



Department of Racing, Gaming and Liquor

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 Department of Racing, Gaming and Liquor 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
ACTING DIRECTOR GENERAL

20 September 2013

OVERVIEW OF AGENCY

There have been a number of significant issues faced by the Department over the past 12 months. From a corporate point of view, the Department's organisational structure changed on August 6, 2012 in order to better service our customers and stakeholders. The Department comprises the following directorates: Liquor Regulation; Gambling Regulation; Strategic Regulation; Administrative Law; and Governance and Strategy.

The new structure allows the Department to develop a more focussed approach to our core business areas.

From an operational perspective, one of the more high profile issues during the course of the past 12 months was an amendment to the *Liquor Control Regulations 1989* which makes it easier for restaurants that accommodate 120 persons or less to apply for a Liquor Without a Meal (LWM) permit. Amongst other things, the amendment means qualifying applicants are no longer required to provide a Public Interest Assessment when applying for a LWM permit. Applicants who qualify for this form of LWM permit also pay less for the permit, and the permit will be issued within 10 days of the application being lodged with the Department.

As in previous years, the introduction and extension of liquor restrictions in various parts of the State have continued to be a significant issue for the Department. One area to see the introduction of wide-ranging liquor restrictions was the Pilbara, where restrictions across a number of towns were introduced last October. The restrictions, which vary slightly from town-to-town across the region, were imposed under section 64 of the *Liquor Control Act 1988* in response to two reports submitted to the Director of Liquor Licensing by WA Police and the West Pilbara Alcohol Management Group.

There were also changes to the mandatory training requirements relating to the Responsible Service of Alcohol (RSA) during this reporting period. In January 2013, the training unit relating to RSA was replaced by a new unit, with registered training organisations given 12 months to transition to providing the updated unit to students.

In non-liquor related developments, the reporting period saw a change to the payment of the racing bets levy for the use of Western Australian race fields. Since last November, the payable levy has been 1.5 percent of a wagering operator's monthly turnover, with that figure increasing to 2 percent on thoroughbred events during the peak thoroughbred racing period (1 November to 1 January).

From April 1, 2013 a reduced racing bets levy of 1 percent came into effect on turnover up to and including \$2.5 million. The new levy rules also introduced an exemption for operators who do not achieve a monthly turnover of at least \$1000.

In the reporting period the Minister for Racing and Gaming announced a review of the *Liquor Control Act 1988*. The Liquor Review Committee established by the Minister is considering matters relevant to the operation and effectiveness of the Act, having regard to changing community needs and attitudes relating to the accessibility of liquor and related services. The committee received 149 submissions during the public comment period – the results of the review have not been published at the time of this report going to print.

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

Michael Connolly
ACTING DIRECTOR GENERAL

OPERATIONAL STRUCTURE

ENABLING LEGISLATION

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

RESPONSIBLE MINISTER

The Minister responsible for the Racing and Gaming portfolio was the Honourable Terry Waldron MLA, Minister for Sport and Recreation; Racing and Gaming.

MISSION, VISION AND VALUES

The Department of Racing, Gaming and Liquor's mission is to regulate the liquor and gambling industries in Western Australia. This is achieved through the licensing of suppliers and industry support services.

The vision of the Department is to regulate the liquor and gambling industries in Western Australia with integrity. The Department's values are respect, professionalism, innovation excellence, accountability and collaboration.

CORPORATE EXECUTIVE

Mr Barry Sargeant, Director General

Mr Sargeant is the accountable officer for the Department of Racing, Gaming and Liquor, a position he has held since 1992. As Director General, Mr Sargeant is the administrative head for the operations of the Department of Racing, Gaming and Liquor. He is also the employing authority for all staff.

Mr Sargeant also holds the statutory positions of Director of Liquor Licensing and, in an ex officio capacity, Chairman of the Gaming and Wagering Commission of Western Australia.

Mr Michael Connolly, Deputy Director General

Mr Connolly leads the implementation of policies and initiatives relevant to the regulation of the liquor and gambling industries.

Mr Connolly supports the Director General in establishing and refining the strategic direction of the Department and overseeing the operational management of the Department. He also exercises high level statutory authority and delegation and makes legally binding decisions.

Ms Nicola Perry, Director Liquor Regulation

Ms Perry was appointed Director Liquor Regulation in July 2012. Ms Perry has more than 11 years of experience with the Department. She has held licensing and compliance positions within the Department and had four years experience as Deputy Director Licensing. Ms Perry is responsible for leading the regulation of the Western Australian liquor industry to support harm minimisation and ensure the integrity of industry operations.

Mr Lance Sgro, Director Gambling Regulation

Mr Sgro was appointed Director Gambling Regulation in July 2012. Mr Sgro joined the Department from the Department of Agriculture and Food, where he managed the compliance programme for Biosecurity and Animal Welfare. Before that, Mr Sgro was with the WA Police Service for 18 years where he had a number of roles, including positions at the Coroner's Office, the Professional Standards Directorate and as an investigator at the Electronic Crime Squad.

In his new position, Mr Sgro is responsible for leading the regulation of the Western Australian gaming industry to support harm minimisation and ensure the integrity of industry operations.

Mr Mark Beecroft, Director Strategic Regulation

Mr Beecroft has more than 30 years experience in the public sector, including the past 20 years in various licensing, regulatory and policy roles within the Department.

Mr Beecroft is responsible for leading the policy, legislative, communications and regional engagement strategies in relation to the Western Australian liquor and gambling industries. Mr Beecroft has qualifications in Public Administration.

Mr Peter Minchin, Director Administrative Law

Mr Minchin has over 25 years experience in the public sector and commenced working at the Department in 1991. Mr Minchin has been appointed to various senior positions in Department including Manager Licensing, Director of Liquor Licensing and Principal Adviser to the Liquor Commission of WA. He is responsible for the Administrative Law Division which delivers complex liquor licensing determinations and provides authoritative advice on complex liquor licensing matters.

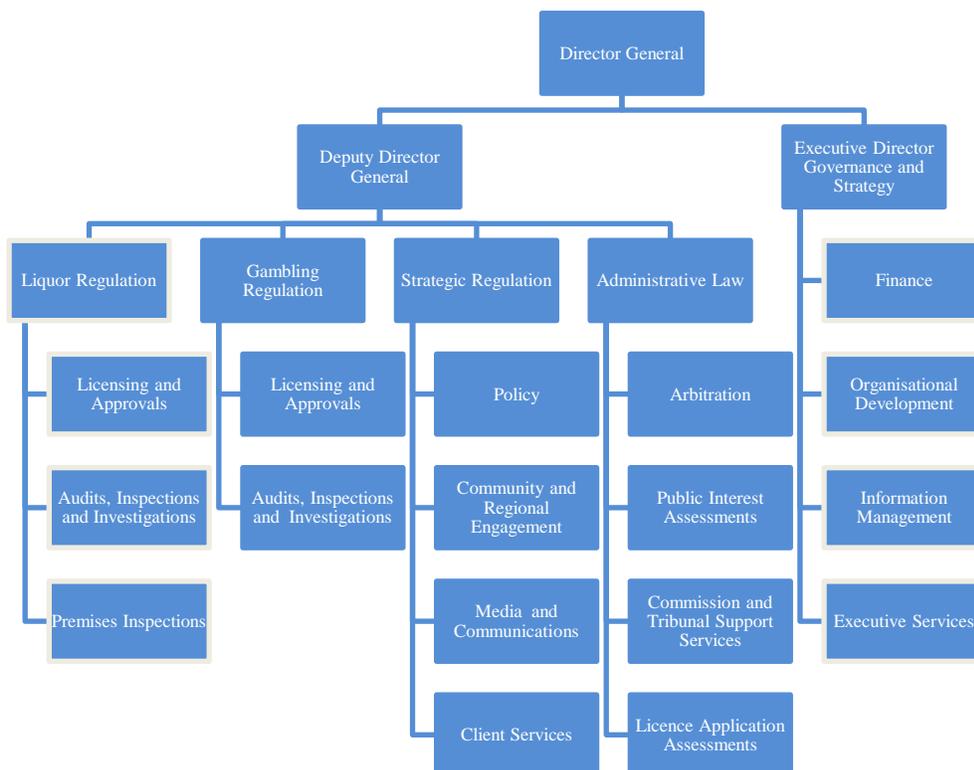
The Division also provides executive support services to the Racing Penalties Appeal Tribunal, the Liquor Commission, the Problem Gambling Support Services Committee and the Gaming Community Trust.

Ms Vanessa Grant, Executive Director Governance and Strategy

Ms Grant has more than 20 years experience in both the WA State Public Sector and Australian Public Service. Ms Grant joined the Department in December 2008 following five years as Director Business Services with the Corruption and Crime Commission. Ms Grant has qualifications in Public Administration.

The Governance and Strategy Division is responsible for the provision of operational and strategic financial, human resources, information technology, information management, planning and executive support services.

DEPARTMENTAL ORGANISATIONAL CHART AS AT 30 JUNE 2013



KEY FUNCTIONS OF THE DEPARTMENT

The Department is engaged in a range of activities and provides a number of core services to the public of Western Australia to ensure that government objectives and desired outcomes are achieved. In particular the Department provides:

- Licensing, inspectorial and audit services for the liquor and gambling industries.
- Expertise and experience in structuring legislation and policy relevant to the liquor and gambling industries.
- Information and support to stakeholders, and programs designed to raise awareness of relevant legislation and policies.

In addition, the Department also provides support services to the Gaming and Wagering Commission of Western Australia; the Liquor Commission of Western Australia, the Racing Penalties Appeal Tribunal of Western Australia, the Gaming Community Trust and the Problem Gambling Support Services Committee.

ADMINISTERED LEGISLATION

The Minister for Racing and Gaming administers the following Acts:

- 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;
- Liquor Control Act 1988;
- Racing and Wagering Western Australia Act 2003;
- Racing and Wagering Western Australia Tax Act 2003;
- Racing Bets Levy Act 2009;
- Racing Penalties (Appeals) Act 1990;
- Racing Restriction Act 2003;
- The Western Australian Turf Club Act 1892;
- Western Australian Turf Club (Property) Act 1944.
- Western Australian Greyhound Racing Association Act 1981;
- Western Australian Trotting Association Act 1946; and

OTHER KEY LEGISLATION IMPACTING ON THE DEPARTMENT'S ACTIVITIES

In the performance of its functions, the Department complies with the following relevant written laws:

- Auditor General Act 2006;
- Contaminated Sites Act 2003;
- Criminal Procedures Act 2004
- Criminal Investigation Act 2006
- 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 Interest Disclosure Act 2003;
- Public Sector Management Act 1994;
- Salaries and Allowances Act 1975;
- State Records Act 2000; and
- State Supply Commission Act 1991.

PERFORMANCE MANAGEMENT FRAMEWORK

OUTCOME BASED MANAGEMENT FRAMEWORK

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

GOVERNMENT GOAL	DESIRED OUTCOME OF THE DEPARTMENT	SERVICES DELIVERED BY THE DEPARTMENT
Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.	To minimise harm to the community of liquor and gambling activities through the application of government legislation and policy.	Evaluation and determination of licensing applications.
		Conduct of compliance audits and inspections.

CHANGES TO OUTCOME BASED MANAGEMENT FRAMEWORK

The Department's Outcome Based Management Framework did not change during 2012/13.

SHARED RESPONSIBILITIES WITH OTHER AGENCIES

The Department is a client of the Office of Shared Services in respect to financial management (Oracle system) and the provision of payroll services. Therefore, the Department shares responsibilities for its financial management with the Office of Shared Services. The Department anticipates the decommissioning from the Office of Shared Services to be completed by 20 February 2014.

AGENCY PERFORMANCE

REPORT ON OPERATIONS

Actual Results versus Budget Targets

FINANCIAL TARGETS	TARGET¹	ACTUAL	VARIATION
Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)	\$13499	\$14868	\$1369
Net cost of services (sourced from Statement of Comprehensive Income)	\$4447	\$5026	\$579
Total equity (sourced from Statement of Financial Position)	\$5453	\$6061	\$608
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	\$199	\$2136	\$1937
	No.	No.	No.
Approved full time equivalent (FTE) staff level	108	109	1
SUMMARY OF KEY PERFORMANCE INDICATORS	2012/13 TARGET²	2012/13 ACTUAL	VARIATION³
Licensee/service providers that comply with audit requirements and statutory criteria	97%	94%	3%
Evaluation and determination of licensing applications – average cost of determining applications	\$425	\$477	\$52
Compliance audits and inspections – average cost of conducting an inspection	\$740	\$862	\$122

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

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

3 Explanations for the variations between budget target and actual key performance indicator results are presented at pages 82 to 84.

LIQUOR REGULATION

The *Liquor Control Act 1988* provides the legislative framework for the liquor licensing authority, comprising the Director of Liquor Licensing and the Liquor Commission, to regulate the:

- sale, supply and consumption of liquor;
- use of premises on which liquor is sold; and
- services and facilities provided in conjunction with the sale of liquor.

One of the primary objects of the *Liquor Control Act 1988* is to minimise harm or ill-health caused to people, or any group of people, due to the use of liquor. Pursuant to section 13 of the *Liquor Control Act 1988*, the Director of Liquor Licensing is responsible for the administration of the Act, other than those aspects that relate to the Liquor Commission.

