



Gaming and Wagering Commission of Western Australia 2012/13 Annual Report

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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 Gaming and Wagering Commission of Western Australia for the financial year ended 30 June 2013.

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



Michael Connolly
DEPUTY CHAIRPERSON

17 September 2013

OVERVIEW OF THE COMMISSION

EXECUTIVE SUMMARY

The Gaming and Wagering Commission considered a range of noteworthy and significant issues during the reporting period.

The Commission approved an increase in the number of electronic gaming machines (EGMs) at the Crown Perth Casino by 100 per year over the next five years, bringing the total of EGMs to 2500 at the end of the five year period. The tax rate applied to revenue from EGMs at the Crown Perth Casino will also increase incrementally each year for five years, from 20.614 percent in December 2012 to 21.5 percent by December 2015.

Approval was also given to the Casino Licensee to increase the number of gaming tables by 100 over the next four years, bringing the total number of tables to 350.

During the reporting period, the Commission gave in-principle approval for the introduction of “ticket in, ticket out” (TITO) technology to the majority of Crown Perth’s EGMs and fully automated table games. TITO allows for the acceptance and dispensing of tickets instead of notes and coins.

A trial conducted in April 2013 of TITO technology was well received by casino patrons.

During the year 2203 community gaming permits were issued, resulting in a gross amount of more than \$58 million being raised by permit holders. Following the deduction of event expenses, a net amount of approximately \$19 million was returned to beneficiary organisations.

In the area of racing, the reporting period saw a change to the payment scheme for the racing bets levy charged to wagering operators for the use of Western Australian race fields. Since November 2012, the payable levy has been 1.5 percent of a wagering operator’s monthly turnover, with that figure increasing to 2.0 percent on thoroughbred events during the peak thoroughbred racing period (1 November to 1 January).

In April 2013, further amendments to racing bets levy scheme introduced a threshold that reduced the racing bets levy payable to one percent on turnover up to and including \$2.5 million. The amendments also introduced an exemption to wagering operators where their operations did not achieve a monthly turnover of at least \$1000.

The Commission continued to provide a range of inspectorial and audit functions for the gaming and wagering industries, with a total of 5109 inspections/audits being carried out over 2012/13.

There was a change in the membership of the Commission during the year. A special thank you is extended to Ms Katie Hodson-Thomas who resigned and the Commission welcomed back Ms Helen Cogan.

The Commission met on 11 occasions during the reporting period to consider issues under its area of responsibility.

A handwritten signature in blue ink, appearing to read 'M Connolly', is positioned above the printed name.

Michael Connolly
DEPUTY CHAIRPERSON

OPERATIONAL STRUCTURE

ENABLING LEGISLATION

The Gaming and Wagering Commission of Western Australia is established as a statutory authority under section 4 of the *Gaming and Wagering Commission Act 1987*.

RESPONSIBLE MINISTER

As at 30 June 2013, the Minister responsible for the Racing and Gaming portfolio was the Hon. Terry Waldron MLA, Minister for Racing and Gaming; Sport and Recreation.

RESPONSIBILITIES OF THE GAMING AND WAGERING COMMISSION

The *Gaming and Wagering Commission Act 1987* legalises social gambling and allows other forms of gaming (minor gaming) for fund raising purposes by non-profit organisations provided they are authorised by a gaming permit and conducted on approved premises.

Minor gaming comprises of two-up, bingo, standard lotteries, continuing lotteries and non casino type games approved by the Commission.

The Commission is responsible for controlling and regulating gambling in Western Australia, and its practices and policies are designed to maintain public confidence in the integrity of gambling provided. The main duties of the Commission are to:

- administer the laws relating to gaming and betting;
- review the conduct, extent and character of gambling operations and the provision, use and location of gaming and wagering facilities;
- formulate and implement policies for the scrutiny, control and regulation of gaming and betting, taking into consideration the requirements and interests of the community as a whole;
- issue permits, certificates and employee licences; and
- provide advice to the Minister on any matter relating to gaming and betting.

The broad objectives of the Commission in relation to the State's gambling industry are to:

- approve, or withhold approval from persons, premises, games and gambling in relation to the *Betting Control Act 1954*, the *Casino Control Act 1984*, the *Gaming and Wagering Commission Act 1987* and the *Racing and Wagering Western Australia Act 2003*;
- licence directors and key employees of Racing and Wagering Western Australia, subject to the *Racing and Wagering Western Australia Act 2003*; and to grant, revoke or amend such approvals and licences;
- licence persons, partnerships and bodies corporate as bookmakers, bookmakers' employees and bookmakers' managers, subject to the provisions of the *Betting Control Act 1954*; and to grant, revoke or amend such approvals and licences; and
- seek, receive, disseminate or publish information relevant to gambling and the incidence of gaming and wagering and its effect in the community.

ADMINISTERED LEGISLATION

The Gaming and Wagering Commission is responsible for administering the following legislation:

- Betting Control Act 1954;
- Bookmakers Betting Levy Act 1954;
- Casino (Burswood Island) Agreement Act 1985;
- Casino Control Act 1984;
- Gaming and Betting (Contracts and Securities) Act 1985;
- Gaming and Wagering Commission Act 1987;
- Gaming and Wagering Commission (Continuing Lotteries Levy) Act 2000;
- Racing and Wagering Western Australia Act 2003;
- Racing and Wagering Western Australia Tax Act 2003;
- Racing Bets Levy Act 2009; and
- Racing Restriction Act 2003.

OTHER LEGISLATION IMPACTING ON THE COMMISSION'S ACTIVITIES

In the performance of its functions, the Gaming and Wagering Commission of Western Australia 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.

ADMINISTRATIVE STRUCTURE

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

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

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

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

COMMISSION MEMBERSHIP

As at 30 June 2013, the members of the Gaming and Wagering Commission of Western Australia were:

Mr Barry A Sargeant – Chairperson

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

Mr Andrew Duckworth – Member

Mr Duckworth has worked in senior positions in a number of Western Australian Government departments. Following a period as a prisoner educator, Mr Duckworth moved to the Health Department where he was involved in the creation and management of several Western Australian health promotion programs, including the Drinksafe Campaign and development of the National Campaign against Drug Abuse. Mr Duckworth also served on various policy committees and decision making bodies.

Mr Duckworth later worked with the WA Police in the Professional Standards Portfolio developing programs and strategies to enhance ethics education and professional accountability.

Mr Kevin Harrison – Member

Mr Harrison is a past Commissioner, Chairman and Chief Executive of the West Australian Tourist Commission. Mr Harrison has served on government boards at state, national and international levels, including roles as Chairman of the Rottnest Island Authority, Eventscorp and Rally Australia. Mr Harrison has been a board member of more than 60 companies in 17 sectors of the tourism industry, including Managing Director of a national accommodation chain and Vice President of an international accommodation chain of more than 500 properties.

Professor Colleen Hayward – Member

Ms Hayward has provided for more than 30 years significant input to policies and programs on a wide range of issues reflecting the needs of minority groups and is currently Head of Kurongkurl Katitjin at Edith Cowan University's Centre for Indigenous Education and Research.

Ms Hayward has significant experience in policy and management, as well as an extensive background in health, education, training, employment, housing, child protection, and law and justice. Ms Hayward has been recognised for her work for, and on behalf of, Aboriginal and Torres Strait Islander communities. This has included receiving the Premier's Multicultural Ambassadors Award in 2006, the National NIADOC Aboriginal Person of the Year 2008, and being appointed a Member of the Order of Australia in 2012.

Ms Helen Cogan - Member

Ms Cogan is a former lawyer from the State Solicitor's Office where she held the position of Senior Assistant State Solicitor. Ms Cogan was employed with the State Solicitor's Office over the period 1993 to 2005. Ms Cogan worked for various private and public legal organisations within Australia and overseas prior to her employment with the State Solicitor's Office.

Mr Trevor Fisher - Member

Mr Fisher farmed in Kojonup for 42 years before semi-retiring to Busselton. Mr Fisher was heavily involved in the Kojonup community, taking positions in local government and the football and tennis clubs. Mr Fisher has been a member of Rotary International for 20 years and is actively involved in the Busselton club coordinating Australia Day festivities and other community services.

Ms Katie Hodson-Thomas - Member

Ms Hodson-Thomas is a retired parliamentarian who was the MLA for Carine between 1996 and 2008 and held shadow portfolio responsibilities for Tourism; Small Business; Environment; Transport and Road Safety. Ms Hodson-Thomas was also appointed Parliamentary Secretary to the Minister for Health during the Court Government and Deputy Chairperson of the Community Development and Justice Standing Committee in the 37th Parliament. Ms Hodson-Thomas resigned from the Commission on 28 November 2012

PERFORMANCE MANAGEMENT FRAMEWORK

OUTCOME BASED MANAGEMENT FRAMEWORK

The Commission operates under the broad high level government strategic goal of providing a greater focus on achieving results in key service deliveries for the benefit of all Western Australians. The desired outcome for the Commission is to promote and maintain the integrity of lawful gambling activities for Western Australians within community expectations on harm minimisation.

The Commission is responsible for the control and regulation of gambling in Western Australia and its practices and policies are designed to maintain public confidence in the integrity of gambling. The Commission's approach to the State's gambling industry is focused on consumer protection. The success of the gambling industry depends, to a large extent, on public confidence in the integrity of the gambling services provided.

The licensing regime focuses on upholding the integrity of the gambling industry through probity and ongoing licensing requirements so a high level of consumer confidence in the Western Australian gambling industry is maintained. A strict legislative framework operates within the State to:

- prevent criminal interests from operating gambling activities;
- maintain the integrity of permitted gambling and contain its social costs; and
- limit the availability of gambling opportunities in the community through legislation that provides a controlled environment in which the different forms of gambling can be conducted.

The licensing regime is designed to reduce the incidence of fraudulent and provide increased certainty about the quality and integrity of the gambling product. The rules and procedures ensure that the operators of gambling activities achieve a particular standard of professional service. The public benefits by reduced uncertainty or risk being associated with the gambling product.

The Gaming and Wagering Commission's Outcome Based Management Framework did not change during 2012/13.

SHARED RESPONSIBILITIES WITH OTHER AGENCIES

The Gaming and Wagering Commission of Western Australia did not share any responsibilities with other agencies in 2012/13.

