 |
| | <u>79,210</u> | <u>75,450</u> | |

Administered Grants and Transfer Payments

The claims for GST gambling rebates lodged were significantly higher mainly due to increased casino gross revenue.

Amount Authorised by Other Statutes - Liquor Control Act 1988

The claims lodged in 2009 were higher than those in 2008.

Significant variances between estimate and actual for 2009, and actuals for 2008 and 2009*Administered income:*

| | 2009 Estimate \$000 | 2009 Actual \$000 | Variation \$000 |
|---|---------------------------|-------------------------|--------------------|
| Casino tax | 81,000 | 90,824 | (9,824) |
| 2009 casino gross revenue was higher than budgeted. | | | |
| | 2009 \$000 | 2008 \$000 | Variance \$000 |
| Casino tax | 90,824 | 83,709 | 7,115 |

2009 casino gross revenue was higher than the 2008 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 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 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) 'Financial Instruments Disclosures' and Note 17 'Receivables'.

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. At the balance sheet date there were no significant concentrations of credit risk.

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

Allowance for impairment of financial assets is calculated based on objective evidence such as observable data indicating changes in client credit ratings. For financial assets that are either past due or impaired, refer to 32(c) 'Financial Instruments Disclosures'.

Liquidity risk

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

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

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Department's income or the value of its holdings of financial instruments. 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:

| | 2009 \$000 | 2008 \$000 |
|--|---------------|---------------|
| Financial Assets | | |
| Cash and cash equivalents | 530 | 2,283 |
| Restricted cash and cash equivalents | 76 | 65 |
| Receivables ^(a) | 2,462 | 2,121 |
| Financial Liabilities | | |
| Financial liabilities measured at amortised cost | 396 | 480 |

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

DEPARTMENT OF RACING, GAMING AND LIQUOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

32. (c) Financial Instrument Disclosures

Credit Risk and Interest Rate Risk Exposures

The following table discloses the Department's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Department's maximum exposure to credit risk at the balance sheet date is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Department.

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.

Interest rate exposure and ageing analysis of financial assets ^(a)

| | <u>Interest rate exposure</u> | | | | | | <u>Past due but not impaired</u> | | | | | <u>Impaired Financial Assets</u> |
|--------------------------------------|---|-----------------------------|---------------------------------------|--------------------------------------|----------------------------|-------------------------|----------------------------------|--------------------|--------------------|--------------------|-------------------------------|--|
| | Weighted Average Effective Interest Rate % | Carrying Amount \$000 | Variable Interest Rate \$000 | Non- Interest Bearing \$000 | Up to 3 Months \$000 | 3-12 Months \$000 | 1-2 Years \$000 | 2-3 Years \$000 | 3-4 Years \$000 | 4-5 Years \$000 | More Than 5 Years \$000 | |
| <u>Financial Assets</u> | | | | | | | | | | | | |
| 2009 | | | | | | | | | | | | |
| Cash and cash equivalents | | 530 | | 530 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Restricted cash and cash equivalents | | 76 | | 76 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Receivables ^(a) | | 549 | | 549 | 96 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amounts receivable for services | | 1,913 | | 1,913 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | <u>3,068</u> | | <u>3,068</u> | <u>96</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 2008 | | | | | | | | | | | | |
| Cash and cash equivalents | | 2,283 | | 2,283 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Restricted cash and cash equivalents | | 65 | | 65 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Receivables ^(a) | | 428 | | 428 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amounts receivable for services | | 1,693 | | 1,693 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | <u>4,469</u> | | <u>4,469</u> | <u>3</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

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

DEPARTMENT OF RACING, GAMING AND LIQUOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

32. (c) Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the balance sheet date. The table includes both interest and principal cash flows. An adjustment has been made where material.

Interest rate exposure and maturity analysis of financial liabilities

| | <u>Interest rate exposure</u> | | | | | | <u>Maturity dates</u> | | | | | | |
|------------------------------|--|--------------------|------------------------------|-----------------------------|-------------------------------|-------------------------|-----------------------|----------------|-----------|-----------|-----------|-----------|----------------------|
| | Weighted Average Effective Interest Rate | Carrying Amount | Variable Interest Rate | Non- Interest Bearing | Adjustment for Discounting | Total Nominal Amount | Up to 3 Months | 3-12 Months | 1-2 Years | 2-3 Years | 3-4 Years | 4-5 Years | More Than 5 Years |
| | % | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| <u>Financial Liabilities</u> | | | | | | | | | | | | | |
| 2009 | | | | | | | | | | | | | |
| Payables | | 335 | | 335 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other financial liabilities | | 61 | | 61 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | <u>396</u> | | <u>396</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 2008 | | | | | | | | | | | | | |
| Payables | | 417 | | 417 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other financial liabilities | | 63 | | 63 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | <u>480</u> | | <u>480</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

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.