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

- monitor the standards of licensed premises;
- ensure compliance with the requirements of the *Liquor Control Act 1988*;
- develop and implement policy consistent with Government objectives;
- provide policy advice;
- negotiate and liaise with industry groups on high level matters, such as Liquor Accords and industry training;
- consider section 117 complaints (complaints about noise or behaviour related to licensed premises) and be responsive to such complaints; and
- determine any matters arising from the administration of the *Liquor Control Act 1988*.

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

LIQUOR LICENSING PERFORMANCE INFORMATION

The Department provides a licensing service for the liquor industry where applications made in accordance with the provisions of the relevant legislation are evaluated and determined by the Liquor Regulation and Administrative Law Divisions.

The following table provides a four-year summary of the type and quantity of liquor licence applications received by the Department.

LIQUOR LICENSING APPLICATIONS RECEIVED				
Licence Type	2009/10	2010/11	2011/12	2012/13
Transfer of Licence	262	253	246	247
Grant and Removal of Licence	260	226	284	209
Alteration/Redefinition	167	151	161	114
Variation to Licence Conditions	166	203	219	249
Extended Trading Permits (long term extended hours)	30	21	24	49
Extended Trading Permits (other long term)	80	58	70	185
One-off Extended Trading Permits	1559	1234	1244	1300
Approval of Manager	4252	5774	4753	4541
Protection Orders	39	61	92	74
Change of Premises Name	74	74	65	122
Position of Authority/Shareholding	100	128	144	148
Arrangement/Agreement	42	62	73	142
One-off variation of licensed area	96	110	101	67
One-off variation of licence hours	135	105	140	144
One-off variation of area and hours	30	22	16	15
Conversion from Club Restricted to full Club licence	2	1	1	1
Conversion from Hotel to Tavern or Hotel Restricted licence	1	0	4	1
Occasional	2174	3215	3357	5001
Total	9469	11698	10994	12609

The following table provides a four-year summary of the number of licensed premises in Western Australia as at 30 June each year.

LIQUOR LICENCES BY TYPES AND CATEGORIES				
Licence Types	2009/10	2010/11	2011/12	2012/13
Hotel	286	282	273	275
Hotel Restricted	47	50	51	52
Tavern	358	374	373	389
Tavern Restricted	0	0	8	16
Small Bar	44	56	66	78
Liquor Store	523	530	536	547
Club	423	424	418	419
Club Restricted	544	545	550	560
Restaurant	759	779	782	824
Nightclub	45	45	43	44
Special Facility	549	557	577	588
Casino Liquor	1	1	1	1
Producer	575	574	567	557
Wholesaler	188	183	192	202
Total	4342	4400	4437	4552

The following table provides a four-year summary of the number and nature of applications for the grant of a licence received by the Department together with the outcome of determinations and the nature of licences cancelled and surrendered.

LIQUOR LICENCES RECEIVED AND DETERMINED, BY TYPE															
	Status	Hotel	Hotel Restricted	Tavern	Tavern Restricted	Small Bar	Liquor Store	Club	Club Restricted	Restaurant	Nightclub	Special Facility	Producer	Wholesaler	Total
2009/10	Applications Received	0	2	20	0	14	29	2	14	50	2	53	32	18	236
	Withdrawn	0	0	0	0	1	1	0	1	0	0	2	0	0	5
	Refused / Struck Out	0	0	3	0	0	10	0	0	0	2	4	0	1	20
	Granted	0	3	12	0	13	17	3	16	43	0	41	27	14	189
	Cancelled / Surrendered	2	1	3	0	0	2	3	5	23	1	25	33	7	105
2010/11	Applications Received	2	2	17	4	17	16	1	7	53	1	47	16	20	203
	Withdrawn	0	0	1	0	0	1	0	0	1	0	4	0	0	7
	Refused / Struck Out	1	0	4	0	1	6	0	1	2	0	6	0	0	21
	Granted	1	3	16	2	9	10	3	5	47	0	34	17	13	160
	Cancelled / Surrendered	4	0	5	0	0	3	3	5	29	0	26	20	21	116
2011/12	Applications Received	4	2	11	8	18	25	1	19	69	0	51	25	26	259
	Withdrawn	0	0	1	0	1	0	0	1	4	0	5	2	3	17
	Refused / Struck Out	0	0	1	2	5	9	0		0	1	1	0	0	19
	Granted	0	2	10	6	13	12	1	14	41	0	42	22	23	186
	Cancelled / Surrendered	3	1	1	0	2	3	7	6	21	1	18	22	11	96
2012/13	Applications Received	1	0	7	6	15	17	2	20	64	0	28	16	14	190
	Withdrawn	0	0	0	0	0	1	0	0	2	0	0	0	0	4
	Refused / Struck Out	0	0	0	0	0	4	0	0	1	0	0	0	1	6
	Granted	3	1	10	8	15	13	0	18	60	0	30	16	20	184
	Cancelled / Surrendered	4	0	5	0	4	6	2	8	38	0	26	32	13	138

COMPLIANCE PROGRAM

The Department undertakes inspectorial and audit activities to regulate the sale, supply and consumption of liquor and to minimise harm and ill-health.

Inspectorial activities performed by the Liquor Regulation Division include:

- reporting on applications made under the provisions of the *Liquor Control Act 1988*;
- inspection of licensed premises both in terms of standards and operations;
- assisting in the resolution of noise complaints about licensed premises;
- assessing and collecting licence fees and other revenue; and
- investigation of complaints.

The following table provides a four-year summary of the number and nature of audits, inspections, assessments and investigations conducted.

AUDITS, INSPECTIONS, ASSESSMENTS AND INVESTIGATIONS	2009/10	2010/11	2011/12	2012/13
Compliance audits and inspections conducted	859	1056	1005	1407
Premises inspections conducted	1111	744	866	298
Subsidy claims checks completed	164	128	122	153
Returns checks completed	757	753	740	791
Subsidy audits conducted	2	0	0	0
Total Activities Undertaken	2893	2681	2733	2332
NON COMPLIANCE WITH LEGISLATIVE REQUIREMENTS	2009/10	2010/11	2011/12	2012/13
Work Orders issued	98	158	88	132
Infringements issued	117	73	73	123
Cautions issued	43	129	139	183
Breaches of the Liquor Control Act 1988	1	2	2	0
Total	259	362	302	438

Section 117 Complaints

Section 117 of the *Liquor Control Act 1988* provides that a complaint may be lodged in writing with the Director of Liquor Licensing alleging that-

- the amenity, quiet or good order of the neighbourhood of the licensed premises is frequently unduly disturbed by reason of any activity occurring at a licensed premises;
- the-
 - behavior of persons on the licensed premises;
 - noise emanating from the licensed premises; or
 - disorderly conduct occurring frequently in the vicinity of the licensed premises on the part of persons who have resorted to the licensed premises,

is unduly offensive, annoying, disturbing or inconvenient to persons who reside or work in the vicinity, or to persons in or making their way to or from a place of public worship, hospital or school.

Once a complaint is lodged, an inspector will investigate the complaint to establish the circumstances and validity of the complaint and its grounds. The investigation and evidence gathering process can be a timely exercise, especially if the complaint only relates to an infrequent event; for example excessive noise on Sunday night emanating from a licensed premises or if external information needs to be provided; such as sound readings undertaken by the local council.

Where a complaint is substantiated, the inspector will assist the parties to conciliate to reach an agreement to resolve the complaint. Resolving the complaint may include strategies such as a trial of new conditions (such as earlier closing times, cancelling a promotional event etc). After the completion of any trial period, the complainant will be contacted to ascertain their satisfaction with the results of the trial.

Should the conciliation process be unsuccessful, the Director may make an order or vary/impose conditions on the licence or otherwise deal with the matter.

The following table shows the number of section 117 complaints that were handled by the Department during 2012-13.

Complaints Outstanding as at 1 July 2012	9
Complaints lodged 1 July 2012 – 30 June 2013	9
Complaints resolved 1 July 2012 – 30 June 2013	5
Total Outstanding Complaints	13

Section 95 Complaints

The Liquor Commission determines complaints and disciplinary matters in accordance with section 95 of the *Liquor Control Act 1988*. Complaints lodged to the Commission may be made by the Director of Liquor Licensing, the Commissioner of Police or a local government authority.

The Commission will determine the validity of the complaint and impose disciplinary action if grounds exist for this. Grounds for disciplinary action include when a business is not being conducted in accordance with the licence, where a premises has fallen into disrepair, the licensee has been convicted of an offence under the Act and so on.

The following table shows the number of section 95 complaints that were handled by the Commission during 2012-13.

Complaints Outstanding as at 1 July 2012	6
Complaints lodged 1 July 2012 – 30 June 2013	6
Complaints resolved 1 July 2012 – 30 June 2013	5
Total Outstanding Complaints	7

GAMBLING REGULATION

LICENSING PROGRAM

The Department, on behalf of the Gaming and Wagering Commission, assess licence and permit applications to enable community and sporting clubs to raise funds through the conduct of community gaming, such as standard lotteries (i.e., raffles), continuing lotteries (i.e., break-open bingo tickets), video lottery terminals (VLTs), bingo and gaming nights.

Section 51 of the *Gaming and Wagering Commission Act 1987* provides that gaming cannot be promoted or otherwise conducted for the purposes of private gain or any commercial undertaking.

During 2012/13, 2203 community gaming permits were issued on behalf of the Gaming and Wagering Commission of Western Australia, which resulted in a gross amount of approximately \$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.

Department staff also issued licences and permits to allow:

- persons to work in licensed positions at the Crown Perth Casino;
- persons to work in licensed positions at Racing and Wagering Western Australia; and
- persons to work in bookmaker operations.

The following table provides a four-year summary of the number of community gaming permits issued by the Department. 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 BY THE DEPARTMENT				
	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.

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	\$56,540,686	\$17,625,504	\$58,521,434	\$19,030,326

LICENSING OF GAMING OPERATORS, SUPPLIERS, PREMISES AND EQUIPMENT

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 Department. This shows that there has been a slight decrease in the number of permits issued during this period of time.

NUMBER OF PERMITS ISSUED BY THE DEPARTMENT				
	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

LICENSING 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 Casino must be licensed. 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
Key Employee Licences	374	378	376	417
Employee Licences	1660	1686	1720	1895
Total	2034	2064	2096	2312

LICENSING RWWA DIRECTORS AND KEY EMPLOYEES

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

The following table provides a four-year summary of the total number of licences in operation at Racing and Wagering Western Australia

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 BOOKMAKER OPERATIONS

The Department provides a licensing service for bookmakers, bookmakers' managers and bookmakers' employees. 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	44	33	50
Expired	19	26	26	54

RACING BETS LEVY RETURNS

On behalf of the Western Australian racing industry, the Gaming and Wagering Commission collects and disburses the racing bets levy paid by betting operators who use Western Australian race fields as part of their betting operations. In this regard, the Commission remits all levies (less a monthly administration fee) to Racing and Wagering Western Australia (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 in Racing Bets Levy to RWWA. Since the introduction of the racing bets levy scheme (applicable retrospectively to 1 September 2008), the Commission has remitted \$124.1 million to RWWA for distribution to the WA racing industry.

COMPLIANCE PROGRAM

On behalf of the Gaming and Wagering Commission the Department undertakes inspectorial and audit activities in regulating the lawful conduct of gambling activities permitted under *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*.

Inspectorial activities performed by the Gambling Regulation Division include:

- casino surveillance;
- inspection and auditing of financial returns in relation to permitted gaming activities;
- inspection of race day activities; and
- audits of TAB agencies.

The following table provides a four-year summary of the number and nature of audits, inspections, assessments and investigations conducted by the Department's Gambling Regulation Division. A breakdown of these figures is provided at page 23.

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	3710
Total	10084	7526	5199	5109

The following table provides a four-year summary of the number of compliance activities undertaken by the Gambling Regulation Compliance Division.

	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
On-course tote inspections and audits	5	54	1	2
Sports betting contingency audit	0	0	0	0
Racefields bet levy return audits	1012	7	3	7
GST reimbursement claims received	205	180	156	79
GST reimbursement audits conducted	2	0	3	0
Casino				
	2009/10	2010/11	2011/12	2012/13
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				
	2009/10	2010/11	2011/12	2012/13
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

SIGNIFICANT ISSUES IMPACTING THE AGENCY

REVIEW OF THE LIQUOR CONTROL ACT 1988

The Government's review of the *Liquor Control Act 1988*, is examining and considering matters relevant to the operation and effectiveness of the Act in relation to:

- balancing the requirements of consumers of liquor and related services with the minimisation of harm or ill-health caused to people or any group of people, due to the use of liquor;
- the interests and needs of people selling or supplying liquor; and
- the interests and needs of the tourism industry and other hospitality industries in this State.

In December 2012 the Minister for Racing and Gaming announced a review of the *Liquor Control Act 1988*. The Minister appointed Mr John Atkins to Chair the review committee with other members being Mr Ian Stanley and Ms Nicole Roocke.

The Committee's terms of reference is to review and consider matters relevant to the operation and effectiveness of the *Liquor Control Act 1988*, having regard to the changing community needs and attitudes relating to the accessibility of liquor and related services.

The Review Committee conducted 31 meetings with government and industry representatives and received 148 submissions regarding the review. It is expected that the Committee will submit its report to the Minister in late 2013.

PUBLIC INTEREST ASSESSMENTS

The need for the licensing authority to weigh and balance the evidence submitted by applicants, interveners and objectors in determining applications continues to be a challenge for the licensing authority.

An applicant, when applying for a licence, must satisfy the licensing authority that the granting of an application is in the public interest in accordance with sections 33 and 38 of the *Liquor Control Act 1988*.