REPORT ON OPERATIONS

REPORT ON OPERATIONS

Actual Results versus Budget Targets

FINANCIAL TARGETS	TARGET ¹ \$	ACTUAL \$	VARIATION \$
Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)	5,042,000	4,636,724	405,276
Net cost of services (sourced from Statement of Comprehensive Income)	590,000	967,259	(377,259)
Total equity (sourced from Statement of Financial Position)	9,301,636	8,024,494	1,277,142
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	(590,000)	(1,323,529)	(733,529)
	No.	No.	No.
Approved full time equivalent (FTE) staff level ²	0	0	0

SUMMARY OF KEY PERFORMANCE INDICATORS ³			
KEY EFFECTIVENESS INDICATOR	TARGET	ACTUAL	VARIATION
Percentage of unlawful gambling detected in relation to total audits	0.88%	1.50%	0.62
Number of violation reports/infringement notices issued in relation to casino gaming	7	11	4
KEY EFFICIENCY INDICATOR	TARGET \$	ACTUAL \$	VARIATION \$
Cost per Gambling Certificate/Permit issued	496	476	20
Cost per Casino Employee Licence issued	803	644	159
Cost of monitoring the integrity of casino gaming operations over one year	163,418	95,025	68,393
Cost per instance of unlawful gambling detected	46,375	23,756	22,619
Cost per casino submission received	586	532	54

1 As specified in the Budget Statements for the year in question.

2 Executive support for the Commission is provided by the Department of Racing, Gaming and Liquor.

3 Explanations for the variations between budget target and actual key performance indicator results are presented at pages 58 to 61.

LICENSING PROGRAM

COMMUNITY GAMING

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.

The Commission provides a licensing service for the casino, community gaming and betting industries. Officers of the Department of Racing, Gaming and Liquor act on behalf of the Commission to evaluate and determine applications that have been made pursuant to the provisions of the relevant legislation, which results in the granting or refusal of applications and the subsequent issue of the licence or permit sought.

During 2012/13, 2203 community gaming permits were issued. This resulted in the gross amount of over \$58 million being raised by permit holders. Following the deduction of expenses associated with running the event, a net amount of approximately \$19 million was returned to beneficiary organisations for the active promotion, support or conduct of sporting, social, political, literary, artistic, scientific, benevolent, charitable or other similar activities within the Western Australian community.

The following table provides a four-year summary of total number of licences issued by the Commission. This shows that there has been a slight decrease in the number of permits issued during this period of time.

NUMBER OF GAMING PERMITS ISSUED	2009/10	2010/11	2011/12	2012/13
Bingo	200	193	207	192
Continuing Lottery	250	246	249	212
Gaming Functions	458	441	462	456
Standard Lottery	891	907	879	856
Calcutta	40	41	44	51
Two-up	51	52	48	50
VLTS	420	386	382	386
Total	2310	2266	2271	2203

The following table provides a three-year summary of the total gross and net revenue raised by gaming permit holders over the past three years.

COMPARISON OF GROSS AND NET REVENUE RAISED BY GAMING PERMIT HOLDERS						
	2010/11		2011/12		2012/13	
	Gross	Net	Gross	Net	Gross	Net
Bingo	\$5,261,766	\$661,794	\$5,692,579	\$799,015	\$5,587,866	\$375,101
Continuing Lottery	\$7,358,628	\$1,476,784	\$7,310,059	\$1,473,857	\$6,245,089	\$1,289,290
Gaming Functions	\$3,016,748	\$455,540	\$2,977,872	\$466,259	\$2,921,635	\$447,553
Standard Lottery	\$31,045,040	\$13,277,153	\$30,878,560	\$13,613,067	\$34,838,005	\$15,792,721
Calcutta	\$419,783	\$87,522	\$510,907	\$135,320	\$500,938	\$99,208
Two-up	\$42,485	\$24,515	\$44,875	\$24,392	\$43,800	\$23,018
VLTs	\$9,554,702	\$1,116,598	\$9,125,835	\$1,113,594	\$8,384,101	\$1,003,435
TOTAL	\$56,699,152	\$17,099,906	\$56,540,687	\$17,625,504	\$58,521,434	\$19,030,326

Persons who assist in the conduct of community gaming for reward are required to hold 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.

The following table provides a four-year summary of the total number of gaming operators, suppliers, premises and gaming equipment permits issued by the Commission over the past four years.

NUMBER OF PERMITS ISSUED				
	2009/10	2010/11	2011/12	2012/13
Class of Gaming Equipment	8	7	7	5
Item of Gaming Equipment	3	3	3	3
Approval of Premises	165	135	164	153
Gaming Operator's Certificate	46	42	34	26
Supplier's Certificate	7	7	9	8
Total	229	194	217	195

The following table provides a four-year summary of the revenue raised by the Commission from gaming licence fees.

REVENUE RAISED BY FEES	2009/10	2010/11	2011/12	2012/13
Bingo	\$59,111	\$61,790	\$63,664	\$61,966
Continuing Lottery	\$105,983	\$71,934	\$90,060	\$74,013
Gaming	\$344,625	\$347,080	\$361,100	\$328,260
Class of Gaming Equipment	\$830	\$735	\$735	\$529
Item of Gaming Equipment	\$165	\$180	\$180	\$181
Standard Lottery	\$53,537	\$62,183	\$57,715	\$58,281
Calcutta	\$3,825	\$3,910	\$4,405	\$4,989
Two-up	\$17,370	\$15,025	\$13,635	\$12,145
Operator's Certificate	\$9,605	\$9,030	\$7,430	\$5,691
Supplier's Certificate	\$1,970	\$1,680	\$1,695	\$1,476
VLT	\$73,872	\$104,572	\$85,431	\$78,456
Approved Premises	\$8,505	\$7,600	\$8,330	\$7,620
Bookmaker	\$1,060	\$2,435	\$2,105	\$325
Bookmaker Manager	\$80	\$380	\$300	\$155
Bookmaker Employee	\$600	\$1,310	\$1,110	\$1,500
RWWA Director	\$695	\$620	\$1,045	\$1,304
RWWA Key Employee	\$3,820	\$840	\$5,545	\$2,571
Casino Key Employee	\$24,015	\$21,635	\$20,950	\$28,524
Casino Non Key Employee	\$73,220	\$119,285	\$123,305	\$138,770
Total	\$782,888	\$832,224	\$848,740	\$806,756

CASINO GAMING

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 Crown Perth Entertainment Complex must be licensed under the appropriate regulations.

The following table provides a four-year summary of the total number of licences in operation.

CASINO EMPLOYEE LICENSING	2009/10	2010/11	2011/12	2012/13
Casino Key Employee	374	378	376	417
Casino Employee	1660	1686	1720	1895
Total	2034	2064	2096	2312

Casino Revenue

In 2012/13, casino gaming revenue of nearly \$599 million was generated, producing \$106 million in casino taxation revenue for the State.

GROSS CASINO REVENUE BY GAME TYPE AND TOTAL TAX PAYABLE		
	2011/12	2012/13
Electronic Gaming Machines	\$245,475,292	\$ 269,064,743
Fully Automated Table Games	\$2,419,340	\$ 2,208,529
Roulette Games	\$52,910,832	\$ 65,607,576
Baccarat Games	\$245,797,482	\$ 171,312,467
Blackjack	\$54,427,227	\$ 55,305,350
Other games	\$33,091,859	\$ 33,376,024
Total Gross Casino Revenue	\$634,122,032	\$ 598,759,507
Tax Payable	\$106,377,517	\$ 106,340,205

The following table provides a four-year summary of the total number of visitors to Crown Perth casino.

CASINO ATTENDANCE FIGURES			
2009/10	2010/11	2011/12	2012/13
5,863,751	5,716,078	5,659,122	7,726,346

The following table provides a two-year summary of the number of table and electronic gaming machines in operation at Crown Perth casino as at 30 June 2013.

AS AT 30 JUNE EACH YEAR	2012	2013
Table Games	187	226
Electronic Gaming Machines	1885	2100

WAGERING

Licensing of Racing and Wagering Western Australia (RWWA) Directors and Key Employees

RWWA's directors and key employees must be licensed in accordance with the *Racing and Wagering Western Australia Act 2003*. The following table provides a four-year summary of the total number of licences in operation.

RWWA EMPLOYEE LICENCES	2009/10	2010/11	2011/12	2012/13
Directors	11	12	11	11
Key Employee	75	72	73	72
Total	86	84	84	83

Licensing of Bookmaker Operations

Bookmakers and bookmakers' employees must be licensed in accordance with the *Bookmakers Betting Levy Act 1954*. The following table provides a four-year summary of the total number of licences in operation.

BOOKMAKER LICENCES	2009/10	2010/11	2011/12	2012/13
As at 30 June	50	49	45	40
BOOKMAKER'S MANAGER LICENCES	2009/10	2010/11	2011/12	2012/13
Issued	1	3	2	1
Expired	0	0	0	0
BOOKMAKER'S EMPLOYEE LICENCES	2009/10	2010/11	2011/12	2012/13
Issued	20	43	33	50
Expired	19	26	26	54

Racing Bets Levy Returns

On behalf of the Western Australian racing industry, the Commission is responsible for collecting and disbursing the racing bets levy paid by wagering operators who use Western Australian race fields as part of their wagering operations. In this regard, the Commission remits all levies (less a monthly administration fee) to RWWA for distribution amongst all WA registered racing clubs in accordance with its Strategic Development Plan.

For 2012/13, the Commission remitted a total of \$30.6 million to RWWA for distribution to the Western Australian racing industry. Since the introduction of the racing bets levy scheme (applicable retrospectively to 1 September 2008), the Commission has remitted a total of \$124.1 million to RWWA for distribution to the WA racing industry.

COMPLIANCE PROGRAM

The Gaming and Wagering Commission provides a range of inspectorial and audit functions for casino, wagering and community gaming industries to ensure that gambling is conducted lawfully and in a responsible manner. Inspectorial functions carried out by the Commission include:

- casino surveillance;
- conducting daily verification of casino gaming revenue and monthly casino tax reconciliations
- physical inspections and auditing of financial returns relating to permitted gaming activities;
- independent 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; and
- investigation of complaints.

The inspectorial program also enforces the provisions of the *Betting Control Act 1954*, the *Casino Control Act 1984*, the *Gaming and Wagering Commission Act 1987* and the *Racing and Wagering Western Australia Act 2003*, so that adequate controls are in place to maintain compliance with legislative requirements and to monitor the ongoing effectiveness of those controls.