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

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

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:

| | 2009 | 2008 |
|---|---------------|-------------|
| | \$ | \$ |
| Liquor licence penalties written off by the Accountable Officer | 7,260 | 0 |
| Revenues and debts written off by the Accountable Officer | 6,180 | 0 |
| Assets written off by the Accountable Officer | 27,515 | 0 |
| | <u>40,955</u> | <u>0</u> |

Losses Through Theft, Defaults and Other Causes

| | | |
|----------------|----------|-----------|
| Cash shortages | <u>0</u> | <u>50</u> |
|----------------|----------|-----------|

Gifts of Public Property

| | | |
|---|----------|----------|
| Gifts of public property provided by the Department | <u>0</u> | <u>0</u> |
|---|----------|----------|

DEPARTMENT OF RACING, GAMING AND LIQUOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

| | 2009 | 2008 |
|---|----------------|----------------|
| | \$000 | \$000 |
| 38. Administered expenses and income | | |
| Expenses | | |
| Transfer payments for liquor subsidies, gambling tax rebates, and other subsidies | 81,179 | 75,849 |
| Receipts paid into Consolidated Fund | <u>89,579</u> | <u>83,547</u> |
| Total administered expenses | <u>170,758</u> | <u>159,396</u> |
| Income | | |
| Appropriations for liquor subsidies, gambling tax rebates, and other subsidies | 79,210 | 75,450 |
| Taxes collected under the Casino (Burswood Island) Agreement Act 1985 | <u>90,824</u> | <u>83,709</u> |
| Total administered income | <u>170,034</u> | <u>159,159</u> |

The Compliance audits and inspections of the Department was responsible for the administration of the Administered Transactions. The requirement to disclose the Administered Income and Expenses by Service is therefore not applicable.

39. Administered assets and liabilities

Assets

Current

| | | |
|----------------------------------|--------------|---------------|
| Cash and cash equivalents | 2,721 | 8,129 |
| Receivables | <u>7,199</u> | <u>5,957</u> |
| Total Administered Assets | <u>9,920</u> | <u>14,086</u> |

Liabilities

Current

| | | |
|---------------------------------------|--------------|--------------|
| Payables | 5,089 | 8,531 |
| Fees in trust | <u>0</u> | <u>0</u> |
| Total Administered Liabilities | <u>5,089</u> | <u>8,531</u> |

Payables represent deferral of GST gambling rebate, Equine Influenza financial assistance, and capital grant payments to LotteryWest and 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 performance in meeting its desired outcomes. KPIs measure the effectiveness and efficiency of an agency.

Certification of key performance indicators

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Racing, Gaming and Liquor's performance, and fairly represent the performance of the Department of Racing, Gaming and Liquor for the financial year ended 30 June 2009.



Barry A Sargeant
Director General

15 September 2009

Detailed information in support of key performance indicators

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

| Key Effectiveness Indicator | 2008-09 Target | 2008-09 Actual | 2007-08 | 2006-07 | 2005-06 |
|---|----------------|----------------|---------|---------|---------|
| Licensees / service providers that comply with audit requirements and statutory criteria ³ | 97% | 93% | 96% | 97% | 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 licensees and service providers that complied with audit requirements and statutory criteria. The higher the percentage of compliance, the more effective the enforcement programs are.

Areas of non-compliance typically include:

- conducting activities without a valid permit or licence, for example:
 - conducting gaming (e.g. bingo) when permit has expired;
 - liquor licence holders failing to maintain incident registers;
 - overcrowding at licensed premises; and
 - not having an approved manager on the premises.
- breaching conditions of permits, for example:
 - permit holders failing to submit financial returns;
 - standard lotteries failing to maintain records; and
 - continuing lotteries failing to conduct monthly reconciliations.