When making a decision, the reference to "public interest" indicates that both sections 5 and 38 of the Act are relevant. In this regard, the primary objects of the Act are set out in section 5. These are to:

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

- cater for the requirements of consumers for liquor and related services, with regard to the proper development of the liquor industry, the tourism industry and other hospitality industries in the State.

In considering the primary objects of the Act, there is a need for the licensing authority to weigh and balance the competing interests with respect to minimising harm or ill-health and catering for the requirements of consumers and related services. For example, while an applicant has the ability to put forward a case to the licensing authority to increase the availability of liquor, this may result in an increased level of harm.

In this regard, the licensing authority when determining an application, will consider the harm or ill-health that may be caused due to the use of liquor. When considering harm or ill-health matters the licensing authority will have regard to the Supreme Court decision relating to *Executive Director of Health v Lily Creek International Pty Ltd & Ors [2000] WASCA 258*, where Justice Ipp stated:

“The potential of harm or ill-health to people, irrespective of whether the harm or ill-health is proved on the balance of probabilities, would be a powerful public interest consideration.”

Furthermore, as explained by Justice Wheeler in *Executive Director of Health v Lily Creek International Pty Ltd & Ors [2001] WASCA 410*:

“...it is not the “risk” of harm in some abstract sense which is relevant, but rather the risk having regard to the proved circumstances of the particular area in relation to which the application is made.”

With respect to proceedings before the licensing authority, the Act provides an opportunity for the Commissioner of Police and Executive Director Public Health to intervene for the purpose of introducing evidence or making representation to relevant matters. There is no onus on an intervener to establish assertions of fact or opinion contained in the intervention.

Additionally, any person has the right to object to an advertised application. However, the burden of establishing the validity of any objection lies on the objector.

Important precedent decisions handed down by the Liquor Commission must be considered when determining an application. Previous determinations handed down by the Commission have established that a public interest assessment must be supported by objective evidence. Assumptions, opinions, speculation and generalised statements alone do not demonstrate that an application is in the public interest.

Further, when determining an application, the licensing authority must also be mindful of the standard of the application lodged. In this regard, consideration needs to be given to the Commission’s determinations, such as the following:

- **LC17/2010 - Busswater Pty Ltd v Director of Liquor Licensing**

'In considering the public interest under section 38, the licensing authority needs to consider both the positive and negative social, economic and health impacts that the grant of an application will have on a community (refer Second Reading Speech, Parliamentary Debates, WA Parliament, vol 409, p 6342). In determining the positive aspects of an application, mere opinions expressed by an applicant as to the perceived benefits of the grant of their application, in the absence of supporting evidence, falls well short of the level of evidence required to substantiate such a claim...Statements by applicants, without supporting evidence, cannot be construed as facts.'

'...letters of support from business people purporting to speak on behalf of consumers simply does not go far enough to satisfy the Commission that the general public has a requirement for liquor and related services...'

- **LC26/2010 - Shallcross Investments Pty Ltd v Director of Liquor Licensing**

'the licensing authority cannot run an application, objection or intervention on behalf of the individual parties because to do so would place the licensing authority in an unsustainable position.'

- **LC44/2010 - Harold Thomas James Blakeley v Director of Liquor Licensing**

'The Commission has previously observed that it is not sufficient for an applicant merely to express opinions and make assertions about the perceived benefits of their application. Such opinions and assertions must be supported by an appropriate level of evidence (refer Busswater Pty Ltd v Director of Liquor Licensing LC 17/2010).'

'...in the absence of other supporting evidence which is relevant, reliable and logically probative, the Commission finds that this applicant has failed to satisfy the Commission that the grant of the licence is in the public interest as required under s38(2) of the Act.'

LIQUOR COMMISSION DECISIONS AND SUPREME COURT CHALLENGES

During the year there were a number of significant Liquor Commission decisions which had an impact on the operations of the Department, some of which were subject to Supreme Court challenges. Below is a summary of some of those decisions (refer to the Liquor Commission Annual Report for details on other decisions).

First Choice Liquor Superstore, Maylands

In June 2012, the Commission refused an application by Liquorland (Australia) Pty Ltd for the grant of a liquor store licence to be known as First Choice Liquor in Maylands.

The Commission formed the view that the location of the proposed liquor outlet (in close proximity to four community service providers supporting at-risk groups) was a critical consideration in forming its view of the likelihood of harm and ill-health resulting from the grant of the application. The Commission determined that any benefits surrounding increased competition, range of products and diversity of choice was outweighed by the potential harm that would result if the application was granted.

The applicant appealed the decision in the Supreme Court. The Supreme Court delivered its decision on 27 February 2013 and dismissed the appeal by the applicant. The Court found that the evidence supporting the decision of the Commission was reasonable, given that the service providers who made submissions on the likelihood of harm occurring should the licence be granted, have considerable expertise in this field.

The Clink Nightclub, Fremantle

In October 2012, the Western Australian Police Service issued a prosecution notice against the licensee of the Clink Nightclub (That's Entertainment (WA) Pty Ltd), alleging a breach of section 115(1)(a)(i) of the *Liquor Control Act 1988* (the Act), that is, permitting drunkenness on the premises. Following a trial in the Magistrate's Court, the charges were dismissed.

The Commissioner of Police also made a complaint to the Liquor Commission pursuant to section 95 of the Act, alleging that there existed proper cause for disciplinary action on the grounds that the licensee had permitted drunkenness and; that the safety, health or welfare of persons who resort to the licensed premises were endangered by an act or neglect of the appellant.

After the charges were dismissed in the Magistrate's Court, the licensee made an application to the Liquor Commission to strike out the first ground of the complaint on the basis that the Commission does not have jurisdiction to hear the complaint if the licensee had already been tried and acquitted of a contravention of the Act. The Commission refused the application.

The matter was subsequently appealed to the Supreme Court, where it was dismissed. The Court found that there were differences between the criminal jurisdiction of the Magistrates Court and the disciplinary jurisdiction of the Liquor Commission and that double jeopardy provisions were not applicable.

The substantive complaint has been listed for hearing by the Liquor Commission on 28 August 2013.

Dan Murphy's, Joondalup

On 19 December 2011, an application was lodged by Woolworths Limited for the conditional grant of a liquor store licence for premises to trade as Dan Murphy's Joondalup. The Director of Liquor Licensing subsequently referred the application to the Commission pursuant to section 24 of the Act.

A hearing before the Commission took place on 19 November 2012, where the applicant submitted the application was in the public interest due to a range of factors and asserted that of the 12 existing packaged liquor outlets in the locality, none were providing a comparable range of products and services.

An intervention was received by the Commissioner of Police against the application as sufficient liquor outlets already exist in the area to satisfy the requirements of the public and, if the application were to be granted, it would likely negatively impact on the amenity of the locality.

The Commission concluded that it was not in the public interest to approve a Dan Murphy's liquor store in this location as it was not consistent with the proper development of the liquor industry, given there are other large outlets providing a diverse range of product through Dan Murphy's Currambine and Woolworths Joondalup, as well as a number of other convenience liquor store outlets in the locality. The application was subsequently dismissed.

Withnell -v- The Liquor Commission

On 30 April 2013, the Supreme Court heard an application for a writ of certiorari and a declaration in relation to a prohibition order preventing Mr Edward Withnell from entering licensed premises for five years. The applicant sought for the whole of the *Liquor Control Act 1988* to be declared invalid and that the prohibition order be quashed. The central issues involved the use of confidential police information in making the prohibition determination and the lack of an appeal avenue on the basis of that information.

The Supreme Court considered the construction of the Act and whether the Liquor Commission has sufficient defining characteristics to be classified as a court. It was determined that the Liquor Commission is not a court and therefore there is no constitutional prohibition on Parliament directing the Liquor Commission in respect to confidential police information. The application was dismissed.

Sandringham Cellars, Belmont

The licensee of Sandringham Cellars lodged an application for approval to store packaged liquor at an additional storage facility under section 4(6) of the Act. The Director of Liquor Licensing held that Section 4(5) of the Act applies, "*where the sale of liquor is authorised under a licence on or from the licensed premises and not otherwise*". A liquor store licence authorises the sale of liquor "on and from" the licensed premises. Therefore, section 4(5) and 4(6) of the Act do not apply to liquor store licences, accordingly, there can be no application for off-site approval for a liquor store licence. The licensee sought a review of the Director's decision to the Liquor Commission.

For the purposes of its determination, the Commission considered the explanatory memorandum to the *Liquor Licensing Amendment Act 1997*. That memorandum made it clear that section 4(6) of the Act applies to any licence category.

At the hearing of the application, counsel for the Director submitted that the explanatory memorandum/second reading speech was erroneous in stating that section 4(6) applied to any licence category. This submission was predicated on the basis of the use of the words “licence on or from” in section 4(5) of the Act. It was submitted that this phrase was peculiar to producers and wholesalers licences; that is, only licences issued pursuant to sections 55(1) and 58(1) of the Act grant an authority to sell liquor “on or from” the licensed premises.

Having regard to the clear intention of Parliament, the Commission did not accept that sections 4(5) and 4(6) only apply to producers and wholesalers licenses. The Commission determined that if the legislature had intended such a position, then it would have been clearly enunciated at the time that the section were enacted.

On 24 June 2013, the Commission issued a direction to refer the matter back to the Director of Liquor Licensing for reconsideration on its merits.

LIQUOR RESTRICTIONS

There is continuing interest by regional communities in reducing the level of alcohol-related harm.

Mechanisms available to remote communities to address harm caused due to the use of liquor are provided for under sections 64, 152 and 175 of the *Liquor Control Act 1988* (the Act).

Restricted Area Regulations

Section 175(1a) of the Act enables the Governor, on the recommendation of the Minister, to declare an area of the State a restricted area that prohibits the bringing in, possession and consumption of liquor in the declared area.

More communities are seeking to use section 175 to restrict alcohol consumption in their communities. This is currently the State Government’s preferred legislative mechanism for alcohol management in remote communities.

With the increasing number of communities seeking to use section 175, consultation is undertaken with the Police Commissioner, the relevant local government authority, the Department of Aboriginal Affairs and the Drug and Alcohol Office to ensure that programs and facilities in the restricted areas are able to cope with anticipated population requirements.

As at 30 June 2013, sixteen Aboriginal communities have been declared restricted areas under section 175(1a) of the Act, prohibiting the bringing in, possession and consumption of liquor in those communities. An offence against the regulations can attract maximum penalties of between \$2000 and \$5000.

The following table details those communities throughout the State that have been declared restricted areas:

RESTRICTED AREA	EXPIRES
Kundat Djaru	17/09/2013
Nicholson Block	17/09/2013
Koongie Park	17/09/2013
Oombulgurri	7/11/2013
Punmu	3/12/2013
Irrungadji	3/12/2013
Bayulu	29/12/2013
Jigalong	30/04/2014
Kunawarritji	3/05/2014
Pandanus Park	27/05/2014
Looma	27/05/2014
Noonkanbah	23/07/2014
Juwurlinji (Bow River)	23/07/2014
Yakanarra	30/04/2015
Cheeditha	10/08/2015
Wangkatjungka	22/04/2016

In addition, as at the 30 June 2013 the communities of Warralong and Tjuntjuntjara were under consideration to be declared as restricted areas.

Liquor Restricted Premises

The *Liquor Control Act 1988* enables the owner or occupier of a private premises or privately owned land to apply to the Director of Liquor Licensing to have the premises declared a restricted premises so it becomes an offence for a person to bring into, consume or possess liquor on those premises for a specified period.

Section 152P(4) of the Act also allows for a prescribed class of person to apply for a declaration of a liquor restricted premises. In this regard, the Chief Executive Officer of the Department for Child Protection is the only class of prescribed person in the regulations. As at 30 June 2013, a total of 180 premises have been declared by the Director as restricted premises.

The locations of all declared premises are shown below:

KIMBERLEY	PILBARA	METRO	OTHER
Kununurra - 29	Carnarvon – 3	Kelmscott – 1	Geraldton - 5
Wyndham – 18	Sth Hedland – 8	Belmont – 1	Esperance - 2
Broome – 11	Pt Hedland - 2	Brookdale – 1	Leonora – 5
Warnum – 7	Karratha – 1	Bentley – 1	Northam – 2
Halls Creek – 2	Newman – 16	Rivervale – 1	Wandina – 1
Fitzroy Xing – 11	Wickham – 1	Nulsen – 1	Koondoola – 1
Derby – 8	Marble Bar – 2		Wiluna – 4
			Meekatharra – 18
			Laverton – 10
			Beachlands – 1
			Kalgoorlie – 3
			Wongan Hills – 1
			Mullewa – 1
			Koombana - 1

Section 64 Inquiries

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

There is also a system of voluntary liquor accords in place whereby licensees, the police, and other local agencies agree on a set of voluntary liquor restrictions. As these accords are voluntary, their success depends on the will of the licensees to collectively abide by them. Under these two processes all major Kimberley towns have liquor restrictions in place.

During 2012/2013 the Director imposed restrictions under section 64 in the following areas:

Kununurra and Wyndham

Liquor restrictions were originally imposed by the Director of Liquor Licensing in Kununurra and Wyndham on 7 February 2011 following consideration of a joint submission from the Executive Director Public Health and the Commissioner of Police regarding alcohol related harm in the communities. The Director of Liquor Licensing met with stakeholders in August 2010 as part of the consultation process and invited comments in relation to the proposed restrictions.