The following table provides a four-year summary of the number and nature of audits, inspections, assessments and investigations conducted by the Commission. A breakdown of these figures is provided at page 20.

AUDITS, INSPECTIONS, ASSESSMENTS AND INVESTIGATIONS	2009/10	2010/11	2011/12	2012/13
Wagering	1488	535	333	328
Lotterywest	1122	761	754	706
Community Gaming	752	747	398	365
Casino	6722	5483	3714	3753
Total	10084	7526	5199	5152

INSPECTORATE PROGRAM	2009/10	2010/11	2011/12	2012/13
Wagering				
Bookmaker telephone betting inspections	7	5	0	16
Bookmaker licensing and equipment checks	7	3	0	1
Bookmaker betting operations inspections	8	3	0	1
TAB agency inspections and cash counts	208	247	144	180
Oncourse tote inspections and audits	5	54	1	2
Sports betting contingency audit	0	0	0	0
Racefields bet levy return audits	1012	7	3	0
Racing industry GST reimbursement claims received	205	180	156	79
Racing industry GST reimbursement audits conducted	2	0	3	0
Lotterywest				
Cash 3 draw verification	730	364	366	365
Lotto/Soccer Pools draw verification	365	364	366	312
Promotional draws verification	13	24	13	18
Lotterywest GST reimbursement claims received	14	9	9	11
Lotterywest GST reimbursement audits conducted	0	0	0	0
Community Gaming				
Gaming inspections performed	476	56	149	198
Gaming investigations conducted	33	380	16	15
Gaming audits conducted	216	223	150	91
Casino				
Equipment checks completed	2	6	0	0
EGM Prom and seal checks completed	3566	2871	1380	2564
Daily revenue figures calculated	365	365	366	363
Illegal activity detected	20	0	0	6
Casino audits and inspections completed	1977	1497	1252	7
Hard and soft cash counts completed	722	676	677	725
Casino GST reimbursement claims received	11	12	10	12
Submissions to the Gaming and Wagering Commission				
Racing industry	6	4	6	7
Racing and Wagering WA	28	32	20	37
Gaming	8	73	67	41
Casino	59	56	29	49
Compliance issues	19	15	16	19

The following table provides a four-year summary of the number and nature of non-compliance issues detected by the Department's Gambling Regulation Division.

NON COMPLIANCE WITH LEGISLATIVE REQUIREMENTS	2009/10	2010/11	2011/12	2012/13
Community Gaming and Casino Infringements Issued	58	49	22	37
Gaming Cautions Issued	29	32	15	22
Violation reports against the casino operation (relating to breaches of game rules, procedures or directions)	16	5	7	11
Casino Prosecutions	0	0	0	2
Racing Prosecutions/Cautions Issued	3	12	0	5
Total	106	98	44	77

SIGNIFICANT ISSUES IMPACTING THE COMMISSION

DEVELOPMENT AT CROWN PERTH

Gaming Facilities

In November 2012, the Gaming and Wagering Commission approved an increase in the number of Electronic Gaming Machines (EGMs) by 100 per year over the ensuing five years (to a maximum of 2,500), and the number of table games by 25 per year over the next four years (to a maximum of 350) at the casino complex. As part of this approval, the tax rate on EGMs will increase each year as illustrated in the table below.

Date of EGM Tax Increase	% of taxable revenue
24 December 2012	20.614
24 December 2013	20.956
24 December 2014	21.354
24 December 2015	21.500

In determining the Casino Licensee's submission for an expansion of gaming products, the Commission took into consideration:

- public interest issues including the tourism potential of the integrated resort itself and the employment opportunities provided by the proposed development, which were weighed and balanced against the likelihood of any material impact on problem gambling prevalence rates;
- the low rate in the prevalence of problem gambling in WA by virtue of maintaining a single destination for casino style gaming - a significant factor recognised by the Productivity Commission; and
- the fact that WA continues to maintain the lowest ratio of EGMs per head of population of any Australian jurisdiction; that is, 1.04 EGMs/1000 adults.

Subleasing of the Casino Complex

Section 21F(1a) of the *Casino Control Act 1984* provides that the Minister for Racing and Gaming, on the recommendation of the Commission, must approve the casino licensee disposing of (including by way of lease) any part of the casino complex to another person.

During the reporting year, the Gaming and Wagering recommended to the Minister approval of sub-leasing arrangements for a number of businesses including McDonalds, Subway, Linneys Jewellery, Tiketek and Wok in a Box.

RACING BETS LEVY HIGH COURT DECISION

Following the March 2012 decision of the High Court of Australia where it dismissed appeals by Betfair Pty Ltd against Racing NSW and Harness Racing NSW and Sportsbet Pty Ltd against the State of NSW, the *Racing Bets Levy Regulations 2009* were amended on 1 November 2012 to provide for a single method of levy payment. The new levy was set at 1.5% of turnover with a premium levy of 2% applicable for thoroughbred racing conducted during the peak season (between 1 November and 1 January each year).

On 1 April 2013, further amendments were made to the *Racing Bets Levy Regulations 2009* to provide for a reduced levy of 1% on wagering operators' turnover below \$2.5 million. This amendment was approved to bring Western Australia into line with other racing jurisdictions in Australia where lower levy thresholds are in place. An additional amendment was included to exempt betting operators from paying a levy in any month where their turnover did not reach \$1,000.

NATIONAL GAMBLING REFORM ACT 2012

The Commonwealth Government's *National Gambling Reform Act 2012*, that came into operation on 12 December 2012, aims to minimise the harm caused by problem gambling through:

- establishing a national player pre-commitment scheme for gaming on electronic gaming machines, where it will be compulsory for gaming venues to offer a voluntary pre-commitment scheme to patrons; and
- implementing a \$250 per card per day withdrawal limit on automated teller machines in gaming premises, except in casinos and communities where this may cause unreasonable inconvenience.

Crown Perth Casino will be required to implement the player commitment technology by 31 December 2018.

The reform requiring withdrawal limits on ATMs in gaming premises does not apply to Western Australia, as electronic gaming machines are only available in the Crown Perth Casino. Casinos are exempt from this reform.

In addition, all new gaming machines that are manufactured or imported from 31 December 2014 will be required to have pre-commitment capability.

The National Gambling Regulator was also established on commencement of the Act and its primary function is to administer the Commonwealth legislation and to monitor, investigate and enforce compliance.

REVIEW OF THE INTERACTIVE GAMBLING ACT

On 27 May 2011, the Council of Australian Governments Select Council on Gambling Reform announced that the Commonwealth Department of Broadband, Communications and the Digital Economy would undertake a review of the *Interactive Gambling Act 2001* (the Act). The review focused on nine terms of reference including examining the growth of online gambling services, the adequacy of the provisions of the Act and international regulatory approaches to online gambling.

On 12 March 2013, the final report on the review was released. The report has found that a national approach is needed in order to:

- ensure a minimum level of harm minimisation and consumer protection measures across all licensed online gambling providers;
- maintain balance with the harm minimisation measures in the electronic gaming machine reforms; and
- reduce the risk of competition between jurisdictions to attract online gambling companies on the basis of 'less onerous regulation'.

The report made 32 recommendations to implement a new regulatory strategy, which covers the areas of harm minimisation, consumer protection, deterrence, enforcement, education/awareness, advertising/promotion, online gaming and online wagering.

At the time of releasing the report, the then Minister for Broadband, Communication and the Digital Economy, Senator the Honourable Stephen Conroy, sought the views of all States and Territories regarding:

- developing a national standard for harm minimisation and consumer protection measures;
- greater enforcement and deterrence relating to online gambling; and
- any other comments in relation to the remaining recommendations.

The Commonwealth also indicated that it is not proceeding with recommendations relating to the trial of online poker tournaments and online wagering.

Western Australia supports initiatives that will contribute to reducing harm to problem gamblers and those at risk of becoming problem gamblers. However, Western Australia has not committed to any initiatives, pending advice from the Commonwealth Government as to whether it is still progressing with the review of the Act.

RACING MINISTERS' CONFERENCE

The Australian Racing Ministers Conference was held on the 19 April 2013 in Sydney where Racing Ministers met to discuss issues affecting the racing industry.

Ministers were briefed by representatives from the Australian Racing Board, Harness Racing Australia and Greyhounds Australasia, as well as by Commonwealth representatives from the Department of Agriculture, Fisheries and Forestry on proposed new post entry quarantine arrangements.

Ministers agreed at the meeting to write to the Federal Government and Opposition reiterating previous requests for legislation to safeguard racing participants through blocking access to websites of unauthorised offshore wagering operators. They agreed this approach would protect consumers from unscrupulous practices and would ensure the viability of the Australian racing industry.

PROHIBITING THE OFFERING OF COSMETIC MEDICAL AND SURGICAL PROCEDURES AS PRIZES

In 2012, Dr Kim Hames MLA, Minister for Health, wrote to the Minister for Racing and Gaming regarding the *Final Report on Cosmetic and Surgical Procedures – A National Framework*. The report was prepared following a request from the Australian Health Ministers' Conference that the adequacy of consumer safeguards in relation to cosmetic medical and surgical procedures be examined.

One of the report's recommendations, endorsed by Health Ministers in August 2011, was to prohibit the offering of cosmetic medical and surgical procedures as prizes of gaming activities. It was asserted that these procedures carry risks and an unacceptable complication and failure rate.

While there is currently no provision in the *Gaming and Wagering Commission Act 1987* (the Act) to prohibit prizes won by participating in a gaming activity, section 8(2)(d) of the Act provides the Commission with power to impose conditions in relation to the conduct of gambling.

In this regard, on 26 March 2013, the Gaming and Wagering Commission resolved to amend the conditions of gaming and lottery (including trade promotion lottery) permits to prohibit the offering of cosmetic medical and surgical procedures as prizes.

The prohibition on offering cosmetic medical and surgical procedures as prizes has already been introduced by legislative amendment in New South Wales, Queensland and South Australia.

NEW BETTING PRODUCTS

On 20 December 2012 the Minister for Racing and Gaming approved the drafting of amendments to the *Betting Control Regulations 1978* to enable Western Australian licensed bookmakers to offer a range of new betting products. The changes will enable WA Bookmakers to compete with corporate bookmakers licensed in the eastern states who currently offer these products. The new bet types will only be available as telephone and/or internet bets in line with the general manner in which betting is conducted with corporate bookmakers. Corresponding amendments to the *Rules of Wagering 2005* were approved by the Gaming and Wagering Commission on 25 June 2013.