³ The Key Effectiveness Indicator is calculated by determining the number of licensees/service providers that complied with audit requirements and statutory criteria as a percentage of the number of audits/inspections conducted in the year.

| Service 1: Licensing – Evaluation and determination of applications | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| Key Efficiency Indicator | 2008-09 Target | 2008-09 Actual | 2007-08 Actual | 2006-07 Actual | 2005-06 Actual |
| Average cost of determining applications ⁴ | \$424 | \$351* | \$345 | \$424 | \$301 |

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 varied from the target cost mainly because of a change in the cost allocation percentage from Service 1 to Service 2, made as a result of a review, and as a consequence of the significant number of applications determined for approval of managers. These applications have been necessary because licensees are now required to have an approved manager on duty during the whole time the licensed premises is open for trade.

| Service 2: Compliance audits and inspection | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| Key Efficiency Indicator | 2008-09 Target | 2008-09 Actual | 2007-08 Actual | 2006-07 Actual | 2005-06 Actual |
| Average cost of conducting inspections ⁵ | \$471 | \$449 | \$386 | \$424 | \$301 |

The conducting of compliance audits and inspections contribute 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.

⁴ The efficiency indicator for this activity is derived by dividing the cost of allocation for the activity by the number of licenses and permits determined.

⁵ 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 2009**

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 2009, and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities 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 www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.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 2009

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 2009 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 2009.



COLIN MURPHY
AUDITOR GENERAL
18 September 2009

Other financial disclosures

Pricing policies of services provided

Pricing policies adopted by the Department on services it provides are based on the premise that:

- industries that are determined by Government to require regulation, should meet the full costs of that regulation through appropriate licence fees⁶;
- the primary purpose for the imposition of fees should be regulatory⁷;
- provision to allow the imposition of a fee should be contained in legislation with the level of fees being established by regulation⁸;
- the liquor, racing and gaming industries should perceive that they receive value for money in the context of the regulation of those industries⁹; and
- the fee structure should be simple.

The latest changes to the Department's fees and charges came into effect on 1 January 2009 (fees and charges are reviewed annually).

⁶ This policy is consistent with the principle of net appropriations. The Department is working towards full cost recovery for the services provided.

⁷ This is consistent with advice received from the Solicitor General regarding the desirability for fees raised at State level to be regulatory in nature.

⁸ 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 fee levels according to the current economic situation. As the opportunity arises, legislation will be amended to reflect this approach.

⁹ The Department will be responsible for ensuring that its regulatory services are efficient, effective and appropriate.

Capital works

- The 'Future Directions – Five Year Plan' for the Department 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. This system will include the online lodgement and tracking of applications and electronic document management, with the capability to interface with other agencies.

The aim is also to develop a solid framework which is flexible enough to allow the easy implementation of the other 20 plus licence categories. The Department is using a phased approach to implement the system.

The project is on track to deliver the Occasional Liquor Licences as the proof of concept in November / December 2009. Once these building blocks are in place and the concept is proven, it is anticipated that it will take several years to build the entire system to handle the different application types that the Department deals with. The Department also intends to build the system so that Race Fields Financial Returns can be lodged through it.

- This year a roll-out of new desktop and laptop computers was completed.

Employment and industrial relations

The following table outlines the Department's staff profile:

| | 2008-09 | 2007-08 |
|------------------------------------|---------|---------|
| Full-time permanent | 94 | 90 |
| Full-time contract | 6 | 12 |
| Part-time measured on an FTE basis | 5.7 | 10.58 |
| Total FTE | 105.7 | 112.58 |
| On secondment | 3 | 1 |

The Department is committed to training and developing 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 program covered the following areas:

- accountable and ethical decision-making;

- attending the Corruption and Crime Commission's Misconduct Resistance Forums;
- cultural awareness;
- customer service;
- disability awareness;
- grievance resolution;
- incident prevention and injury management;
- writing ministerial briefings;
- occupational safety and health;
- recruitment and staff selection;
- risk management;
- strategic communications; and
- team effectiveness.

Workers' compensation

In 2008-09 six workers' compensation claims were lodged. Four were accepted, one was declined and one is pending.