The existing restrictions were amended on 5 November 2012 after the Director of Liquor Licensing adopted changes recommended by the Kununurra and Wyndham Liquor Accord.

Kalgoorlie, Boulder, Coolgardie and Kambalda

On 28 May 2012, the Director of Liquor Licensing gave notice to all licensees in the communities of Kalgoorlie, Boulder, Coolgardie and Kambalda who are entitled to sell packaged liquor that the level of alcohol related harm was such that it would be in the public interest to impose restrictive conditions on those licences. Licensees were required to show cause why the proposed conditions should not be imposed with the final date for submissions being 20 July 2012.

Following consideration of the responses from licensees and other stakeholders, the Director of Liquor Licensing determined that it was in public interest to impose restrictive conditions on liquor licences in order to minimise the harm caused to people, or any group of people, due to the use of liquor. The restrictions, which were less onerous than those proposed by the Police, took effect on 29 October 2012.

Pilbara

The WA Police and the West Pilbara Alcohol Management Group jointly wrote to the Director of Liquor Licensing in early 2012, tabling a report regarding the evidence and extent of alcohol-related harm being experienced by people in communities situated in the Pilbara. That report was released for public comment.

After considering the report, as well as the comments and submissions received on that report, the Director of Liquor Licensing determined that he was satisfied that the level of alcohol related harm occurring in the communities of the Pilbara was such that it would be in the public interest to impose restrictive conditions on relevant licences pursuant to section 64 of the Liquor Control Act. The restrictions took effect on 8 October 2012 and varied slightly across the following towns located in the Pilbara region:

- Dampier
- Karratha
- Kumarina
- Marble Bar
- Mardie
- Newman
- Nullagine
- Onslow
- Pannawonica
- Paraburdoo
- Pardoo
- Point Samson
- Port Hedland
- Sandfire Roadhouse
- South Hedland
- Tom Price
- Whim Creek
- Wickham

Restrictions imposed under section 64 of the Act apply to the following rural and remote communities throughout the Western Australia:

- Kimberley-wide container restrictions (licences for premises north of 20 degrees south);
- Fitzroy Crossing;
- Halls Creek;
- Kununurra;
- Wyndham;
- Derby;
- Meekatharra;
- Mount Magnet;
- Newman;
- Nullagine;
- Port Hedland;
- Wiluna;
- Northern Goldfields (including Laverton, Leonora, Leinster, Kookynie, Agnew and Menzies);
- Pilbara region; and
- Goldfields region (including Kalgoorlie, Boulder, Coolgardie and Kambalda).

An interactive map showing the location of all liquor restrictions in WA (imposed under section 64 and section 175 of the Act), with a description of each restriction is available on the website: <http://www.rgl.wa.gov.au/maps/tourism.html>

BARRING NOTICES

Section 115AA of the *Liquor Control Act 1988* provides that the Commissioner of Police may give a barring notice to a person prohibiting them from entering specified licensed premises, or a specified class of licensed premises, if the person has engaged in violent, disorderly or indecent behaviour or has contravened any written law whilst on a licensed premises.

A barring notice can be in place for a maximum of 12 months.

A \$10,000 penalty applies to a person who is given a notice and fails to comply with it, unless the person is entering the premises solely for the purpose of performing duties related to their employment.

There were 347 barring notices issued in 2012/13, compared with 203 in 2011/12.

PROHIBITION ORDERS

Part 5A of the *Liquor Control Act 1988* provides that the Commissioner of Police may apply to the Director of Liquor Licensing for a prohibition order to be made against a particular person.

Prohibition orders can be issued to people who are involved in criminal or anti-social behaviour in or around licensed premises (such as glassing assaults), or whose employment in licensed premises is deemed to be inappropriate due to their involvement in serious or organised crime.

A prohibition order can be issued so that an individual person is prohibited from:

- being employed by a licensee at a specified licensed premises, a particular class of licensed premises or any licensed premises; or
- entering a specified licensed premises, a specified class of licensed premises or any licensed premises.

An application for a prohibition order under section 152B of the *Liquor Control Act 1988* must set out the reasons why a person should be prohibited and any other information that is relevant to the issue.

The Director of Liquor Licensing must give written notice to the person who is the subject of the application, stating that an application has been made, explaining the proposed effect of the order and affording reasonable opportunity to make submissions in relation to the matter. However, the *Liquor Control Act 1988* states that the Director of Liquor Licensing must not disclose information that is classified as confidential by the Commissioner of Police.

The Director of Liquor Licensing may impose a prohibition order only if he is satisfied it is in the public interest to do so. A prohibition order can be issued for a maximum of five years, or two years for a juvenile.

A \$10,000 penalty applies to a person who is given a copy of a prohibition order and fails to comply with that order. Any person given a copy of a prohibition order but continues to employ the person subject to the prohibition order also commits an offence and faces a penalty of \$10,000.

There were 37 prohibition orders issued in 2012/13, compared to 35 in 2011/12. Further details are available on the Department's website at:

www.rgl.wa.gov.au/ProhibitionOrders.aspx

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 cover 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 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* was 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.

NEW INFORMATION TECHNOLOGY SYSTEMS

Unified Regulatory System

The Department's current systems infrastructure was first implemented in the mid 1990s. As a result, systems infrastructure which underpin the Department's ability to effectively support the provision of its core business activities are not intuitive and have either reached the end of their lifespan, or are approaching this stage.

The Department will spend \$4.36 million of capital expenditure over the next two years, from 2012/13 to 2013/14, to develop and implement a Unified Regulatory System (URS) to replace existing licensing systems.

This will put the Department in a better position to deliver modern, effective and efficient services to the Western Australian community. These upgrades will support the Department's strategic goals of e-government and citizen centric services, by extending online licensing services to the community.

The aims of the URS are:

- reduce the processing time for applications;
- enable more consistent decision making on licence applications; and
- provide greater access to timely, complete and accurate information when assisting customers.

A competitive tender process was undertaken in February 2013 for the provision of a new system with Lighthouse HQ being awarded the contract.

New finance and Human Resources systems

Due to the decommissioning of the Office of Shared Services, the Department is currently working with a project team to implement new finance and human resources information technology systems.

The Department has selected Finance1 as the new finance system, while Aurion will provide the new human resources payroll solution. Finance1 is currently used by various state and local government agencies across Australia.

Both systems are currently being configured and are scheduled to be implemented on 1 November 2013.

ACTIVITIES OF THE REGIONAL COMMUNITY ENGAGEMENT OFFICER

The Regional Community Engagement Officer is responsible for liaising and engaging with regional communities, including remote Aboriginal communities, and internal and external stakeholders in relation to liquor control and gambling. A key objective of the role is to initiate and support harm minimisation projects at a regional level. This involves undertaking fieldwork to assist in the assessment of the social impacts of the liquor and gambling industries in remote communities.

During 2012/13, the Regional Community Engagement Officer visited the Kimberley, Pilbara, Murchison and Goldfields regions to:

- facilitate under section 175(1a) of the *Liquor Control Act 1988*, the:
 - declaration of the Warralong and Cheeditha aboriginal communities as restricted areas; and
 - extension of existing declared areas regulations for the aboriginal communities of Wangkatjungka, Bayulu, Koongie Park and Nicholson Block.
- visit private residences declared as restricted premises under section 152P of the *Liquor Control Act 1988*. During the period 40 private residences were visited in which occupants reported that they were satisfied with the operation of the restrictions in place.
- conduct remote site inspection of the licensed wet mess at the Savannah Nickel Mine; and
- raise awareness regarding the support available to minimise alcohol-related harm including an overview of the liquor restricted premises process and how communities can be declared as restricted areas to prohibit the bringing in, possession and consumption of alcohol. Consultation occurred:
 - with the aboriginal community of Yiyili;
 - at community forums held in York and Northam; and
 - with government agencies in Meekathara and Wiluna.

ACTIVITIES OF THE CLIENT LIAISON TEAM

In raising awareness of the legislation administered by the Department, the customer services team has delivered numerous presentations to liquor licence holders, prospective applicants, community groups and other stakeholders throughout the metropolitan and regional areas of the State.

The customer services team offers front counter, E business and education and advisory services for the Department. Front counter staff assist external stakeholders with understanding the legislative requirements for liquor, gaming and casino applications at lodgement. E Business officers provide assistance to external stakeholders for legislative requirements and on line lodgement processes for certain applications:

Education and Advisory officers are the primary resource for the Department in the face to face dissemination of information on legislative requirements and legislative changes to external stakeholders and peak industry bodies. The information for external stakeholders is delivered in both regional and metropolitan areas by the Education and Advisory Officers and Manager Customer Services. These officers also attend Liquor Accord meetings and present seminars and workshops to industry and interest groups to provide an overview of the liquor, gaming and casino legislation.

Seminars on '*Applying for a Liquor Licence*', '*Understanding the Liquor Control Act*', and '*Community Gaming*' are held on a monthly or bi monthly basis at the Department. Positive feedback is received from attendees on the value of these seminars.

Other activities conducted by the client liaison team include:

- contacting new licensees to ensure they understand their licence conditions and obligations and responsibilities under the *Liquor Control Act 1988* and the *Liquor Control Regulations 1989*;
- delivering presentations to industry groups (predominantly club licence holders and local government) on the liquor laws and liquor legislation;
- presenting seminars to trainee croupiers and new security personnel on legislative obligations at Crown Casino;
- providing workshops for sporting and community based not for profit groups on fund raising under the Gaming and Wagering Commission legislation;
- working with Local Government Authorities (LGA) to provide information on manner of trade and trading conditions for different licence categories to ensure LGA documentation required for applications is accurate;
- developing educational materials for internal and external stakeholders to promote understanding of legislative provisions for liquor and gaming; and
- conducting Liquor and/or Gaming presentations to :
 - WA Local Government Authority Reference Group;
 - Albany Accord;
 - Bunbury Accord; and
 - various Club workshops within the local government areas of Subiaco, Nedlands, Cockburn, Armadale and Rockingham.

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.

ATTENDANCES AT CONFERENCES AND MEETINGS

Senior officers from the Department attended the following conferences in 2012/13:

- Barry Sargeant accompanied the Minister for Racing and Gaming for discussions regarding the banned drinkers register in Darwin and also visited Darwin Casino in July 2012.
- Barry Sargeant and Michael Connolly visited Crown Casino Melbourne to view new gaming technology and improvements to the gaming room floor in August 2012.
- Michael Connolly attended the Electronic Gaming Machine National Standards working party meeting and the Australasian Gaming Expo in August 2012 in Sydney.
- Michael Connolly attended the National Lotteries Regulators meeting in October 2012 in Melbourne.
- Barry Sargeant attended The International Gaming Regulators Conference in Singapore and visited the Singapore Sports Hub site and Genting Highlands resort in Malaysia in October 2012, Kuala Lumpur, Malaysia and Singapore.
- Barry Sargeant attended the 2012 Australasian Liquor Licensing Authorities conference in November 2012, in Wellington New Zealand.
- Barry Sargeant attended Gambling Research Australia and Casino Gaming Regulators CEO Conference in December 2012, in Melbourne.
- Mark Beecroft attended Gambling Research Australia meeting in May 2013 in Melbourne.

- Barry Sargeant attended the 2013 Australasian Racing Ministers Conference in April 2013 in Sydney.
- Barry Sargeant attended the Senior Officials Meeting to discuss Online Gambling issues on May 2013 in Sydney.
- Mark Beecroft attended Gambling Research Australia meeting in May 2013 in Melbourne.
- Michael Connolly attended the Victorian Commission for Gambling Regulation, regarding Casino Tax Verification in June 2013 in Melbourne.
- Barry Sargeant attended the CEO's Forum and Australasian Casino and Gaming Regulators Conference in June 2013 in Adelaide.

BEYOND GAMBLING GRANTS PROGRAM

As part of the 2010 agreement between the State Government and Crown Perth for an additional 250 electronic gaming machines, the Government secured a one-off payment of \$2 million and an annual appropriation of \$0.5 million towards problem gambling help programs.

Management of these funds is undertaken collaboratively between the Department of Local Government and Communities and the Department of Racing Gaming and Liquor.

The partnership between the departments was formalised through a memorandum of understanding establishing the Beyond Gambling Grants Program. The grants program provides funding to enable not-for-profit organisations and local governments to deliver local solutions to address problem gambling issues. The objectives of the grants program are:

- to raise awareness of the effects of problem gambling on individuals, families and communities;
- strengthen the capacity for individuals, families and communities to reduce the level of gambling in the community;
- strengthen the capacity of the non-government sector to work with individuals, families and communities on the impact of problem gambling; and
- address the impact of problem gambling on individuals, families and communities

The first funding round conducted in 2011 delivered a total of \$636,130 to five projects. These projects are near completion, with final reports due to be submitted with the Department of Local Government and Communities by December 2013.

Thirteen applications for the second funding round in 2012 sought funding to the value of \$1,931,322. An assessment panel consisting of representatives from the Department of Racing, Gaming and Liquor, Department for Communities, Department for Child Protection and Lotterywest considered all applications. Eight grants, totalling \$1,350,227 were recommended by the panel and subsequently approved on 21 January 2013. The details of the approved applications are listed below.

David Wirrpanda Foundation Inc

The Troy Cook Health and Leadership Program project, implemented by the David Wirrpanda Foundation Inc., is made up of three components that aim to provide diversionary activities and culturally appropriate mentoring and education to Aboriginal communities within the Peel region and Perth. The David Wirrpanda Foundation Inc received a grant of \$168,167.