The new bet types approved are:

1. Top Fluctuation (Top Fluc) which is the best price (fluctuation) offered by on-course bookmakers, as determined by the Australian Pricing Network. For example, if a horse's winning price opened at \$3 then fluctuated to \$4, then dropped to \$3.20, the dividend paid would be \$4 (the highest amount).
2. Starting Price Guarantee which is the higher of the fixed odds price offered at the time the bet is placed and the final starting price as determined by the Australian Pricing Network. For example if a bet is placed with the price of \$5 and then the starting price becomes \$7, the dividend will be paid at \$7 (the highest fixed odds price).
3. Tote Betting which allows bookmakers to offer prices based on one or more totalisators (totes) licensed in Australia. For example, if SuperTAB offers a dividend of \$3 on a horse, NSW TAB offers \$3.20 on the same horse and Tatts offers \$2.90, the dividend paid will be based on the NSW TAB price of \$3.20 (the highest).

It is expected that the new bet types will be available during 2013/2014.

SPORTINGBET - FIXED ODDS ARRANGEMENT

On 7 November 2012, on the recommendation of the Gaming and Wagering Commission, the Minister for Racing and Gaming approved, under section 61(2) and 61(3) of the Racing and Wagering Western Australia Act 2003:

- Sportingbet Australia Pty Ltd as an approved person for the purposes of RWWA participating in a jointly operated fixed odds wagering system; and
- the contractual arrangement between RWWA and Sportingbet Australia Pty Ltd to provide a jointly operated fixed odds wagering system;

TICKET- IN TICKET- OUT SYSTEM AT CROWN PERTH

In July 2012, the Gaming and Wagering Commission gave in-principle approval for the implementation and use of Ticket-in Ticket-out (TITO) technology to the majority of Crown Perth's electronic gaming machines and fully automated table games.

TITO allows for the acceptance and/or dispensing of tickets instead of notes or coins. The technology provides for patrons cashing out to be issued with a bar-coded ticket instead of cash. The tickets generated by an electronic gaming machine or fully automated table game can be:

- inserted into another machine by players with the full amount being credited to that game's meter;
- redeemed for cash from the casino cashier; or
- redeemed for cash through an automated cash dispensing machine, a 'Ticket Redemption Terminal' .

This system presents a number of advantages for the Casino Licensee, including decreasing the effort required to collect and count coins and other cash deposited directly in electronic gaming machines and fully automated table games and reducing the number of machine hand pays that require staff intervention.

In April 2013, a trial of the TITO technology commenced on a number of fully automated table games. The trial was well received by casino patrons and did not raise any significant technical or integrity issues. It is expected that the Commission will consider the full implementation of TITO early in the new financial year.

RWWA BET ENGINE – PHOENIX

During 2012, the Gaming and Wagering Commission engaged the services of GLI Australia, to conduct an audit and evaluation of RWWA's newly commissioned betting system, Phoenix. GLI are an accredited testing laboratory specialising in the testing and evaluation of gaming and wagering products.

The findings are expected to be reported to the Commission during 2013/2014.

ACTIVITIES OF THE GAMING COMMUNITY TRUST

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

The money credited to the Trust Fund is derived from unclaimed winnings that are payable from the conduct of gaming or betting that have not been claimed within 12 months after the right to be paid them has expired.

As at 30 June 2013, the members of the Gaming Community Trust were:

- Mr Barry Sargeant (Chairperson)
- Ms Jan Cooper (Member)
- Mr Barry Felstead (Member)
- Mr Stephen Wayne Reynolds (Member)
- Ms Maxine Connolly (Member)

As at 30 June 2013, the balance of the Gaming Community Trust Fund was \$1,408,133.

Details of the projects funded by the Trust are provided below.

Epilepsy Action Australia

In June 2012, the Minister for Racing and Gaming announced that Epilepsy Action Australia was successful in its application for funding of \$300,000 over three years. The grant funds the Regional Outreach Service Program which provides education and training to epilepsy sufferers, their families and professionals who work with people who have epilepsy.

Since the commencement of the project in July 2012, the following milestones have been achieved:

- the recruitment and induction of a Community Development Officer;
- the development of community profiles for the Goldfields, Midwest, Great Southern and Kimberley Regions;
- the promotion of the project online, via local media and industry forms; and
- the completion of a comprehensive community research strategy consisting of community surveys and in-depth interviews to facilitate input from local stakeholders. The results from this research will form the basis of the service scope and implementation plan for the project.

Western Australian Amateur Football League

In October 2011, the Minister approved funding of \$20,000 to the Western Australian Amateur Football League (WAAFL) to implement an Integrated Football League Program for individuals with an intellectual disability. In June 2013, following the success of the program, the Minister for Racing and Gaming approved an application by the WAAFL for an additional \$60,000 over two years to continue the development and promotion of the Integrated Football League.

The Integrated Football League program was established by the WAAFL in 2009 to provide opportunities for those with intellectual disabilities to participate in Australian Rules Football. There are currently six competing clubs and approximately 100 individuals with intellectual disabilities participating in the league.

Town of Bassendean

In 2012, the Minister for Racing and Gaming conditionally approved a grant of \$53,000 to the Town of Bassendean for the Ladders and Rafts Project.

The Ladders and Rafts project aims to provide young people with the support needed to reduce their level of risk from drug related criminal activity and abuse of drugs, through prevention via early intervention strategies and personal development.

ACTIVITIES OF THE PROBLEM GAMBLING SERVICES SUPPORT COMMITTEE

The Problem Gambling Support Services Committee (PGSSC) addresses the social and economic issues that result from problem gambling in Western Australia and is comprised of representatives from the gambling industry and various government agencies.

The objectives of PGSSC are to:

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

As at 30 June 2013, the members of the PGSSC are as follows:

- Mr Barry A Sargeant (Chairperson);
- Mr Barry Felstead (Crown Casino);
- Mr Richard Burt (Racing and Wagering Western Australia);
- Ms Jan Stewart (Lotterywest);
- Mr Jason Cheetham (WA Bookmakers Association); and
- Ms Jenny Perkins (Department for Communities).

The PGSSC also funds research projects, awareness campaigns and other one-off projects that are related to problem gambling. Furthermore, each member makes a financial contribution which is held in a gambling support fund administered by the Department of Racing, Gaming and Liquor.

The PGSSC funds three counselling and support services for people affected by gambling problems in Western Australia. Those services are:

- Problem Gambling Helpline;
- Gambling Help WA (face-to-face counselling); and
- Gambling Help Online (online counselling).

Problem Gambling Helpline

The Problem Gambling Helpline is a specialist, toll-free, telephone counselling and referral service for Western Australian problem gamblers and their families. The Helpline is available 24 hours per day, seven days per week.

The single 1800 gambling helpline allows people to seek immediate help through a counsellor in each State or Territory simply by ringing one number from anywhere in Australia. The national number is 1800 858 858.

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

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

Medibank Health Solutions Telehealth Pty Ltd currently provides the Helpline service. The Department of Racing, Gaming and Liquor, on behalf of the Commission, is responsible for managing the helpline contract and its services, including:

- improvements of service delivery;
- analysis of reports and statistics;
- reporting to the PGSSC on service delivery; and
- handling the request for tender processes at the completion of each contract.

The following table provides a three-year summary of the total number of calls relating to problem gambling and the number of calls received which were not related to gambling.

NUMBER OF CALLS TO PROBLEM GAMBLING HELPLINE			
	2010/11	2011/12	2012/13
Target	642	670	630
Non Target	263	322	226
Total	905	992	856

Gambling Help WA

Gambling Help WA (GHWA) is a free face-to-face counselling service for people affected by problem gambling, their partners and families. GHWA is operated by Centrecare, a not for profit social services agency which provides counselling in many different areas.

The contract is governed by a Lotterywest grant agreement. Representatives from the Department of Racing, Gaming and Liquor and Lotterywest monitor the service provided by GHWA and report to the PGSSC.

In 2012, a review of the GHWA service was undertaken to assess the service in areas such as resourcing, service capacity and value for money. The review found that GHWA:

- is adequately resourced;
- is providing a value for money service;
- has the capacity to meet a subtle increase in client demand; and
- has suitably qualified personnel who respond to contemporary and emerging trends in counselling techniques.

The following table provides a three-year summary of the total number of booked and actual attendance to counselling sessions in WA

GAMBLING HELP WA SESSIONS		
2010/11	2011/12	2012/13
1318	1312	1259

National Online Counselling Service

Gambling Help Online provides an immediate response via online counselling to anyone concerned about gambling. The service was launched on 31 August 2009 and is operated by Turning Point, a Victorian based counselling service provider. The cost is shared between the Commonwealth, States and Territories.

The online service complements the range of services available in responding to gambling problems. It provides Australians with an opportunity to access counselling and information services when they are unable or reluctant to access face-to-face services in each jurisdiction. Further, the service may appeal to the increasing number of people who gamble online, while ensuring that people in remote areas also have access to quality support services.

Gambling Help Online is the first service worldwide to provide:

- 24-hour availability of live and email counselling and support services;
- availability of professional counsellors with expertise in problem gambling and online services;
- professional counsellors with expertise in problem gambling and online services;
- integration with State-based 24-hour telephone services and face-to-face counselling; and
- provision of extensive website content, information and web links for additional help and information.

The Memorandum of Understanding between all Australian governments for the continuation and funding of the Australian Online Gambling Counselling and Support Program is current to 30 June 2015. The contribution structure is based on each jurisdiction's share of the national gambling expenditure. Western Australia's commitment for the 2012/13 period was \$36,764 (excl GST).

The following table provides a summary of the total number of clients who received live online counselling and the number of visits to each jurisdictions information webpage between 1 July 2012 and 30 June 2013.