Governance disclosures

Contracts with senior officers

At the date of reporting, other than normal contracts of employment of service, no senior officers, of 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 2008-09 was \$19,784, with expenditure incurred in the following areas:

| Advertising agencies | \$ | Name of advertising agency | \$ |
|---------------------------------|---------|----------------------------|-------|
| Advertising agencies | 9,983 | Design Design | 9,780 |
| | | Marketforce | 203 |
| Government agencies | 9,801 | State Law Publisher | 9,801 |
| Market research organisations | 0 (Nil) | | |
| Polling organisations | 0 (Nil) | | |
| Direct mail organisations | 0 (Nil) | | |
| Media advertising organisations | 0 (Nil) | | |

Disability access and inclusion plan outcomes

The Department currently has in place a five-year [Disability Access and Inclusion Plan](#) (2007-12) that provides strategies to improve access to the services it provides. The plan is reviewed annually and is published on the Department's website.

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. People with disabilities have the same opportunities as other people to access the services of, and any events organised by, the Department.

| Strategy | Task | Outcome |
|--|--|---|
| Provide people with disabilities the opportunity to comment on access to services | Develop a system to assist people with disabilities to comment on services | Completed. |
| Provide people with disabilities the opportunity to access services in a variety of ways | Develop a system to allow on-line applications | Partially completed. The development of the on-line system is ongoing (see page 59 for further information) |

2. People with disabilities have the same opportunities as other people to access the buildings and other facilities of the Department.

| Strategy | Task | Outcome |
|---|---|--------------------|
| 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. | Completed in 2007. |
| 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. | Completed. |

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

| Strategy | Task | Outcome |
|--|---|--|
| 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. | <ul style="list-style-type: none"> • Partially completed. • Partially completed. The website is currently under review. One of the areas being |

| | | |
|---|--|--|
| | | reviewed is the accessibility of our services and documents through the 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 services staff and include as a part of the induction process. | <ul style="list-style-type: none"> • Customer service charter is under review and a new version will be implemented in 2009-10. Charter includes provisions on the accessibility of our services to the hearing and speech impaired. More detailed guidelines to be developed in 2009-10. • In-house awareness training sessions were held with staff in July 2008. The staff induction program is currently under review and a new comprehensive program will be launched in 2009-10. |
| Improve the Department's website to meet contemporary good practice. | Ensure forms and applications are available electronically. | Partially completed. Forms and applications are available electronically and we are developing an on-line system for lodging applications. The content of our website |

| | | |
|--|---|---|
| | | is also under review, with a view to making our services more accessible. |
| Provide documentation regarding services in an appropriate format and using clear and concise language | Adopt State Government Access Guidelines for Information, Services and Facilities, and incorporate into general practice. | Incomplete. Review is ongoing. |

4. People with disabilities receive the same level and quality of service from the staff of the Department.

| Strategy | Task | Outcome |
|---|---|---|
| Improve staff awareness of disability and access issues and improve skills to provide a good service to people with disabilities. | Determine staff training needs through consultation. | Completed. In-house awareness training sessions were held with staff in July 2008. |
| Improve the awareness of new staff about disability and access issues. | Prepare information and plan the establishment of including training in the induction of new staff. | Partially completed. The staff induction program is currently under review and a new comprehensive program will be launched in 2009-10. |

5. People with disabilities have the same opportunities as other people to make complaints to the Department.

| Strategy | Task | Outcome |
|---|---|--|
| Ensure current grievance mechanisms are accessible to people with disabilities. | <ul style="list-style-type: none"> Review current process. Develop other methods for the lodgement of complaints. | Completed. Our customer complaint handling policy and procedure was reviewed in 2007. The policy/procedure is currently being reviewed again and a new version will be implemented in 2009-10. The review includes increasing the ways in which people can make complaints or contact us about concerns they have. |

6. People with disabilities have the same opportunities as other people to participate in any public consultation by the Department.

| Strategy | Task | Outcome |
|--|--|---|
| Improve community awareness of consultation process. | Conduct a review of the Department's community consultation process. | Completed. |
| Commit to ongoing monitoring/review of the DAIP. | Submit quarterly implementation reports to the Corporate Executive. | Completed. Reports are submitted on an ongoing basis. |

Compliance with public sector standards and ethical codes

The Department encourages a culture of openness, honesty and responsibility which is set out in our customer service charter and code of conduct. This includes ensuring employees are provided with adequate training and materials to ensure they are fully aware of their ethical responsibilities and can deliver our services with integrity and care.