The Federation of WA PCYC Inc (PCYC)

The 'Better things to do than Bet' program focuses on reducing the likelihood of young people acquiring problematic gambling through a range of diversionary activities and educational services being implemented at the PCYC centres in Armadale and Gosnells. The program offers short educational sessions facilitated by a social worker in partnership with agencies providing professional support. The education sessions run in conjunction with diversionary activities such as biking, canoeing and physical fitness. The project also links in with the PCYC's employment skills development initiatives. The PCYC received \$193,500 in funding.

Swan Districts Football Club Inc

The Swan Districts Football Club's 'V Swans Program' works in collaboration with the Roebourne Active Reference Group to deliver a program of public awareness, referral, education and diversion in the Roebourne community. A public awareness campaign and education program for local school children focuses on the importance of healthy lifestyles and the risks and consequences involved with gambling. Collaboration with local service providers supports the identification and referral processes for individuals with a gambling addiction. The project also provides diversionary activities including art, hockey, gym, footy for mums and midnight basketball. The Swan Districts Football Club Inc received a grant of \$198,800.

Kalumburu Aboriginal Corporation

The Kalumburu beyond Gambling project involves the provision of diversionary recreational activities and educational workshops on gambling and money management for social and problem gamblers within Kalumburu. A community development officer is responsible for developing culturally appropriate resources to be used within the workshops and coordinate diversionary recreational activities. The program is based on consultation with the local community which identified a lack of alternative recreational activities as the common reason for the prevalence of social gambling within the community. The Kalumburu Aboriginal Corporation received \$188,900 to implement the Kalumburu beyond Gambling project.

Multicultural Services Centre of WA Inc

The Multicultural Services Centre of WA Inc received \$166,160 to implement the Games People Play project which involves a range of community programs aimed at promoting the understanding of the nature of gambling, addictiveness and the impact of gambling on individuals and families. This is targeted towards culturally and linguistically diverse communities and also involves counselling, peer support groups, money management education and diversionary activities such as gardening, yoga and multicultural cooking classes.

Mercy Community Services Inc

The 'Have fun, Play Smart' program aims to provide community education and one-to-one support to increase awareness and reduce problem gambling behaviour. Social inclusion events are being held to promote community recreation as an alternative to gambling. The project operates out of the organisation's Mirrabooka Workforce and Community Support hub and therefore concentrates on residents in this locality. Mercy Community Services Inc received \$77,500 in funding.

Mission Australia

Mission Australia's WA Gambling Education Service for Offenders project is delivering educative sessions on problem gambling to offenders incarcerated in Bandyup Women's Prison, Wandoo Young Adults Facility, Hakea and Bunbury prisons. Education and training is provided to corrections staff to better identify offenders who would benefit from the sessions and from problem gambling counselling. Mission Australia received a total of \$170,800 in funding.

Greater Bunbury Division of General Practice (Koombana Health)

The organisation received \$186,400 to conduct a community awareness campaign, targeted at local mining communities and South-West youth aged 12-18. The 'Beyond Gambling South West' campaign aims to raise awareness regarding the effects of problem gambling and work with local service providers to raise awareness and increase capacity to identify the issues surrounding problem gambling. Bunbury Counselling is contributing to the project with outreach and specialised addictions counselling being provided to the public in collaboration with Centrecare Bunbury's Gambling Help WA counsellor.

CHANGES IN LEGISLATION

CHANGES TO REGULATIONS

- On 1 June 2013, the *Liquor Control Regulations 1989* were amended to provide for a simplified application process for licensed restaurants that hold 120 persons or less to obtain a liquor without a meal extended trading permit.

The amendments provide for restaurant licensees to submit an application form for an extended trading permit to sell liquor without a meal, along with a \$50 fee to apply. Applicants must declare that:

1. the maximum number of persons that can be on their premises at any one time is 120 or less; or
2. where the premises can accommodate more than 120 persons at any one time, the licensee must consent to the imposition of a condition restricting this number to 120.

Liquor without a meal can only be served to and consumed by people who are seated at a table.

As at 30 June 2013, 63 restaurants had been issued an extended trading permit under these provisions.

The amendments bring WA into line with other States where such provisions are already in existence and provide restaurant licensees with more flexibility to cater for an expanding and diverse clientele.

- The *Liquor Control Amendment Regulations 2012* came into effect on 5 September 2012. The regulations prescribe 10 metropolitan sporting arenas for the purposes of section 110 of the *Liquor Control Act 1988*. This enables Police to prosecute individuals who bring liquor into the prescribed arenas without the consent of the licensee. The prescribed arenas are:
 - Subiaco Oval;
 - Perth Oval;
 - Western Australian Cricket Association Ground (WACA);
 - Ascot Racecourse;
 - Belmont Park Racecourse;
 - Gloucester Park;
 - Challenge Stadium;
 - Arena Joondalup;
 - Perth Motorplex; and
 - Greyhounds WA, Cannington.

- The *Liquor Control Amendment Regulations (No. 2) 2012* amended regulation 27 of the *Liquor Control Regulations 1989* to allow for an offence against the *Liquor Control (Cheeditha Restricted Area) Regulations 2012* to be dealt with by way of an infringement notice. The regulations came into effect on 11 August 2012.
- The *Liquor Control Amendment Regulations (No. 3) 2012* provided new fees and charges under the *Liquor Control Act 1988* effective from 1 January 2013.
- The *Liquor Control Amendment Regulations (No. 6) 2012* came into effect on 16 November 2012. The amendments:
 - allow for the sale of liquor under a special facility licence for transport to occur on the licensed premises, that is, on a train, bus, ship or vehicle and/or via bookings made through an office which is operated by the licensee; and
 - increased the validity period of a National Police Clearance that is required to be lodged with an approved manager application from one month to three months.
- The *Liquor Control Amendment Regulations (No. 7) 2012* amended the *Liquor Control Regulations 1989* on 18 December 2012 to prescribe the producer's licence as a type of licence whereby an alteration/redefinition application can be used to include an area on the licensed premises that is not contiguous with the existing licensed premises.
- The *Liquor Control Amendment Regulations (No. 2) 2013* repealed the late fee payable when an occasional licence/extended trading permit application is lodged after the expiry of the legislated lodgement period. These provisions came into effect on 22 May 2013.
- The *Liquor Control Amendment Regulations (No. 3) 2013* came into effect on 20 April 2013 and allowed for the Australian Learner Driver Permit (with a photograph) to be accepted by authorised persons on licensed premises under section 126 of the Act, to prove a person's age.

RESTRICTED AREA REGULATIONS

- The *Liquor Control (Cheeditha Restricted Area) Regulations 2012* came into effect on 11 August 2012 for a period of three years. The regulations prohibit the bringing in, possession and consumption of liquor within the Cheeditha community (within a 500 metre radius of the community's basketball court).
- The *Liquor Control (Wangkatjungka Restricted Area) Amendment Regulations 2013* came into effect on 19 April 2013, in order to extend the restricted area regulation for the Wangkatjungka community for a further three years.
- The *Liquor Control (Bayulu Restricted Area) Regulations 2013* came into effect on 29 June 2013, in order to extend the restricted area regulation for the Bayulu community for a further six month period. This period will allow for ongoing consultation with the community to be completed in order to determine whether restrictions are supported for a further three years.

DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL STATEMENTS

The aim of the Financial Statements is to present to Parliament details of revenue and expenditure for the Department of Racing, Gaming and Liquor in the format determined by Statement of Accounting Standard AAS 29: Financial Reporting by Government Departments. It should be noted that:

- the Department of Racing, Gaming and Liquor is a Department as defined under the *Public Sector Management Act 1994*;
- these financial statements have been prepared on an accrual basis in accordance with the provisions of the *Financial Management Act 2006*; and
- the Department provides financial management and other corporate services to the Gaming and Wagering Commission, the Racing Penalties Appeal Tribunal and the Liquor Commission.

CERTIFICATION OF FINANCIAL STATEMENTS

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



Michael Connolly
ACTING DIRECTOR GENERAL

17 September 2013



Terry Ng
Chief Finance Officer

17 September 2013

DEPARTMENT OF RACING, GAMING AND LIQUOR

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$000	2012 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	9,962	9,314
Supplies and services	7	2,979	3,275
Depreciation and amortisation expense	8	411	317
Accommodation expenses	9	1,271	1,212
Other expenses	10	245	331
Total cost of services		<u>14,868</u>	<u>14,449</u>
Income			
Revenue			
User charges and fees	11	9,842	10,611
Total revenue		<u>9,842</u>	<u>10,611</u>
Total income other than income from State Government		<u>9,842</u>	<u>10,611</u>
NET COST OF SERVICES	24	<u>5,026</u>	<u>3,838</u>
Income from State Government	12		
Service appropriation		4,311	3,858
Services received free of charge		92	130
Total income from State Government		<u>4,403</u>	<u>3,988</u>
SURPLUS/(DEFICIT) FOR THE PERIOD		<u>(623)</u>	<u>150</u>
Total other comprehensive income		<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(623)</u>	<u>150</u>

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

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

DEPARTMENT OF RACING, GAMING AND LIQUOR

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	2013 \$000	2012 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	24	2,598	476
Restricted cash and cash equivalents	13, 24	6	18
Receivables	14	620	962
Amounts receivable for services (Holding Account)	15	100	150
Total Current Assets		<u>3,324</u>	<u>1,606</u>
Non-Current Assets			
Restricted cash and cash equivalents	13, 24	244	218
Amounts receivable for services (Holding Account)	15	1,922	1,784
Plant and equipment	16	487	348
Intangible assets	17	2,867	2,167
Total Non-Current Assets		<u>5,520</u>	<u>4,517</u>
TOTAL ASSETS		<u>8,844</u>	<u>6,123</u>
LIABILITIES			
Current Liabilities			
Payables	19	714	1,101
Provisions	20	1,346	1,405
Other current liabilities	21	50	70
Total Current Liabilities		<u>2,110</u>	<u>2,576</u>
Non-Current Liabilities			
Provisions	20	673	734
Total Non-Current Liabilities		<u>673</u>	<u>734</u>
TOTAL LIABILITIES		<u>2,783</u>	<u>3,310</u>
NET ASSETS		<u>6,061</u>	<u>2,813</u>
EQUITY			
Contributed equity	22	4,325	454
Accumulated surplus/(deficit)		1,736	2,359
TOTAL EQUITY		<u>6,061</u>	<u>2,813</u>

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

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

DEPARTMENT OF RACING, GAMING AND LIQUOR
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus/ (deficit) \$000	Total equity \$000
Balance at 1 July 2011	22	454	0	2,209	2,663
Changes in accounting policy or correction of prior period errors		0	0	0	0
Restated balance at 1 July 2011		<u>454</u>	<u>0</u>	<u>2,209</u>	<u>2,663</u>
Surplus/(deficit)		0	0	150	150
Other comprehensive income		0	0	0	0
Total comprehensive income for the period		<u>0</u>	<u>0</u>	<u>150</u>	<u>150</u>
Transactions with owners in their capacity as owners:					
Capital appropriations		0	0	0	0
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>454</u>	<u>0</u>	<u>2,359</u>	<u>2,813</u>
Balance at 1 July 2012		454	0	2,359	2,813
Surplus/(deficit)		0	0	(623)	(623)
Other comprehensive income		0	0	0	0
Total comprehensive income for the period		<u>0</u>	<u>0</u>	<u>(623)</u>	<u>(623)</u>
Transactions with owners in their capacity as owners:					
Capital appropriations		3,871	0	0	3,871
Other contributions by owners		0	0	0	0
Distributions to owners		0	0	0	0
Total		<u>3,871</u>	<u>0</u>	<u>0</u>	<u>3,871</u>
Balance at 30 June 2013		<u>4,325</u>	<u>0</u>	<u>1,736</u>	<u>6,061</u>

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

DEPARTMENT OF RACING, GAMING AND LIQUOR

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$000	2012 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		4,073	4,120
Capital appropriations		3,871	0
Holding account drawdowns		150	50
Non-retained revenue returned		(500)	0
Net cash provided by State Government		<u>7,594</u>	<u>4,170</u>
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(10,211)	(9,375)
Supplies and services		(3,050)	(3,419)
Accommodation		(1,166)	(1,309)
GST payments on purchases		(657)	(566)
GST payments to taxation authority		0	(12)
Other payments		(118)	0
Receipts			
User charges and fees		10,249	10,441
Other revenues		39	0
GST receipts on sales		5	12
GST receipts from taxation authority		643	594
Net cash provided by/(used in) operating activities	24	<u>(4,266)</u>	<u>(3,634)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(1,157)	(414)
Payments from fees in trust		(975)	(963)
Receipts			
Proceeds from fees in trust		940	937
Net cash provided by/(used in) investing activities		<u>(1,192)</u>	<u>(440)</u>
Net increase/(decrease) in cash and cash equivalents		2,136	96
Cash and cash equivalents at the beginning of the period		712	616
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	24	<u><u>2,848</u></u>	<u><u>712</u></u>