ONLINE COUNSELLING BY STATE⁴								
	VIC	NSW	QLD	SA	TAS	WA	ACT	NT
Online Clients	549	564	294	72	19	66	26	14
Visits to Information Pages	1247	966	1410	332	247	557	213	19

⁴ Source: Gambling Help Online Annual Report 2012/13

CHANGES IN LEGISLATION

CHANGES TO REGULATIONS

- New fees and charges effective 1 January 2013 were introduced by the following amendment regulations:
 - *Betting Control Amendment Regulations (No. 2) 2012*
 - *Casino Control (Burswood Island) (Licensing of Employees) Amendment Regulations 2012*
 - *Casino Control Amendment Regulations 2012*
 - *Gaming and Wagering Commission Amendment Regulations 2012*
 - *Racing and Wagering Western Australia Amendment Regulations 2012*
- The *Racing Bets Levy Amendment Regulations 2012* amended the *Racing Bets Levy Regulations 2009* with effect from 1 November 2012. The purpose of the amendment was to replace the two method option for calculating racing bets levy with a single method (1.5% of turnover) and to introduce a new premium levy of 2% of turnover for races conducted between 1 November – 1 January each year.
- The *Racing Bets Levy Regulations 2009* were further amended by the *Racing Bets Levy Amendment Regulations 2013* with effect from 1 April 2013. The purpose of the amendments were to:
 - Exempt betting operators who do not achieve at least \$1000 in turnover per month from paying any levy.
 - Introduce a reduced levy of 1% for all turnover up to and including \$2.5 million per annum (calculated using the racing year; 1 August – 31 July).
- The *Betting Control Amendment Regulations 2012* and the *Rules of Wagering Amendment Rules 2012* came into effect on 4 January 2013 and introduced a new methodology for calculating the scale of deductions when a runner is scratched from a race, thereby bringing the WA legislation into line with the Australian Rules of Racing.
- The *Rules of Wagering Amendment Rules (No. 2) 2012* came into effect on 4 January 2013 and allow Racing and Wagering Western Australia to offer the flexi bet option on quinellas, exactas, doubles and favourite numbers. The amendments also reduced the minimum bet obligations on bookmakers conducting wagering at a racecourse.
- On 15 June 2013 the *Betting Control Regulations 1978* were amended to remove the prohibition on bookmakers placing bet backs with a betting exchange.

DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL STATEMENTS

The aim of these financial statements is to inform Parliament and other interested parties, not only of what the Gaming and Wagering Commission of Western Australia has achieved during the financial year, but also of the reasons behind those achievements.

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE GAMING AND WAGERING COMMISSION OF WESTERN AUSTRALIA FOR THE YEAR ENDED 30 JUNE 2013

The accompanying financial statements of the Gaming and Wagering Commission of Western Australia 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 2013 and the financial position as at 30 June 2013.

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



Terry Ng
Chief Finance Officer

13 September 2013



Michael Connolly
Deputy Chairperson
Gaming and Wagering Commission
17 September 2013

Gaming and Wagering Commission of Western Australia
Statement of Comprehensive Income
for the year ended 30 June 2013

	Note	2013 \$	2012 \$
COST OF SERVICES			
Expenses			
Board members expenses	16	82,507	88,644
Superannuation	16	7,459	7,978
Expenses related to restricted cash and special purpose accounts	4	35,714,377	37,662,140
Services and contract fees		<u>4,546,758</u>	<u>4,992,673</u>
Total cost of services		<u>40,351,101</u>	<u>42,751,435</u>
Income			
<i>Revenue</i>			
Fees and charges	5	4,177,349	4,140,279
Revenues related to restricted cash and special purpose accounts	6	35,089,304	37,616,240
Interest revenue	7	<u>117,189</u>	<u>203,463</u>
Total Revenue		<u>39,383,842</u>	<u>41,959,982</u>
NET COST OF SERVICES	14	<u>967,259</u>	<u>791,453</u>
SURPLUS/(DEFICIT) FOR THE PERIOD		<u>(967,259)</u>	<u>(791,453)</u>
OTHER COMPREHENSIVE INCOME			
Total other comprehensive income		<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(967,259)</u>	<u>(791,453)</u>

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

Gaming and Wagering Commission of Western Australia
Statement of Financial Position
as at 30 June 2013

	Note	2013 \$	2012 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8	3,064,770	3,772,778
Restricted cash and cash equivalents	9	5,318,868	5,934,389
Receivables	10	72,004	109,623
Inventories	11	5,959	6,992
Total Current Assets		8,461,601	9,823,782
TOTAL ASSETS		8,461,601	9,823,782
LIABILITIES			
Current Liabilities			
Payables	12	437,107	832,029
Total Current Liabilities		437,107	832,029
TOTAL LIABILITIES		437,107	832,029
NET ASSETS		8,024,494	8,991,753
EQUITY			
Accumulated surplus/(deficit)	13	8,024,494	8,991,753
TOTAL EQUITY		8,024,494	8,991,753

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

Gaming and Wagering Commission of Western Australia
Statement of Changes in Equity
for the year ended 30 June 2013

	Note	Contributed equity \$	Reserves \$	Accumulated surplus/ (deficit) \$	Total equity \$
Balance at July 2011	13	0	0	9,783,206	9,783,206
Changes in accounting policy or correction of prior period errors		0	0	0	0
Restated balance at 1 July 2011		<u>0</u>	<u>0</u>	<u>9,783,206</u>	<u>9,783,206</u>
Surplus/(deficit)		0	0	(791,453)	(791,453)
Other comprehensive income		0	0	0	0
Total comprehensive income for the period		<u>0</u>	<u>0</u>	<u>(791,453)</u>	<u>(791,453)</u>
Transactions with owners in their capacity as owners:					
Other contributions by owners		0	0	0	0
Distributions to owners		0	0	0	0
Total		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance at 30 June 2012		<u>0</u>	<u>0</u>	<u>8,991,753</u>	<u>8,991,753</u>
Balance at 1 July 2012		<u>0</u>	<u>0</u>	<u>8,991,753</u>	<u>8,991,753</u>
Surplus/(deficit)		0	0	(967,259)	(967,259)
Other comprehensive income		0	0	0	0
Total comprehensive income for the period		<u>0</u>	<u>0</u>	<u>(967,259)</u>	<u>(967,259)</u>
Transactions with owners in their capacity as owners:					
Other contributions by owners		0	0	0	0
Distributions to owners		0	0	0	0
Total		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance at 30 June 2013		<u>0</u>	<u>0</u>	<u>8,024,494</u>	<u>8,024,494</u>

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

Gaming and Wagering Commission of Western Australia
Statement of Cash Flows
for the year ended 30 June 2013

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Board members expenses		(94,822)	(86,229)
Payments related to restricted cash and special purpose accounts		(35,728,323)	(37,879,421)
Supplies and services		(4,898,182)	(4,780,055)
GST payments on purchases		(411,688)	(386,424)
GST payments to taxation authority		(2,934,649)	(3,528,409)
Receipts			
Fees and charges		4,176,879	4,139,782
Receipts related to restricted cash and special purpose accounts		35,102,643	37,631,163
Interest received		131,209	229,130
GST receipts on sales		2,949,512	3,450,297
GST receipts from taxation authority		383,892	371,831
Net cash provided by/(used in) operating activities	14	<u>(1,323,529)</u>	<u>(838,335)</u>
Net increase/(decrease) in cash and cash equivalents		(1,323,529)	(838,335)
Cash and cash equivalents at the beginning of the period		<u>9,707,167</u>	<u>10,545,502</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	14	<u>8,383,638</u>	<u>9,707,167</u>

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

Note 1. Australian Accounting Standards

General

The Commission's financial statements for the year ended 30 June 2013 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Commission has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Commission for the annual reporting period ended 30 June 2013.

Note 2. Summary of significant accounting policies

(a) General statement

The Commission is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had 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 dollar.

(c) Reporting entity

The reporting entity comprises the Commission only.

Administered revenues are not integral to the Commission in carrying out its functions and are disclosed in the notes to the financial statements (Note 18).

(d) Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, 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 appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed equity.

The 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 recognised and measured at the fair value of consideration received or receivable. This represents income received pursuant to the Gaming and Wagering Commission Act 1987, Casino Control Act 1984, and Betting Control Act 1954, net of refunds. It includes the annual casino licence fee, income from community gaming, and wagering activities.

In 2007, a change in accounting policy was adopted to include the trust fund activities in the Statement of Comprehensive Income. Trust fund activities (Special Purpose Account) is recognised on cash basis.

Security deposits previously shown as current asset and liability are no longer recognised in the Statement of Financial Position of the Commission.

Other trust funds previously included in the current liabilities of the Commission are not recognised since it is established that there is no present obligation as at the reporting period.

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 transfer to the purchaser and can be measured reliably.

Provision of services

Revenue is recognised by reference to the stage of completion of the transaction.

Fees and charges

Revenue is recognised when the transaction or event giving rise to the revenue occurs.

Interest

Revenue is recognised as the interest accrues.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Commission obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

(f) Services Performed for the Gaming and Wagering Commission of Western Australia by the Department of Racing, Gaming and Liquor

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

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

(g) Financial instruments

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

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

Financial instruments have been disaggregated into the following classes:

* Financial Assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables

* 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.

(h) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate for each particular class of inventory, with the majority being measured on a first in first out basis.

(j) Receivables

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

(k) Payables

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

(l) Employee Benefits

Annual and Long Service Leave

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

Superannuation

The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Board members of the Commission commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Board members commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. The Commission makes contributions to GESB or other fund providers on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Commission's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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

The Commission has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Commission to the GESB.

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

(m) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), WSS, the GESBS, and other superannuation funds.

(n) Comparative figures

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

Note 3. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Commission has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2012 that impacted on the Commission.

AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]*

This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). There is no financial impact.