The Department is committed to achieving high standards in ensuring compliance with the public sector standards, the [WA Public Sector Code of Ethics](#) and the Department's code of conduct. The following is an overview of the Department's activities with respect to compliance with public sector standards and ethical codes:

- The Department developed and/or reviewed a comprehensive range of its corporate governance policies in 2008-09 (which are all available on the Department's intranet).
- Staff workshops were held to develop a new code of conduct. The new code was implemented in May 2009 and launched by the Corporate Executive group at a departmental staff meeting.
- A comprehensive review and update was carried out on the customer complaint handling policy and procedure; and customer service charter.
- To raise awareness of the Department's values, all employees are required to attend training on 'Accountable and Ethical Decision-Making in the WA Public Sector'. This training course is based on the training modules developed by the Department of the Premier and Cabinet.
- All new employees are required to undertake an online induction training program when they begin their employment. This program provides them with information they need to know about the Department and its policies. Included in the program is training on the Department's code of conduct, which includes a section on the Department's approach to managing conflicts of interest.

In 2008-09, the Department received one breach of standard claim. The claim was upheld.

Public interest disclosures

The Department has internal public interest disclosure guidelines and strongly supports disclosures being made by staff. The Department will take all reasonable steps to provide protection to staff who make such disclosures from any detrimental action in reprisal for the making of a public interest disclosure.

In 2008-09 the Department appointed two new officers as its public interest disclosure officers. They received training from the Office of the Public Sector Standards Commissioner in June 2009 and attended meetings of the OPSSC's PID Officer Professional Network. The Department has promoted awareness of public interest disclosures through its intranet and inductions of new staff.

In 2008-09 there were no public interest disclosures regarding the activities of the Department.

Freedom of information

The Freedom of Information Act 1992 (FOI Act) gives the public a general right of access to documents held by Ministers, State Government Departments, Local Authorities and Statutory Authorities. It is the aim of this Department to make information available promptly and at the least possible cost. Wherever possible, documents will be provided outside the FOI process.

If information is not routinely available, the FOI Act provides the right to apply for documents held by the Department and to enable the public to ensure that personal information in documents is accurate, complete, current and not misleading.

The Department's [FOI Statement](#) was reviewed and updated in June 2009 and is available on our website.

The following table provides information on the FOI applications the Department has handled in 2008-09:

| | 2008-09 | 2007-08 |
|-------------------------------------|---------|---------|
| FOI applications received | 13 | 12 |
| FOI applications processed | 11 | 11 |
| Average time taken to make decision | 23 days | 35 days |
| Reviews of decision | 0 | 2 |

Recordkeeping plans

The Department is committed to continuously improving recordkeeping practices consistent with the State Records Act 2000 and aims for best practice recordkeeping practices. The current office Recordkeeping Plan was approved by the State Records Commission for the maximum period of five years in April 2004.

During 2008-09, the Department carried out a comprehensive review of its Recordkeeping Policy and Plan. This is to demonstrate the Department's commitment to, and compliance with, efficient and effective recordkeeping practices.

The following is an overview of the significant actions taken in 2008-09:

- Submission of Recordkeeping Plan Review Report to the State Records Office in March 2009;
- Implementation of an updated Records Management Policy in June 2009;
- Information and advice given to all staff on classification and storage of emails;
- Formal training and resources on records management provided to all new staff as part of their induction process. Follow-up training and help-desk support is also provided; and

- Continued scanning of all significant incoming correspondence to complement the saving of electronic mail (email) and facsimiles directly into the records management system.

Ministerial directives

The Department of Racing, Gaming and Liquor did not receive any Ministerial directives during 2008-09.

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 internal and external training; and the posting of corporate governance policies and other relevant material on the Department's staff intranet.

In addition:

- In May 2009 the Department implemented a new Fraud and Corruption Control Policy.
- The Code of Conduct and Acceptable Use of Internet and Email Policy are provided to all new employees. New employees are required to sign an undertaking to adhere to the code and policy.
- Regular internet usage audits are conducted and employees are reminded quarterly of their obligations.
- Potential conflicts of interest are assessed and managed in accordance with the Department's Conflict of Interest Policy, Gifts and Hospitality Policy and Secondary Employment Policy (which were all reviewed and updated in May 2009).