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

DEPARTMENT OF RACING, GAMING AND LIQUOR
SCHEDULE OF INCOME AND EXPENSES BY SERVICE
FOR THE YEAR ENDED 30 JUNE 2013

	Licensing - Evaluation and determination of applications		Compliance audits and inspections		Total	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
COST OF SERVICES						
<u>Expenses</u>						
Employee benefits expense	4,981	4,799	4,981	4,515	9,962	9,314
Supplies and services	1,489	1,641	1,490	1,634	2,979	3,275
Depreciation and amortisation expense	206	159	205	158	411	317
Accommodation expenses	635	606	636	606	1,271	1,212
Other expenses	123	174	122	157	245	331
Total cost of services	7,434	7,379	7,434	7,070	14,868	14,449
<u>Income</u>						
User charges and fees	5,418	5,765	4,424	4,846	9,842	10,611
Total income other than income from State Government	5,418	5,765	4,424	4,846	9,842	10,611
NET COST OF SERVICES	2,016	1,614	3,010	2,224	5,026	3,838
Income from State Government						
Service appropriation	1,724	1,611	2,587	2,247	4,311	3,858
Services received free of charge	37	65	55	65	92	130
Total income from State Government	1,761	1,676	2,642	2,312	4,403	3,988
SURPLUS/(DEFICIT) FOR THE PERIOD	(255)	62	(368)	88	(623)	150

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

DEPARTMENT OF RACING, GAMING AND LIQUOR
SCHEDULE OF ASSETS AND LIABILITIES BY SERVICE
AS AT 30 JUNE 2013

	Licensing - Evaluation and determination of applications		Compliance audits and inspections		Total	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Assets						
Current assets	1,662	803	1,662	803	3,324	1,606
Non-current assets	2,760	2,259	2,760	2,258	5,520	4,517
Total assets	4,422	3,062	4,422	3,061	8,844	6,123
Liabilities						
Current liabilities	1,055	1,288	1,055	1,288	2,110	2,576
Total non-current liabilities	337	367	336	367	673	734
Total liabilities	1,392	1,655	1,391	1,655	2,783	3,310
NET ASSETS	3,030	1,407	3,031	1,406	6,061	2,813

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

DEPARTMENT OF RACING, GAMING AND LIQUOR
SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES
FOR THE YEAR ENDED 30 JUNE 2013

	2013 Estimate \$000	2013 Actual \$000	Variance \$000	2013 Actual \$000	2012 Actual \$000	Variance \$000
<u>Delivery Services</u>						
Item 72 Net amount appropriated to deliver services	4,171	3,971	200	3,971	3,581	390
Section 25 transfer of service appropriation	0	55	(55)	55	0	55
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975	285	285	0	285	277	8
Total appropriations provided to deliver services	4,456	4,311	145	4,311	3,858	453
<u>CAPITAL</u>						
Item 143 Capital appropriations	2,540	3,871	(1,331)	3,871	0	3,871
<u>Administered Transactions</u>						
Item 73 Administered grants, subsidies and other transfer payments	106,047	100,499	5,548	100,499	96,330	4,169
Amount Authorised by Other Statutes - Liquor Control Act 1988	5,000	2,211	2,789	2,211	2,093	118
Total administered transactions	111,047	102,710	8,337	102,710	98,423	4,287
GRAND TOTAL	118,043	110,892	7,151	110,892	102,281	8,611
<u>Details of Expenses by Service</u>						
Service 1 : Licensing - Evaluation and determination of applications	6,792	7,434	(642)	7,434	7,379	55
Service 2 : Compliance audits and inspections	6,657	7,434	(777)	7,434	7,070	364
Total Cost of Services	13,449	14,868	(1,419)	14,868	14,449	419
Less total income	(9,002)	(9,842)	840	(9,842)	(10,611)	769
Net Cost of Services	4,447	5,026	(579)	5,026	3,838	1,188
Adjustments	9	(715)	724	(715)	20	(735)
Total appropriations provided to deliver services	4,456	4,311	145	4,311	3,858	453
<u>Capital Expenditure</u>						
Purchase of non-current physical assets	2,540	1,250	1,290	1,250	418	832
Adjustments for other funding sources	0	2,621	(2,621)	2,621	(418)	3,039
Capital appropriations	2,540	3,871	(1,331)	3,871	0	3,871
<u>Details of Income Estimates</u>						
Income disclosed as Administered Income Taxes and licences Casino Tax	117,000	110,579	6,421	110,579	108,126	2,453

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

Note 28 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2013 and between the actual results for 2013 and 2012.

DEPARTMENT OF RACING, GAMING AND LIQUOR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Note 1. Australian Accounting Standards

General

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

Early adoption of standards

The Department 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 Department for the annual reporting period ended 30 June 2013.

Note 2. Summary of significant accounting policies

(a) General statement

The Department 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 thousand dollars (\$'000).

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Department's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting entity

The reporting entity comprises the Department only.

Mission

To regulate the liquor and gambling industries in Western Australia

The Department is partly funded by Parliamentary appropriations. During 2012-13, the Department provided financial management and other corporate support services to other agencies that are charged out on a full cost recovery basis:

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

Services

The Department provides the following services:

Service 1 : Licensing - Evaluation and determination of applications

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

Service 2 : Compliance audits and inspections

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

The Department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral, to the function of the Department. These administered balances and transactions are not recognised in the principal financial statements of the Department but schedules are prepared using the same basis as the financial statements and are presented at note 33 'Disclosure of administered expenses and income' and note 34 'Administered assets and liabilities'.

(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) IncomeRevenue recognition

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

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership 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.

Service appropriations

Service Appropriations are recognised as revenues at fair value in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2012-13 Budget Statements, the Department retained \$9.84 million in 2013 (\$10.61 million in 2012) from the following:

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

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Department 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.

Gains

Realised or unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

(f) Plant and equipmentCapitalisation/expensing of assets

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

Initial recognition and measurement

Plant and equipment are initially recognised at cost.

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

Subsequent measurement

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

Depreciation

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

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

Furniture equipment	10 - 15 years
Office equipment	3 - 20 years

(g) Intangible AssetsCapitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful lives. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

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

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

The expected useful lives for computer software is five to ten years.

Licences

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

Development costs

Research costs are expensed as incurred. Development costs incurred for an individual project are carried forward when the future economic benefits can reasonably be regarded as assured and the total project costs are likely to exceed \$50,000. Other development costs are expensed as incurred.

Computer Software

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

Website costs

Website costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a website, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

(h) Impairment of assets

Plant and equipment, and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Department is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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

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

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

(i) Leases

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

(j) Financial instruments

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

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

Financial instruments have been disaggregated into the following classes:

- * Financial Assets
 - Cash and cash equivalents
 - Restricted cash and cash equivalents
 - Receivables
 - Amounts receivable for services
- * Financial Liabilities
 - Payables

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

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

(k) Cash and cash equivalents

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

(l) Accrued salaries

Accrued salaries (see note 19 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see note 13 'Restricted cash and cash equivalents') consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

(m) Amounts receivable for services (holding account)

The Department receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(n) 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 Department will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(o) Payables

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

(p) Provisions

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

Provisions - employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave

The liability for annual leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave that is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Long service leave

The liability for long service leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave that is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Sick Leave

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

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

Purchased Leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional 10 weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the undiscounted amounts expected to be paid when the liabilities are settled.

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.

Employees 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). Employees 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 Department makes contributions to GESB or other fund provider on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Department'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 Department to GESB extinguishes the agency's obligations to the related superannuation liability.

The Department 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 Department 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.

Provisions - Other

Employment on-costs

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

Restoration Costs

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

(q) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation funds. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

(r) Assets and services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost are recognised as income at the fair value of the assets and/or the fair value of those services that can be reliably measured and the Department would otherwise pay for. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(s) Fees in trust

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

(t) Comparative figures

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

Note 3. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Department evaluates these judgements regularly.

Operating Lease Commitments

The Department has entered into a number of commercial lease arrangements for motor vehicles, office accommodation and office equipment and has determined that the lessor retains substantially all the significant risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

Note 4. Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long Service Leave

Several estimations and assumptions used in calculating the Department's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Note 5. Disclosure of changes in accounting policy and estimates**Initial application of an Australian Accounting Standard**

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

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

		Operative for reporting periods beginning on/after
<i>AASB 9</i>	<i>Financial Instruments</i> This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , introducing a number of changes to accounting treatments. <i>AASB 2012-6 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 Department has not yet determined the application or the potential impact of the Standard.	1 Jan 2015
<i>AASB 10</i>	<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 Department has not yet determined the application or the potential impact of the Standard.	1 Jan 2014
<i>AASB 11</i>	<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 Department has not yet determined the application or the potential impact of the Standard.	1 Jan 2014
<i>AASB 12</i>	<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 Department has not yet determined the application or the potential impact of the Standard.	1 Jan 2014
<i>AASB 13</i>	<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
<i>AASB 119</i>	<i>Employee Benefits</i> This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements. The Department 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	<i>Separate Financial Statements</i> This Standard supersedes AASB 127 <i>Consolidated and Separate Financial Statements</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 Department has not yet determined the application or the potential impact of the Standard.	1 Jan 2014
AASB 128	<i>Investments in Associates and Joint Ventures</i> This Standard supersedes AASB 128 <i>Investments in Associates</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 Department has not yet determined the application or the potential impact of the Standard.	1 Jan 2014
AASB 1053	<i>Application of Tiers of Australian Accounting Standards</i> 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.	1 Jul 2013
AASB 1055	<i>Budgetary Reporting</i> 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 Department will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.	1 Jul 2014
AASB 2010-2	<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> 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.	1 Jul 2013
AASB 2010-7	<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> This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. AASB 2012-6 amended the mandatory application date of this Standard to 1 January 2015. The Department has not yet determined the application or the potential impact of the Standard.	1 Jan 2015
AASB 2011-2	<i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054]</i> 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.	1 Jul 2013
AASB 2011-6	<i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]</i> 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.	1 Jul 2013

		Operative for reporting periods beginning on/after
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 Department 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
AASB 2011-10	<p><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></p> <p>This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is limited financial impact.</p>	1 Jan 2013
AASB 2011-11	<p><i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i></p> <p>This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.</p>	1 Jul 2013
AASB 2012-1	<p><i>Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements [AASB 3, 7, 13, 140 & 141]</i></p> <p>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.</p>	1 Jul 2013
AASB 2012-2	<p><i>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 132]</i></p> <p>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.</p>	1 Jan 2013
AASB 2012-3	<p><i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</i></p> <p>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.</p>	1 Jan 2014

		Operative for reporting periods beginning on/after
AASB 2012-5	<p><i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 & 134 and Int 2]</i></p> <p>This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.</p>	1 Jan 2013
AASB 2012-6	<p><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></p> <p>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.</p>	1 Jan 2013
AASB 2012-7	<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, 12, 101 & 127]</i></p> <p>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.</p>	1 Jul 2013
AASB 2012-10	<p><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></p> <p>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.</p> <p>The Standard was issued in December 2012. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 2012-11	<p><i>Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, 2, 8, 10, 107, 128, 133, 134 & 2011-4]</i></p> <p>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.</p> <p>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.</p>	1 Jul 2013

Note 6. Employee benefits expense

	2013	2012
	\$000	\$000
Wages and salaries ^(a)	9,028	8,485
Superannuation - defined contribution plans ^(b)	934	829
	<u>9,962</u>	<u>9,314</u>

^(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.

^(b) Defined contribution plans include West State, Gold State, GESB and other eligible funds.

Employment on-costs expenses, such as workers' compensation insurance, are included at note 10 'Other expenses'.

Employment on-costs liability is included at note 20 'Provisions'.

Note 7. Supplies and services

	2013	2012
	\$000	\$000
Communications	179	181
Consultants and contractors	1,680	1,479
Consumables	232	426
Repairs and maintenance	270	480
Travel	89	86
Advertising and promotion	29	25
Motor vehicle leasing	72	54
Office equipment leasing	14	16
Insurance	123	142
Legal services - Services received free of charge	86	125
Other	205	261
	<u>2,979</u>	<u>3,275</u>

Note 8. Depreciation and amortisation expense

	2013	2012
	\$000	\$000
<u>Depreciation</u>		
Furniture equipment	20	19
Office equipment	98	65
Total depreciation	118	84
<u>Amortisation</u>		
Computer software	293	233
Total amortisation	293	233
Total depreciation and amortisation	<u>411</u>	<u>317</u>

Note 9. Accommodation expenses

	2013	2012
	\$000	\$000
Lease rentals	1,265	1,207
Services received free of charge	6	5
	<u>1,271</u>	<u>1,212</u>

Note 10. Other expenses

	2013	2012
	\$000	\$000
Restoration costs	5	13
Employment on-costs	(8)	13
Other employee related expenses	94	179
Audit fee ^(a)	154	126
	<u>245</u>	<u>331</u>

^(a) Audit fee, see also note 27 'Remuneration of auditor'.

Note 11. User charges and fees

	2013	2012
	\$000	\$000
Recoups for services provided:		
<u>Net Appropriation Revenues</u>		
Gaming and Wagering Commission of Western Australia	4,226	4,811
Racing Penalties Appeal Tribunal	163	159
Commonwealth Government	89	88
Liquor fees and other charges	5,364	5,553
	<u>9,842</u>	<u>10,611</u>

Note 12. Income from State Government

	2013	2012
	\$000	\$000
Appropriation received during the period:		
- Service appropriation ^(a)	4,311	3,858
	<u>4,311</u>	<u>3,858</u>
Services received free of charge from other State government agencies during the period:		
Department of Treasury		
- Building and Management Works	6	5
Department of the Attorney General		
- Legal services	86	125
	<u>92</u>	<u>130</u>
	<u>4,403</u>	<u>3,988</u>

^(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the budgeted depreciation expense for the year and any agreed increase in leave liabilities during the year.