Future impact of Australian Accounting Standards not yet operative

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Commission has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Commission. Where applicable, the Commission plans to apply these Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	<i>Financial Instruments</i> This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , introducing a number of changes to accounting treatments. AASB 2012-6 <i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures</i> amended the mandatory application date of this Standard to 1 January 2015. The Commission has not yet determined the application or the potential impact of the Standard.	1 Jan 2015
AASB 10	<i>Consolidated Financial Statements</i> This Standard supersedes AASB 127 <i>Consolidated and Separate Financial Statements</i> and Int 112 <i>Consolidation – Special Purpose Entities</i> , introducing a number of changes to accounting treatments. Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10 <i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments</i> . The Commission has not yet determined the application or the potential impact of the Standard.	1 Jan 2014
AASB 11	<i>Joint Arrangements</i> This Standard supersedes AASB 131 <i>Interests in Joint Ventures</i> , introducing a number of changes to accounting treatments. Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The Commission has not yet determined the application or the potential impact of the Standard.	1 Jan 2014
AASB 12	<i>Disclosure of Interests in Other Entities</i> This Standard supersedes disclosure requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> and AASB 131 <i>Interests in Joint Ventures</i> . Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The Commission has not yet determined the application or the potential impact of the Standard.	1 Jan 2014
AASB 13	<i>Fair Value Measurement</i> This Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. There is no financial impact.	1 Jan 2013
AASB 119	<i>Employee Benefits</i> This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements. The Commission does not have any defined benefit plans, and therefore the financial impact will be limited to the effect of discounting annual leave and long service leave liabilities that were previously measured at the undiscounted amounts.	1 Jan 2013

		Operative for reporting periods beginning on/after
AASB 127	<p><i>Separate Financial Statements</i></p> <p>This Standard supersedes AASB 127 <i>Consolidated and Separate Financial Statements</i>, introducing a number of changes to accounting treatments.</p> <p>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The Commission has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
AASB 128	<p><i>Investments in Associates and Joint Ventures</i></p> <p>This Standard supersedes AASB 128 <i>Investments in Associates</i>, introducing a number of changes to accounting treatments.</p> <p>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The Commission has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
AASB 1053	<p><i>Application of Tiers of Australian Accounting Standards</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.</p>	1 Jul 2013
AASB 1055	<p><i>Budgetary Reporting</i></p> <p>This Standard specifies the nature of budgetary disclosures, the circumstances in which they are to be included in the general purpose financial statements of not-for-profit entities within the GGS. The Commission will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.</p>	1 Jul 2014
AASB 2010-2	<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052]</i></p> <p>This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.</p>	1 Jul 2013
AASB 2010-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>AASB 2012-6 amended the mandatory application date of this Standard to 1 January 2015. The Commission has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2015
AASB 2011-2	<p><i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054]</i></p> <p>This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.</p>	1 Jul 2013
AASB 2011-6	<p><i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]</i></p> <p>This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.</p>	1 Jul 2013
AASB 2011-7	<p><i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]</i></p> <p>This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>. For not-for-profit entities it applies to annual reporting periods beginning on or after 1 January 2014. The Commission has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 2011-8	<p><i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]</i></p> <p>This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as a result of issuing AASB 13 in September 2011. There is no financial impact.</p>	1 Jan 2013

		Operative for reporting periods beginning on/after
AASB 2011-10	<i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]</i> This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is no financial impact.	1 Jan 2013
AASB 2011-11	<i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i> This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.	1 Jul 2013
AASB 2012-1	<i>Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements [AASB 3, 7, 13, 140 & 141]</i> This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.	1 Jul 2013
AASB 2012-2	<i>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 132]</i> This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There is no financial impact.	1 Jan 2013
AASB 2012-3	<i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</i> This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.	1 Jan 2014
AASB 2012-5	<i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 & 134 and Int 2]</i> This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.	1 Jan 2013
AASB 2012-6	<i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]</i> This Standard amends the mandatory effective date of AASB 9 <i>Financial Instruments</i> to 1 January 2015. Further amendments are also made to consequential amendments arising from AASB 9 that will now apply from 1 January 2015 and to consequential amendments arising out of the Standards that will still apply from 1 January 2013. There is no financial impact.	1 Jan 2013
AASB 2012-7	<i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, 12, 101 & 127]</i> This Standard adds to or amends the Australian Accounting Standards to provide further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general financial statement. There is no financial impact.	1 Jul 2013
AASB 2012-10	<i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049, & 2011-7 and Int 12]</i> This Standard makes amendments to AASB 10 and related Standards to revise the transition guidance relevant to the initial application of those Standards, and to clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The Standard was issued in December 2012. The Commission has not yet determined the application or the potential impact of the Standard.	1 Jan 2013
AASB 2012-11	<i>Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, 2, 8, 10, 107, 128, 133, 134 & 2011-4]</i> This Standard makes various editorial corrections to Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2). These corrections ensure that the Standards reflect decisions of the AASB regarding the Tier 2 requirements. This Standard also extends the relief from consolidation and the equity method (in the new Consolidation and Joint Arrangements Standards) to entities complying with Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.	1 Jul 2013

Note 4. Expenses related to Restricted Cash and Special Purpose Accounts

	2013	2012
	\$	\$
Grant payments	4,866,545	4,031,949
Racing Bets Levy payment to Racing and Wagering Western Australia	30,583,746	33,376,302
Other services and contract fees - relates to restricted cash and special purpose accounts	264,086	253,889
	<u>35,714,377</u>	<u>37,662,140</u>

Note 5. Fees and charges

	2013	2012
	\$	\$
Casino licence fee	2,617,403	2,556,727
Casino employee licence fee	167,294	127,230
Betting related fee	88,599	89,339
Community gaming	643,775	683,689
Gaming infringement	4,709	3,897
Recoups for services provided	655,000	679,000
Other revenue	569	397
	<u>4,177,349</u>	<u>4,140,279</u>

Note 6. Revenues related to Restricted Cash and Special Purpose Accounts

	2013	2012
	\$	\$
Contributions	4,292,612	4,250,230
Racing Bets Levy	30,597,168	33,036,521
Interest revenue - relates to restricted cash and special purpose accounts	199,524	329,489
	<u>35,089,304</u>	<u>37,616,240</u>

Note 7. Interest revenue

	2013	2012
	\$	\$
Interest revenue		
Commonwealth Bank of Australia	<u>117,189</u>	<u>203,463</u>

Note 8. Cash and cash equivalents

	2013	2012
	\$	\$
Cash and cash equivalents are represented by funds held at the Commonwealth Bank of Australia	<u>3,064,770</u>	<u>3,772,778</u>

Note 9. Restricted cash and cash equivalents

	2013	2012
	\$	\$
(a) Restricted Cash		
Problem Gambling Support Services		
Balance at start of period	531,910	649,799
Receipts	464,769	406,268
Payments	(514,153)	(524,157)
Balance at end of period	<u>482,526</u>	<u>531,910</u>

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

(b) Special Purpose Account
Gaming Community Trust Fund ⁽ⁱ⁾

Balance at start of period	1,264,214	1,152,973
Receipts	231,009	326,238
Payments	(87,089)	(214,997)
Balance at end of period	<u>1,408,134</u>	<u>1,264,214</u>

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

(c) Special Purpose Account

Sports Wagering Account ⁽ⁱ⁾

Balance at start of period	3,969,783	3,875,329
Receipts	3,819,856	3,841,342
Payments	(4,543,334)	(3,746,888)
Balance at end of period	3,246,305	3,969,783

The Sports Wagering Account holds monies paid by Racing and Wagering Western Australia under section 104 or 107 of the Racing and Wagering Western Australia Act, 2003 and monies held by the Commission relating to bookmakers' betting levy received under section 15 of the Betting Control Act 1954. These monies are held in trust until distributed as directed by the Minister for Sport and Recreation, pursuant to section 110A of the Gaming and Wagering Commission Act 1987.

(d) Special Purpose Account

Racing Bets Levy Account ⁽ⁱⁱ⁾

Balance at start of period	168,482	508,264
Receipts	30,597,168	33,053,597
Payments	(30,583,747)	(33,393,379)
Balance at end of period	181,903	168,482

The Racing Bets Levy Account receives monies under section 14A of the Betting Control Act 1954. This Account is to be applied for the purposes of making payments to the Western Australian racing industry under the Betting Control Act, and outgoings and expenses incurred by the Commission in administering the Account.

Total restricted cash and cash equivalents as per Statement of Financial Position	5,318,868	5,934,389
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2013	2012
\$	\$

(e) Security Deposits ⁽ⁱⁱⁱ⁾

Balance at start of period	1,543,892	1,492,008
Receipts	837,521	1,108,464
Payments	(1,027,943)	(1,056,580)
Balance at end of period	1,353,470	1,543,892

Security deposits represent security deposits received from bookmakers under section 11E of the Betting Control Act 1954, and received from organisations conducting lotteries/raffles as a guarantee of the distribution of prizes, plus interest income.

As stated in note 2(e), following a change in accounting policy, security deposits are no longer recognised on the Statement of Financial Position as asset and liability of the Commission.

⁽ⁱ⁾ Established under section 16(1)(b) of FMA.

⁽ⁱⁱ⁾ Established under section 16(1)(c) of FMA.

Note 10. Receivables

	2013	2012
	\$	\$
Current		
Receivables	0	100
Accrued revenue	72,004	109,523
Total current	72,004	109,623

The Commission does not hold any collateral or other credit enhancements as security for receivables.

Note 11. Inventories

	2013	2012
	\$	\$
Current		
Betting tickets	1,507	2,098
Betting ledgers	4,452	4,894
Total current	5,959	6,992

Note 12. Payables

	2013	2012
	\$	\$
<u>Current</u>		
Trade payables	4	43
Other payables	276,287	658,241
GST payable	160,816	173,745
Total current	<u>437,107</u>	<u>832,029</u>

Note 13. Equity

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

Contributed equity

	2013	2012
	\$	\$
Balance at start of period	0	0
<u>Contributions by owners</u>		
Transfer of net assets from other agencies	0	0
Total contributions by owners	<u>0</u>	<u>0</u>
<u>Distributions to owners</u>		
Transfer of net assets to other agencies	0	0
Total distributions to owners	<u>0</u>	<u>0</u>
Balance at end of period	<u>0</u>	<u>0</u>

Accumulated surplus/(deficit)

	2013	2012
	\$	\$
Balance at start of period	8,991,753	9,783,206
Result for the period	(967,259)	(791,453)
Balance at end of period	<u>8,024,494</u>	<u>8,991,753</u>
Total Equity at end of period	<u>8,024,494</u>	<u>8,991,753</u>

Note 14. Notes to the Statement of Cash Flows**Reconciliation of cash**

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

	2013	2012
	\$	\$
Cash and cash equivalents	3,064,770	3,772,778
Restricted cash and cash equivalents (<i>note 9 'Restricted cash and cash equivalents'</i>)	5,318,868	5,934,389
	<u>8,383,638</u>	<u>9,707,167</u>

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

	2013	2012
	\$	\$
Net cost of services	(967,259)	(791,453)
<u>(Increase)/decrease in assets</u>		
Receivables ^(a)	37,619	26,132
Inventories	1,033	563
<u>Increase/(decrease) in liabilities</u>		
Payables ^(a)	(381,993)	19,132
Net GST receipts/(payments) ^(b)	(12,933)	(92,705)
Change in GST in receivables/payables ^(c)	4	(4)
Net cash provided by/(used in) operating activities	<u>(1,323,529)</u>	<u>(838,335)</u>

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received, i.e. cash transactions.