- In 2009 senior managers and other relevant employees attended the Corruption and Crime Commission's 'Misconduct Resistance Forums' to gain a better understanding of how to put strategies in place to provide effective resistance against potential misconduct and unethical behaviour.
- Employees are made aware of the obligation to refer allegations of misconduct and corruption to relevant external bodies, including the Corruption and Crime Commission, through training and the Department's Reporting Misconduct Policy and Procedure, which was reviewed and updated in June 2009.

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 staff receiving training on Accountable and Ethical Decision-making during 2008-09.

Furthermore, during 2008-09, the Department reviewed its Code of Conduct and associated corporate governance policies and procedures to ensure they are consistent with the [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 systematic racial discrimination from all policies and practices, in accordance with the [Policy Framework for Substantive Equality](#) (PFSE).

In 2007-08 the Department began implementing the PFSE in relation to conducting section 64 inquiries under the Liquor Control Act 1988. Under section 64 the Director of Liquor Licensing has the authority to act in the public interest to impose restrictions on the sale of liquor from licensed premises to address alcohol related harm in any part of the State. The motivation for selecting section 64 inquiries as the area for implementation was that alcohol-related harm is a significant issue in many remote Aboriginal communities.

In 2008-09, Levels 2 and 3 of the PFSE were implemented in relation to section 64 inquiries. The levels addressed the following:

- Level 2 – Analysis (initial screening) of the processes involved in the imposition of restrictive conditions on liquor licences in Western Australia, particularly in relation to the minimisation of alcohol-related harm in remote Aboriginal communities.

The initial screening of the section 64 inquiry processes was conducted using the PFSE's Needs and Impact Assessment Tool. The purpose of the initial screening was to identify whether any aspect of the service subject to review, or the service itself, has the potential to adversely impact on Aboriginal people and/or communities.

- Level 3 - The Department's Level 3 commitment focused on translating the Level 2 outcomes into a coherent action plan to promote substantive equality through modifying current policy, practice or procedure. The Department is currently developing 'Guidelines for Ensuring Inclusiveness of Aboriginal Consultation in the Section 64 Inquiry Process'.

Occupational safety, health and injury management

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 believes that workplace accidents and injuries are preventable and the safety and health of employees is paramount. The Department's Occupational Health and Safety Policy 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
- provide information, training and supervision for employees so that all work related activities may be conducted in a safe and healthy manner.

Consulting employees on OSH and injury management issues

The Director Governance and Strategy and Occupational Safety and Health Committee (consisting of representatives drawn from across the Department) are responsible for coordinating consultations on OSH issues. In the past 12 months this has included consultations on specific building management issues and the following policies and initiatives that were reviewed and implemented:

- Injury Management Policy (approved by RiskCover);
- Security Policy;
- Driver Safety Policy;
- Alcohol, Drugs and Smoking Policy;
- Mobile Phone (Appropriate Use and Management) Policy;
- Hepatitis B Vaccination Policy;
- Dress Standards Policy;
- Department OSH representatives attended OSH training;
- A flu vaccination program was made available to all employees in April 2009; and

Injury management

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 program.

The Department's Occupational Health and Safety Committee (the Committee), with assistance from the Governance and Strategy Division, developed the Occupational Health and Safety Program and Policy, which was considered by both management and employees. The Committee also considers safety issues referred to it by staff.

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;
- 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.

Assessment of OSH management systems

The Department did not carry out a self evaluation of its OSH management systems in 2008-09. Furthermore, an external accredited assessment has not been conducted within the past three years. However, an external assessor was contracted to conduct a risk assessment of the Information Services Branch.

The Department is committed to ensuring its OSH management systems are fit for purpose. In 2009-10 either an external accredited assessor will be engaged to review the Department's OSH management systems or a self-evaluation will be conducted.

Lost time injury severity rate

A report of annual performance for 2008-09 against the following targets:

| Indicator | 2008-09 Actual | 2008-09 Target |
|--|----------------|--|
| Number of fatalities | Zero (0) | Zero (0) |
| Lost time injury/disease incidence rate | 1.89% (2 LTI) | Zero (0) or 10% reduction on previous years |
| Lost time injury severity rate | Zero (0) | Zero (0) or 10% improvement on previous year |
| Percentage of injured workers returned to work within 28 weeks | 100% | Actual percentage result to be reported |
| Percentage of managers trained in occupational safety, health and injury management responsibilities | 40% | Greater than or equal to 50% |