Note 13. Restricted cash and cash equivalents

	2013 \$000	2012 \$000
<u>Current</u>		
Special purpose accounts (refer to note 23)	6	18
	<u>6</u>	<u>18</u>
<u>Non-current</u>		
Accrued salaries suspense account ^(a)	244	218
	<u>244</u>	<u>218</u>

^(a) Funds held in the suspense account for the purpose of meeting the 27th pay in a financial year that occurs every 11-years.

Note 14. Receivables

	2013 \$000	2012 \$000
<u>Current</u>		
Receivables	163	90
Allowance for impairment of receivables	0	0
Other receivables	288	678
GST receivable	88	83
Prepayments	81	111
Total current	<u>620</u>	<u>962</u>

The Department has a significant exposure to the Gaming and Wagering Commission of Western Australia. The Commission is expected to settle its debt of \$268,640 (2012: \$620,030) in due course.

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

Note 15. Amounts receivable for services (Holding Account)

	2013 \$000	2012 \$000
Current	100	150
Non-current	1,922	1,784
	<u>2,022</u>	<u>1,934</u>

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

Note 16. Plant and equipment

	2013	2012
	\$000	\$000
<u>Furniture equipment</u>		
At cost	193	193
Accumulated depreciation	<u>(79)</u>	<u>(59)</u>
	<u>114</u>	<u>134</u>
<u>Office equipment</u>		
At cost	720	551
Accumulated depreciation	<u>(521)</u>	<u>(423)</u>
	<u>199</u>	<u>128</u>
Sub-total	<u>313</u>	<u>262</u>
Add: Work in progress	<u>174</u>	<u>86</u>
Total	<u>487</u>	<u>348</u>

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

	Furniture equipment	Office equipment	Work in progress	Total
	\$000	\$000	\$000	\$000
2013				
Carrying amount at start of period	134	128	86	348
Additions	0	83	174	257
Transfers	0	86	(86)	0
Depreciation	<u>(20)</u>	<u>(98)</u>	<u>0</u>	<u>(118)</u>
Carrying amount at end of period	<u>114</u>	<u>199</u>	<u>174</u>	<u>487</u>
	Furniture equipment	Office equipment	Work in progress	Total
	\$000	\$000	\$000	\$000
2012				
Carrying amount at start of period	153	193	19	365
Additions	0	0	129	129
Transfers	0	0	(62)	(62)
Depreciation	<u>(19)</u>	<u>(65)</u>	<u>0</u>	<u>(84)</u>
Carrying amount at end of period	<u>134</u>	<u>128</u>	<u>86</u>	<u>348</u>

Note 17. Intangible assets

	2013	2012
	\$000	\$000
<u>Computer software</u>		
At cost	4,191	3,901
Accumulated amortisation	(2,317)	(2,023)
Accumulated impairment losses	<u>0</u>	<u>0</u>
	<u>1,874</u>	<u>1,878</u>
Sub-total	<u>1,874</u>	<u>1,878</u>
Add: Work in progress	<u>993</u>	<u>289</u>
Total	<u><u>2,867</u></u>	<u><u>2,167</u></u>

Reconciliations:

Reconciliations of the carrying amounts of intangible assets at the beginning and end of the reporting period are set out in the table below.

	Computer software	Work in progress	Total
	\$000	\$000	\$000
2013			
Carrying amount at start of period	1,878	289	2,167
Additions	0	993	993
Transfers	289	(289)	0
Amortisation expense	(293)	0	(293)
Carrying amount at end of period	<u><u>1,874</u></u>	<u><u>993</u></u>	<u><u>2,867</u></u>

	Computer software	Work in progress	Total
	\$000	\$000	\$000
2012			
Carrying amount at start of period	2,049	62	2,111
Additions	0	289	289
Transfers	62	(62)	0
Amortisation expense	(233)	0	(233)
Carrying amount at end of period	<u><u>1,878</u></u>	<u><u>289</u></u>	<u><u>2,167</u></u>

Note 18. Impairment of assets

There were no indications of impairment to plant and equipment, or intangible assets at 30 June 2013.

The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period.

All surplus assets at 30 June 2013 have been written-off.

Note 19. Payables

	2013	2012
	\$000	\$000
<u>Current</u>		
Trade payables	138	311
Other payables	9	480
Accrued expenses	337	112
Accrued salaries	<u>230</u>	<u>198</u>
Total current	<u><u>714</u></u>	<u><u>1,101</u></u>

Note 20. Provisions

	2013	2012
	\$000	\$000
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual leave ^(a)	308	367
Long service leave ^(b)	910	901
	<u>1,218</u>	<u>1,268</u>
<i>Other provisions</i>		
Employment on-costs ^(c)	128	137
	<u>128</u>	<u>137</u>
	<u>1,346</u>	<u>1,405</u>
<u>Non-current</u>		
<i>Employee benefits provision</i>		
Long service leave ^(b)	424	488
	<u>424</u>	<u>488</u>
<i>Other provisions</i>		
Employment on-costs ^(c)	50	52
Restoration costs ^(d)	199	194
	<u>249</u>	<u>246</u>
	<u>673</u>	<u>734</u>

^(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2013	2012
	\$000	\$000
Within 12 months of the end of the reporting period	308	367
More than 12 months after the end of the reporting period	0	0
	<u>308</u>	<u>367</u>

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

	2013	2012
	\$000	\$000
Within 12 months of the end of the reporting period	279	278
More than 12 months after the end of the reporting period	1,055	1,111
	<u>1,334</u>	<u>1,389</u>

^(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

The associated expense is disclosed in note 10 'Other expenses'.

^(d) At the termination of the lease, the Department has a legal or constructive obligation to dismantle and restore the property at Level 1, Hyatt Centre, East Perth. The total restoration cost is estimated at \$240,000. The present value of the year to date cost is \$198,665.

The associated expense is disclosed in note 10 'Other expenses'.

Movements in other provisions

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

	2013	2012
	\$000	\$000
<u>Restoration costs provisions</u>		
Carrying amount at start of period	194	181
Additional provisions recognised	5	13
Carrying amount at end of period	<u>199</u>	<u>194</u>
<u>Employment on-cost provision</u>		
Carrying amount at start of period	189	165
Additional provisions recognised	(11)	24
Carrying amount at end of period	<u>178</u>	<u>189</u>

Note 21. Other liabilities

	2013 \$000	2012 \$000
<u>Current</u>		
Special purpose accounts (refer to note 23)	6	18
Fees in trust	44	52
Total current	<u>50</u>	<u>70</u>

Note 22. Equity

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

Contributed equity

	2013 \$000	2012 \$000
Balance at start of period	454	454
<u>Contributions by owners</u>		
Capital appropriation	3,871	0
Total contributions by owners	<u>3,871</u>	<u>0</u>
Balance at end of period	<u>4,325</u>	<u>454</u>

Accumulated surplus/(deficit)

	2013 \$000	2012 \$000
Balance at start of period	2,359	2,209
Result for the period	(623)	150
Balance at end of period	<u>1,736</u>	<u>2,359</u>
Total Equity at end of period	<u>6,061</u>	<u>2,813</u>

Note 23. Special purpose accounts**Special Purpose Account ^(a)**Indian Ocean Territories Reimbursement Trust Fund

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

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

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

	2013 \$000	2012 \$000
Balance at start of period	18	15
Receipts	77	90
Payments	(89)	(87)
Balance at end of period	<u>6</u>	<u>18</u>

^(a) Established under section 16(1)(d) of FMA.

Note 24. Notes to the Statement of Cash Flows

	2013	2012
	\$000	\$000
Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	2,598	476
Restricted cash and cash equivalents	250	236
	<u>2,848</u>	<u>712</u>

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

	2013	2012
	\$000	\$000
Net cost of services	(5,026)	(3,838)
<u>Non-cash items</u>		
Depreciation and amortisation expense	411	317
Services received free of charge	92	130
<u>(Increase)/decrease in assets</u>		
Current receivables ^(a)	342	(354)
<u>Increase/(decrease) in liabilities</u>		
Current payables ^(a)	30	(47)
Current provisions	(59)	443
Non-current provisions	(61)	(300)
Net GST receipts/(payments) ^(b)	(9)	28
Change in GST in receivables/payables ^(c)	14	(13)
Net cash provided by/(used in) operating activities	<u>(4,266)</u>	<u>(3,634)</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 25. Commitments

The commitments below are exclusive of GST.

Non cancellable operating lease commitments

	2013	2012
	\$000	\$000
Within 1 year	954	910
Later than 1 year and not later than 5 years	956	65
Later than 5 years	0	0
	<u>1,910</u>	<u>975</u>

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

Capital expenditure commitments

	2013	2012
	\$000	\$000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	1,768	2,547
Later than 1 year and not later than 5 years	945	1,820
Later than 5 years	236	0
	<u>2,949</u>	<u>4,367</u>

Note 25. Commitments (contd)**Other expenditure commitments**

	2013	2012
	\$000	\$000
Other expenditure commitments, namely administrative expenditure, contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:		
Within 1 year	1,170	230
Later than 1 year and not later than 5 years	679	0
Later than 5 years	0	0
	<u>1,849</u>	<u>230</u>

Note 26. Remuneration of senior officers

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

\$	2013	2012
20,001 - 30,000	0	1
110,001 - 120,000	1	0
130,001 - 140,000	3	1
140,001 - 150,000	1	0
150,001 - 160,000	0	1
170,001 - 180,000	0	1
190,001 - 200,000	1	0
290,001 - 300,000	1	0
310,001 - 320,000	0	1
	\$000	\$000
Base remuneration and superannuation	1,187	731
Annual leave and long service accruals	(40)	38
Other benefits	25	21
Total remuneration of senior officers	<u>1,172</u>	<u>790</u>

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

The comparatives for 2012 have been restated for the change in the basis for determination of remuneration to the accrual basis.

Note 27. Remuneration of auditor

	2013	2012
	\$000	\$000
Remuneration paid or payable to the Auditor General ^(a) in respect of the audit for the current financial year is as follows:		
Auditing the accounts, financial statements and key performance indicators	71	68
Compliance audit	86	60
	<u>157</u>	<u>128</u>

^(a) The fee for the 2011-12 audit (\$68,000) was due and payable in the 2012-13 financial year.

The fee for the 2012-13 audit (\$71,000) will be due and payable in the 2013-14 financial year.

Note 28. Explanatory statement

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

Total appropriations provided to deliver servicesSignificant variances between estimate and actual for 2013

	2013 Estimate \$000	2013 Actual \$000	Variance \$000
Total appropriations provided to deliver services	4,456	4,311	(145)

The variance was mainly due to return of monies to the Department of Treasury at year end.

Significant variances between actual results for 2013 and 2012

	2013 \$000	2012 \$000	Variance \$000
Total appropriation provided to deliver services for the year ^(a)	4,311	3,858	453
Total income ^(b)	9,842	10,611	(769)

^(a) *Total appropriation provided to deliver services for the year* - The variance of \$453,000 was largely attributed to the funding associated with the implementation of the Unified Regulatory System and the decommissioning of shared services project.

^(b) *Total income* - The variance of \$769,000 was mainly due to the higher fee revenues received.

Service ExpenditureSignificant variances between estimate and actual for 2013

	2013 Estimate \$000	2013 Actual \$000	Variance \$000
Service 1 - Evaluation and determination of applications	6,792	7,434	642
Service 2 - Compliance audits and inspections	6,657	7,434	777

The increase in the expenditure of Service 1 and Service 2 was mainly due to the increased expenditure associated with the filling of vacant positions, positions reclassification as a result of an organisational restructure, the implementation of the Unified Regulatory System and the decommissioning of shared services.

Significant variances between actual results for 2013 and 2012

	2013 \$000	2012 \$000	Variance \$000
Service 1 - Evaluation and determination of applications	7,434	7,379	55
Service 2 - Compliance audits and inspections	7,434	7,070	364

The increase in the expenditure of Service 1 and Service 2 was mainly due to the increased expenditure associated with the filling of vacant positions, positions reclassification as a result of an organisational restructure, the implementation of the Unified Regulatory System and the decommissioning of shared services.

Note 28. Explanatory statement (contd)**Capital contribution**Significant variances between estimate and actual for 2013

The variance was due to the expenditure associated with the decommissioning of shared services.

2013 Estimate \$000	2013 Actual \$000	Variance \$000
2,540	3,871	1,331

Significant variances between actual results for 2013 and 2012

The variance was due to the expenditure associated with the implementation of the Unified Regulatory System and the decommissioning of shared services.

2013 \$000	2012 \$000	Variance \$000
3,871	0	3,871

Total administered transactionsSignificant variances between estimate and actual for 2013, and actuals for 2013 and 2012

	2013 Estimate \$000	2013 Actual \$000	Variance \$000
Administered grants and transfer payments	106,047	100,499	5,548
Amount Authorised by Other Statutes - Liquor Control Act 1988	5,000	2,211	2,789
	<u>111,047</u>	<u>102,710</u>	

Administered Grants and Transfer Payments

The claims for administered grants and transfer payments in 2013 were lower than anticipated.

Amount Authorised by Other Statutes - Liquor Control Act 1988

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

	2013 \$000	2012 \$000	Variance \$000
Administered grants and transfer payments	100,499	96,330	4,169
Amount Authorised by Other Statutes - Liquor Control Act 1988	2,211	2,093	118
	<u>102,710</u>	<u>98,423</u>	

Administered Grants and Transfer Payments

The claims for administered grants and transfer payments in 2013 were higher than those in 2012.