(c) This reverses out the GST in receivables and payables.

Note 15. Explanatory statement

Significant variations between estimates and actual results for 2013 and between the actual results for 2012 and 2013 are shown below. Significant variations are considered to be those greater than 10% or \$50,000.

(i) Significant variances between estimated and actual result for 2013

	2013 Estimate \$	2013 Actual \$	Variance \$
Board members expenses	102,000	82,507	(19,493)
Superannuation	9,000	7,459	(1,541)
Services and contract fees	4,931,000	4,546,758	(384,242)
Interest revenue	230,000	117,189	(112,811)

Board members expenses

The variance was mainly due to two less Commission members for a period of time.

Superannuation

The variance was directly impacted by the reduced board fees.

Services and contract fees

The variance were due to savings in the operating expenses and a reduction in the recoupment paid to the Department of Racing, Gaming and Liquor for the provision of services.

Interest revenue

The variance was due to lower bank balances and lower actual interest rates allocated during the year.

(ii) Significant variances between actual results for 2012 and 2013

Variations which have been explained in part (i) of this note have not been repeated here in the interests of concise reporting.

	2013 \$	2012 \$	Variance \$
<u>Income</u>			
Revenues related to restricted cash and special purpose accounts	35,089,304	37,616,240	(2,526,936)
<u>Expenses</u>			
Expenses related to restricted cash and special purpose accounts	35,714,377	37,662,140	(1,947,763)

Revenues related to restricted cash and special purpose accounts

The variance was mainly due to the decrease in the collection of the Racing Bets Levy during the year.

Expenses related to restricted cash and special purpose accounts

The variance was mainly due to the decrease in the distribution of the Racing Bets Levy during the year.

Note 16. Remuneration of members of the accountable authority

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

	2013	2012
\$		
0 - 10,000	5	5
10,001 - 20,000	4	4
	\$	\$
Base remuneration and superannuation	89,966	96,622
Other benefits	0	0
The total remuneration of members of the accountable authority	89,966	96,622
(The Chairman does not receive remuneration.)		

The total remuneration includes the superannuation expense incurred by the Commission in respect of members of the accountable authority.

Note 17. Remuneration of auditor

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2013	2012
	\$	\$
Auditing the accounts, financial statements and key performance indicators	<u>14,150</u>	<u>13,600</u>

Note 18. Administered transactions

	2013	2012
	\$	\$
Administered revenue		
(a) <u>Video lottery terminals</u>	<u>187,085</u>	<u>168,256</u>

The Commission collects 3.25% of the revenue collected by a Video Lottery Terminal under regulation 18AA of the Gaming and Wagering Commission Regulations 1988. The Commission retains 1% to cover the cost of administering Video Lottery Terminals, the remaining 2.25% is collected on behalf of the Government and paid into the Consolidated Fund. The amount reported here as administered revenue represents Government's 2.25% share of this income.

(b) <u>Continuing lottery levy</u>	<u>153,201</u>	<u>189,134</u>
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The Commission collects a levy of 3.25% of the face value of Continuing Lottery tickets sold by licensed suppliers. The Commission retains 1% as controlled revenue and remits the remaining 2.25% to the Consolidated Fund. The amount reported here as administered revenue represents Government's 2.25% share of this income.

Note 19. Financial instruments

(a) Financial risk management objectives and policies

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

Credit risk

Credit risk arises when there is the possibility of the Commission's receivables defaulting on their contractual obligations resulting in financial loss to the Commission.

The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at note 19(c) 'Financial instruments disclosures' and note 10 'Receivables'.

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

Liquidity risk

Liquidity risk arises when the Commission is unable to meet its financial obligations as they fall due.

The Commission is exposed to liquidity risk through its trading in the normal course of business.

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

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Commission's income or the value of its holdings of financial instruments. The Commission does not trade in foreign currency and is not materially exposed to other price risks. Other than as detailed in the interest rate sensitivity analysis table at Note 19(c), the Commission has no borrowings and its exposure to market risk for changes in interest rates relates primarily to cash and cash equivalents and restricted cash which are interest bearing.

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2013	2012
	\$	\$
<u>Financial Assets</u>		
Cash and cash equivalents	3,064,770	3,772,778
Restricted cash and cash equivalents	5,318,868	5,934,389
Receivables ^(a)	72,004	109,623
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost ^(b)	276,291	658,284

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

(b) The amount of payables excludes GST payable to the ATO (statutory payable).

Gaming and Wagering Commission of Western Australia

Notes to the Financial Statements

for the year ended 30 June 2013

Note 19.(c) Financial instrument disclosures

Credit risk

The following table discloses the Commission's maximum exposure to credit risk and the ageing analysis of financial assets. The Commission's maximum exposure to credit risk at the end of the reporting period 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 Commission.

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

Ageing analysis of financial assets

	Carrying Amount	Not past due and not impaired	Past due but not impaired					Impaired financial assets
			Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	
	\$	\$	\$	\$	\$	\$	\$	\$
2013								
Cash and cash equivalents	3,064,770	3,064,770						
Restricted cash and cash equivalents	5,318,868	5,318,868						
Receivables ^(a)	72,004		72,004					
	8,455,642	8,383,638	72,004	0	0	0	0	0
2012								
Cash and cash equivalents	3,772,778	3,772,778						
Restricted cash and cash equivalents	5,934,389	5,934,389						
Receivables ^(a)	109,623		109,623					
	9,816,790	9,707,167	109,623	0	0	0	0	0

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

Gaming and Wagering Commission of Western Australia
Notes to the Financial Statements
for the year ended 30 June 2013

Note 19. (c) Financial instrument disclosures

Liquidity risk and interest rate exposure

The following table details the Commission's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted Average Effective Interest Rate	Carrying Amount	Interest rate exposure			Nominal Amount	Maturity dates				
			Fixed interest rate	Variable interest rate	Non-interest bearing		Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	
2013											
<u>Financial Assets</u>											
Cash and cash equivalents	3.40	3,064,770		3,064,770		3,064,770	3,064,770				
Restricted cash and cash equivalents	3.40	5,318,868		5,318,868		5,318,868	5,318,868				
Receivables ^(a)		72,004			72,004	72,004	72,004				
		8,455,642	0	8,383,638	72,004	8,455,642	8,455,642	0	0	0	
<u>Financial Liabilities</u>											
Payables ^(b)		276,291			276,291	276,291	276,291				
		276,291	0	0	276,291	276,291	276,291	0	0	0	

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

^(b) The amount of payables excludes GST payable to the ATO (statutory payable).

Gaming and Wagering Commission of Western Australia
Notes to the Financial Statements
for the year ended 30 June 2013

Note 19. (c) Financial instrument disclosures

Liquidity risk and interest rate exposure

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted Average Effective Interest Rate	Interest rate exposure				Nominal Amount	Maturity dates				
		Carrying Amount	Fixed interest rate	Variable interest rate	Non-interest bearing		Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2012											
<u>Financial Assets</u>											
Cash and cash equivalents	4.71	3,772,778		3,772,778		3,772,778	3,772,778				
Restricted cash and cash equivalents	4.71	5,934,389		5,934,389		5,934,389	5,934,389				
Receivables ^(a)		109,623			109,623	109,623	109,623				
		9,816,790	0	9,707,167	109,623	9,816,790	9,816,790	0	0	0	0
<u>Financial Liabilities</u>											
Payables ^(b)		658,284			658,284	658,284	652,964	5,320			
		658,284	0	0	658,284	658,284	652,964	5,320	0	0	0

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

^(b) The amount of payables excludes GST payable to the ATO (statutory payable).

Gaming and Wagering Commission of Western Australia
Notes to the Financial Statements
for the year ended 30 June 2013

Note 19. (c) Financial instrument disclosures (contd)

Interest rate sensitivity analysis

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

	Carrying amount	-100 basis points		+100 basis point:	
		Surplus	Equity	Surplus	Equity
2013	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Cash and cash equivalents	3,064,770	(30,648)	(30,648)	30,648	30,648
Restricted cash and cash equivalents	5,318,868	(53,189)	(53,189)	53,189	53,189
<u>Financial Liabilities</u>					
Total Increase/(Decrease)		(83,837)	(83,837)	83,837	83,837

	Carrying amount	-100 basis points		+100 basis point:	
		Surplus	Equity	Surplus	Equity
2012	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Cash and cash equivalents	3,772,778	(37,728)	(37,728)	37,728	37,728
Restricted cash and cash equivalents	5,934,389	(59,344)	(59,344)	59,344	59,344
<u>Financial Liabilities</u>					
Total Increase/(Decrease)		(97,072)	(97,072)	97,072	97,072

Fair values

All financial assets and liabilities recognised in the Statement of Financial Position, 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.

Note 20. Commitments

As at 30 June 2013 the Commission did not have any other material capital or expenditure commitments.

Note 21. Contingent liabilities and contingent assets

The Commission is not aware of any contingent liabilities and contingent assets as at the end of the reporting period.

Note 22. Events occurring after the end of the reporting period

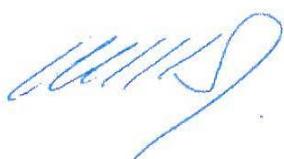
The Commission is not aware of any matters or circumstances that have arisen since the end of the financial year to the date of this report which has significantly affected or may significantly affect the activities of the Commission, the results of those activities or the state of affairs of the Commission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

DETAILED KEY PERFORMANCE INDICATORS INFORMATION

Key performance indicators (KPIs) are required under 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

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Gaming and Wagering Commission of Western Australia, and fairly represent the performance of the Gaming and Wagering Commission of Western Australia for the financial year ended 30 June 2013.



Michael Connolly
Deputy Chairperson
Gaming and Wagering
Commission of Western Australia

17 September 2013



Helen Cogan
Member
Gaming and Wagering
Commission of Western Australia

17 September 2013

Agency Level Government Desired Outcomes and Key Effectiveness Indicators

Detailed information in support of key performance indicators

The *Gaming and Wagering Commission Act 1987* (the Act) consolidates laws relating to gaming and wagering and provides for social gaming and other forms of gaming for fund raising purposes by non-profit organisations, provided they are authorised by a gaming permit and conducted on approved premises. Gaming provided for by the Act includes two-up, bingo, standard and trade promotion lotteries and continuing lotteries and non-casino type games approved by the Gaming and Wagering Commission (the Commission).

The Commission's approach to the State's gambling and wagering industries provides significant focus on the responsible service of gambling and wagering products, harm minimisation and on the integrity of gambling and wagering activities.

A strict legislative framework operates within the State to:

- Prevent criminal interests from operating gaming and wagering activities;
- Maintain the integrity of lawful gaming and wagering activities within a framework that minimises harm; and
- Limit the availability of gambling opportunities in the community through legislation that provides a controlled environment in which the different forms of gambling can be conducted.

The licensing regime focuses on ensuring the integrity of the gambling industry through initial probity checks and ongoing licensing requirements. The table below shows that the levels of unlawful gambling detected over the past four financial years has been relatively low, whilst the number of infringement notices issued for casino gaming violations this year has increased from last year.

Key Indicator	Effectiveness	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual
Percentage of unlawful gambling detected in relation to total audits		1.55%	1.34%	0.88%	0.88%	1.50%
Number of violation reports/ infringement notices issued in relation to casino gaming		32	5	7	7	11

The past three years has seen a slight increase in the number of violation reports/infringement notices issued in relation to casino gaming.

Licensing provides increased certainty about the quality and integrity of the gambling product. The Commission approves rules and procedures to ensure that the operators of gambling activities achieve and conform to a standard of professional service and integrity.

The Commission's licensing regime requires licences, permits approvals, authorisations and certificates, as appropriate, to be issued in relation to persons, premises, casinos, facilities, gaming, equipment and gambling operations.

It is difficult to determine trends in relation to the Crown Perth Casino as business decisions made by that organisation determine the following;

- Number of submissions provided; and
- The number of new staff the casino employed by the casino who require a casino employee licence.

The cost per instance of unlawful gambling is reduced as the number of unlawful gambling instances has increased in 2012/13.

The table below shows the average costs associated with issuing licences and the costs associated with monitoring the probity and integrity of the gambling industry over the past four financial years.

Key Efficiency Indicator	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual
	\$	\$	\$	\$	\$
Cost per Gambling Certificate/Permit issued ⁵	239	399	501	496	476
Cost per Casino Employee Licence issued ⁶	497	586	810	803	644
Cost of monitoring the integrity of casino gaming operations over one year ⁷	73,432	232,960	164,950	163,418	95,025
Cost per instance of unlawful gambling detected ⁸	17,278	21,570	46,810	46,375	23,756
Cost per casino submission received	301	408	591	586	532

The average cost can change for each reporting year as a result of increases or reductions in the number of licences determined, the instances of unlawful gambling activity detected, the costs allocated to each activity, and the increasing cost of delivering the Commission's services to the gambling industries.

⁵ The efficiency indicator for this activity is derived by dividing the cost allocation for the activity by the number of licences and permits issued.

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

⁷ The efficiency indicator for this activity is derived by dividing the cost allocation for the activity by the number of violation reports issued.

⁸ The efficiency indicator for this activity is derived by dividing the cost allocation for the activity by the number of breaches detected.

The table below provides a comparative snapshot of the target and actual costs allocated to a number of activities over 2012/13.

Key Indicator	Efficiency	2012/13 Target		2012/13 Actual	
		Cost Allocated	Number Completed	Cost Allocated	Number Completed
Cost per Gambling Certificate/Permit issued		\$1,265,390	2,550	\$1,177,125	2,471
Cost per Casino Employee Licence issued		\$843,594	1,051	\$784,750	1,219
Cost of monitoring the integrity of casino gaming operations over one year		\$1,143,923	7	\$1,045,270	11
Cost per instance of unlawful gambling detected		\$1,715,885	37	\$1,567,904	66
Cost per casino submissions received by the Commission		\$73,208	125	\$61,674	116
Total Cost of Services		\$5,042,000		\$4,636,723	

The table above highlights the following facts:

- The average cost of monitoring the integrity of the casino gaming operations is lower than anticipated due to the number of certificates/permits completed being less than the estimated target.
- The Department processed 168 more Casino Employee Licenses than anticipated therefore the cost per license has been reduced.
- The cost of monitoring the integrity of the Casino was \$98,653 less than anticipated.
- The instance of unlawful gambling detected has increased to 66 incidents in 2012/13. The cost per unlawful gambling incident for this financial year was \$23,756.
- The cost per casino submission received was slightly lower due to less submissions received by the Commission and lower fixed costs.

The table below details the number of actual audits, inspections, investigations and assessments completed during the year compared to the target amount. There has been no significant movement between actual and target audits, inspections, investigations and assessments conducted.

Audits/Inspections/Investigations/Assessments	2012/13 Target	2012/13 Actual	Difference
Racing	333	328	(5)
Lotterywest	754	706	(48)
Gaming	398	365	(33)
Casino	3,714	3,753	39
Totals	5,199	5,152	(47)

Finally, there has been a decrease of \$405,277 in the total cost of services between the target and actual costs for 2012/13. The main reason for the decrease is due to decrease in services charged by DRGL during the year.

A breakdown of costs is provided in the table below.

Operating Expenses	2012/13 Target \$	2012/13 Actual \$	Difference \$
Fees paid to board members	102,000	82,507	(19,493)
Superannuation expense to GESB	9,000	7,459	(1,541)
Problem Gambling Expenditure	40,000	48,000	8,000
Services provided by DRGL	4,456,000	4,226,000	(230,000)
Conference and Seminar fees	50,000	738	(49,262)
Capital expenditure	300,000	249,061	(50,939)
Other operating expenses	85,000	22,958	(62,042)
Total Cost of Service	5,042,000	4,636,723	(405,277)



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

GAMING AND WAGERING COMMISSION OF WESTERN AUSTRALIA

Report on the Financial Statements

I have audited the accounts and financial statements of the Gaming and Wagering Commission of Western Australia.

The financial statements comprise the Statement of Financial Position as at 30 June 2013, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Commission's Responsibility for the Financial Statements

The Commission is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Commission determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Commission, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Gaming and Wagering Commission of Western Australia at 30 June 2013 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls

I have audited the controls exercised by the Gaming and Wagering Commission of Western Australia during the year ended 30 June 2013.

Controls exercised by the Gaming and Wagering Commission of Western Australia are those policies and procedures established by the Commission to ensure 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.

Commission's Responsibility for Controls

The Commission is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Gaming and Wagering Commission of Western Australia based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Commission complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the controls exercised by the Gaming and Wagering Commission of Western Australia are sufficiently adequate to 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 during the year ended 30 June 2013.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Gaming and Wagering Commission of Western Australia for the year ended 30 June 2013.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Commission's Responsibility for the Key Performance Indicators

The Commission is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Commission determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Commission's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the key performance indicators of the Gaming and Wagering Commission of Western Australia are relevant and appropriate to assist users to assess the Commission's performance and fairly represent indicated performance for the year ended 30 June 2013.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Gaming and Wagering Commission of Western Australia for the year ended 30 June 2013 included on the Commission's website. The Commission's management is responsible for the integrity of the Commission's website. This audit does not provide assurance on the integrity of the Commission's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL, ASSURANCE SERVICES
Delegate of the Auditor General for Western Australia
Perth, Western Australia
20 September 2013

MINISTERIAL DIRECTIVES

There were no ministerial directives issued to the Gaming and Wagering Commission during the financial year:

GOVERNANCE DISCLOSURES

CONTRACTS WITH SENIOR OFFICERS

At the date of reporting, other than normal contracts of employment of service, no senior officers, nor 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 Gaming and Wagering Commission of Western Australia and senior officers.

OTHER FINANCIAL DISCLOSURES

PRICING POLICIES OF SERVICES PROVIDED

When analysing its fees and charges, the Commission considers the Department of Treasury's recommendation that agencies' fees and charges should achieve full cost recovery where applicable. In addition, the Commission also considers the Joint Standing Committee on Delegated Legislation's recommendations that fees and charges do not exceed cost recovery and/or do not cross subsidise.

In setting fees, the Commission recognises that not for profit organisations and charitable bodies form a large part of the Commission's customer base. Fees for services levied under the respective regulations should not pose a barrier to entry for those organisations attempting to raise funds through lawful gambling activities.

The Commission is fully aware that increasing the fees to meet cost recovery will impose barriers to entry, which is something that the Commission is reluctant to do.

Consistent with the Department of Treasury's instructions, increases that approximate CPI or catch up on CPI applied over previous years are to be considered routinely by the Minister.

The Commission's fees and charges were increased on 1 January 2013. The list of fees and charges are available on the Department's website at www.rgl.wa.gov.au and are reviewed annually.

CAPITAL WORKS

There were no capital works undertaken by the Gaming and Wagering Commission during 2012/13.

STAFF PROFILE

The Commission does not employ staff, but has a net appropriation agreement with the Department of Racing, Gaming and Liquor that relates to functions carried out on behalf of the Commission by staff from the Department. Accordingly, the Commission does not report on compliance with these issues. The Department of Racing, Gaming and Liquor's Annual Report contains relevant information.

OTHER LEGAL AND GOVERNMENT POLICY REQUIREMENTS

ADVERTISING

In accordance with section 175ZE of the *Electoral Act 1907*, the Commission must report on any expenditure incurred for advertising, market research, polling, direct mail and media advertising. Total expenditure for 2012/13 was \$29,883 with expenditure incurred in the following areas:

NAME OF ADVERTISING AGENCY		\$
Advertising Agencies	Government Gazette	16,571.50
	National Web Directory Pty Ltd	700.00
	Adcorp Australia Limited	12,612.40
Government Agencies		Nil
Market research organisations		Nil
Polling organisations		Nil
Direct mail organisations		Nil
Media advertising organisations		Nil

OTHER GOVERNMENT POLICY REQUIREMENTS

The Commission meets its requirements through arrangements with the Department of Racing, Gaming and Liquor. The Department's Annual Report contains information on how the Department meets the following requirements:

- Disability Access and Inclusion Plan Outcomes.
- Compliance with Public Sector Standards and Ethical Codes.
- Recordkeeping Plans.
- Substantive Equality.
- Occupational Safety, Health and Injury Management.