Amount Authorised by Other Statutes - Liquor Control Act 1988

The claims lodged in 2013 were higher than those in 2012.

Administered IncomeSignificant variance between estimate and actual for 2013, and actuals for 2013 and 2012

	2013 Estimate \$000	2013 Actual \$000	Variance \$000
Casino tax	117,000	110,579	6,421

2013 Casino Taxable Revenue was lower than budgeted.

	2013 \$000	2012 \$000	Variance \$000
Casino tax	110,579	108,126	2,453

2013 Casino Taxable Revenue was higher than the 2012 revenue.

Note 29. Financial instruments**(a) Financial risk management objectives and policies**

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

Credit risk

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

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment, as shown in the table at Note 29(c) 'Financial Instruments Disclosures' and Note 14 'Receivables'.

Credit risk associated with the Department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Department trades only with recognised, creditworthy third parties. The Department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. At the balance sheet date there were no significant concentrations of credit risk.

Liquidity risk

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

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

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

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Department's income or the value of its holdings of financial instruments. The Department does not trade in foreign currency and is not materially exposed to other price risks.

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

(b) Categories of financial instruments

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
	\$000	\$000
<u>Financial Assets</u>		
Cash and cash equivalents	2,598	476
Restricted cash and cash equivalents	250	236
Receivables ^(a)	2,554	2,813
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	764	1,171

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

**DEPARTMENT OF RACING, GAMING AND LIQUOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note 29.(c) Financial instrument disclosures (contd)

Credit risk

The following table details the Department's maximum exposure to credit risk and the ageing analysis of financial assets. The Department'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 Department.

The Department 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 \$000	Not past due and not impaired \$000	Past due but not impaired					Impaired financial assets \$000
			Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000	
2013								
Cash and cash equivalents	2,598	2,598	0	0	0	0	0	0
Restricted cash and cash equivalents	250	250	0	0	0	0	0	0
Receivables ^(a)	532	422	0	87	20	3	0	0
Amounts receivable for services	2,022	2,022	0	0	0	0	0	0
	5,402	5,292	0	87	20	3	0	0
2012								
Cash and cash equivalents	476	476	0	0	0	0	0	0
Restricted cash and cash equivalents	236	236	0	0	0	0	0	0
Receivables ^(a)	879	855	23	1	0	0	0	0
Amounts receivable for services	1,934	1,934	0	0	0	0	0	0
	3,525	3,501	23	1	0	0	0	0

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

DEPARTMENT OF RACING, GAMING AND LIQUOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 29. (c) Financial instrument disclosures (contd)

Liquidity risk and interest rate exposure

The following table details the Department'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 %	Interest rate exposure			Nominal Amount \$000	Maturity dates					
		Carrying Amount \$000	Fixed interest rate \$000	Variable interest rate \$000		Non- interest bearing \$000	Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000
2013											
<u>Financial Assets</u>											
Cash and cash equivalents		2,598	0	0	2,598	2,598	0	0	0	0	
Restricted cash and cash equivalents		250	0	0	250	0	0	6	244	0	
Receivables ^(a)		532	0	0	532	532	0	0	0	0	
Amounts receivable for services		2,022	0	0	2,022	0	0	250	650	1,122	
		5,402	0	0	5,402	3,130	0	256	894	1,122	
<u>Financial Liabilities</u>											
Payables		714	0	0	714	714	0	0	0	0	
Other financial liabilities		50	0	0	50	50	0	0	0	0	
		764	0	0	764	764	0	0	0	0	

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

Note 29.(c) Financial instrument disclosures (contd)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 \$000	Maturity dates				
		Carrying Amount \$000	Fixed interest rate \$000	Variable interest rate \$000	Non- interest bearing \$000		Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000
2012											
<u>Financial Assets</u>											
Cash and cash equivalents		476	0	0	476	476	476	0	0	0	0
Restricted cash and cash equivalents		236	0	0	236	236	0	0	18	218	0
Receivables ^(a)		879	0	0	879	879	879	0	0	0	0
Amounts receivable for services		1,934	0	0	1,934	1,934	0	0	150	500	1,284
		3,525	0	0	3,525	3,525	1,355	0	168	718	1,284
<u>Financial Liabilities</u>											
Payables		1,101	0	0	1,101	1,101	1,101	0	0	0	0
Other financial liabilities		70	0	0	70	70	70	0	0	0	0
		1,171	0	0	1,171	1,171	1,171	0	0	0	0

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

Interest rate sensitivity analysis

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

Fair values

All financial assets and liabilities recognised in the 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 30. Contingent liabilities and contingent assets

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

Note 31. Events occurring after the end of the reporting period

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

Note 32. Supplementary financial information**(a) Write-offs**

The Department did not write off any public property, revenues and debts due to the State, during the financial year.

(b) Losses through theft, defaults and other causes

	2013	2012
	\$	\$
Computer equipment reported stolen	0	7,167
	<u>0</u>	<u>7,167</u>

**DEPARTMENT OF RACING, GAMING AND LIQUOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note 33. Administered expenses and income

	2013	2012
	\$000	\$000
COST OF SERVICES		
<u>Expenses</u>		
Transfer payments for liquor subsidies, gambling tax rebates, and other subsidies	103,554	100,303
Receipts paid into Consolidated Fund	<u>110,282</u>	<u>125,850</u>
Total administered expenses	<u>213,836</u>	<u>226,153</u>
<u>Income</u>		
Appropriations for liquor subsidies, gambling tax rebates, and other subsidies	102,710	98,423
Taxes collected under the Casino (Burswood Island) Agreement Act 1985	110,579	108,126
Other revenue	<u>1,184</u>	<u>18,852</u>
Total administered income	<u>214,473</u>	<u>225,401</u>

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

	2013	2012
	\$000	\$000
Transfer Payments made for the year :		
Grants and subsidies to Government Agencies	40,887	36,900
Grants and subsidies to Others	<u>62,667</u>	<u>63,403</u>
Total	<u>103,554</u>	<u>100,303</u>

Note 34. Administered assets and liabilities

	2013	2012
	\$000	\$000
<u>Assets</u>		
Current		
Cash and cash equivalents	3,285	4,205
Receivables	<u>8,808</u>	<u>7,283</u>
TOTAL ADMINISTERED ASSETS	<u>12,093</u>	<u>11,488</u>
<u>Liabilities</u>		
Current		
Payables	<u>986</u>	<u>1,019</u>
TOTAL ADMINISTERED LIABILITIES	<u>986</u>	<u>1,019</u>

KEY PERFORMANCE INDICATORS

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

CERTIFICATION OF KEY PERFORMANCE INDICATORS

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Department of Racing, Gaming and Liquor, and fairly represent the performance of the Department of Racing, Gaming and Liquor for the financial year ended 30 June 2013.



Michael Connolly

A/DIRECTOR GENERAL

17 September 2013

DETAILED INFORMATION IN SUPPORT OF KEY PERFORMANCE INDICATORS

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

Key Effectiveness Indicator	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual
Licensees / service providers that comply with audit requirements and statutory criteria ⁴	97%	96%	96%	97%	94%

Conducting compliance audits and inspections contributes to the promotion, monitoring and enforcement of responsible and lawful gambling and liquor services. Effectiveness is measured by the percentage of licensees and service providers that complied with audit requirements and statutory criteria.

Areas of non-compliance typically include:

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

The target of 97% was not achieved due to a higher than expected incidence of non-compliance matters noted during the year.

⁴ The Key Effectiveness Indicator is calculated by determining the number of licensees/service providers that complied with audit requirements and statutory criteria as a percentage of the total number of audits/inspections conducted in the year.

Service 1: Licensing – Evaluation and determination of applications					
Key Efficiency Indicator	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual
Average cost of determining applications ⁵	\$485	\$469	\$483	\$425	\$477

The average cost of determining applications will change for each reporting period as a result of increases or reductions in the number of licences determined. The output costs to provide a licensing service is in nature a fixed cost.

This means the more applications that are determined in a given year the less it costs, on average, to determine applications. Conversely, if fewer applications are determined in a given year, then it costs more on average to determine applications.

Licence Type	2011/12 Actual	2012/13 Actual	Difference
Liquor	12866	11890	(976)
Gaming	2608	2404	(204)
Racing	66	67	1
Casino	720	1219	499
Totals	16260	15580	(680)

The Department evaluated and determined 680 less applications than in the previous year; this means that fewer applications were received for determination, increasing the average cost per application.

The Department has no control over the number of applications submitted.

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

Service 2: Compliance audits and inspection					
Key Efficiency Indicator	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual
Average cost of conducting inspections ⁶	\$453	\$629	\$891	\$740	\$862

The cost of inspections can change for each reporting year as a result of increases or reductions in the number of audits and inspections conducted. The output costs to provide a compliance service is in nature a fixed cost.

This means the more investigations, audits and inspections conducted in a given year, the less it costs, on average, to conduct compliance activities. Conversely, if fewer investigations, audits and inspections are conducted in a given year, then the cost of compliance activities increases.

In 2012/13 the estimated target was 9282 investigations, audits, inspections and assessments conducted; and in 2012/13 there were 8628 actual investigations, audits, inspections and assessments conducted. A breakdown of the activities is provided in the table below:

Audits/Inspections/Investigations/Assessments	2011/12 Actual	2012/13 Actual	Difference
Racing	342	328	(14)
Lotterywest	712	706	(6)
Gaming	452	365	(87)
Casino	4324	3753	(571)
Liquor	3452	3476	24
Total	9282	8628	(654)

⁶ The efficiency indicator for this activity is derived by dividing the cost of allocation for the activity by the number of inspections and audits conducted.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DEPARTMENT OF RACING, GAMING AND LIQUOR

Report on the Financial Statements

I have audited the accounts and financial statements of the Department of Racing, Gaming and Liquor.

The financial statements comprise the Statement of Financial Position as at 30 June 2013, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions and balances.

Director General's Responsibility for the Financial Statements

The Director General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Director General 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 Department'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 Director General, 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 Department of Racing, Gaming and Liquor 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 Department of Racing, Gaming and Liquor during the year ended 30 June 2013.

Controls exercised by the Department of Racing, Gaming and Liquor are those policies and procedures established by the Director General 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.

Director General's Responsibility for Controls

The Director General 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 Department of Racing, Gaming and Liquor 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 Department 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 Department of Racing, Gaming and Liquor 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 Department of Racing, Gaming and Liquor 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.

Director General's Responsibility for the Key Performance Indicators

The Director General 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 Director General 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 Director General'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 Department of Racing, Gaming and Liquor are relevant and appropriate to assist users to assess the Department'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 Department of Racing, Gaming and Liquor for the year ended 30 June 2013 included on the Department's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department'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.



COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
20 September 2013

MINISTERIAL DIRECTIVES

The Department of Racing, Gaming and Liquor did not receive any Ministerial directives during 2012/13.

OTHER FINANCIAL DISCLOSURES

PRICING POLICIES OF SERVICES PROVIDED

When analysing its fees and charges, the Department considers the Department of Treasury's recommendation that agencies' fees and charges should achieve full cost recovery where applicable. In addition, the Department 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 Department recognises that not for profit organisations and charitable bodies form a large part of the Department'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 liquor and gambling activities.

The Department is fully aware that increasing the fees to meet cost recovery will actually impose barriers to entry, which the Department 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 Department'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

The Department will spend \$4.36 million on capital expenditure over two years, from 2012/13 to 2013/14, to develop and implement a Unified Regulation System (URS) to replace legacy licensing systems.

This will put the Department in a better position to deliver modern, effective and efficient services to the Western Australian community. These upgrades will support the Department's strategic goals of e-government and citizen centric services, by providing online licensing services to the community.

In addition, from 2017/18 the Department will need to replace recurrent assets, such as corporate database servers and corporate firewalls, to maintain its IT infrastructure in accordance with standard IT best practice. The funding for these items will come from the \$500,000 the Department receives over a three year period for updating and maintaining computer hardware and software requirements.

Furthermore, the Department is in the process of decommissioning from the Office of Shared Services. The Department has purchased financial and human resources management information systems. It is expected that the Department of Finance will provide the funds to purchase these systems.

EMPLOYMENT AND INDUSTRIAL RELATIONS

THE DEPARTMENT'S STAFF PROFILE		
	2012/13	2011/12
Full-time permanent	99	92
Full-time contract	6	9
Part-time measured on an FTE basis	6.48	9
On secondment	2	0
Total FTE	113.48	110

The Department is committed to training and developing its employees. The Department aims to build a highly skilled, professional and ethical workforce with the ability to adapt to changing business, technology and environmental needs.

During the year, the Department's training and development program covered the following areas:

- fire warden training
- EEO awareness;
- mediation training;
- senior first aid;
- occupational health and safety;
- leadership development;
- graduate development program;
- workforce sustainability and development;
- public sector induction;
- cultural change management;
- public sector reform;
- coaching and mentoring;
- corruption and misconduct;
- job application and interview skills;

- recruitment and selection;
- IT systems and desktop applications; and
- accountable and ethical decision-making.

WORKERS' COMPENSATION

In 2012/13 no worker's compensation claims were lodged.

GOVERNANCE DISCLOSURES

CONTRACTS WITH SENIOR OFFICERS

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

OTHER LEGAL REQUIREMENTS

ADVERTISING

In accordance with section 175ZE of the *Electoral Act 1907*, the Department must report any expenditure incurred for advertising, market research, polling, direct mail and media advertising.

Total expenditure for 2012/13 was \$29,883.90 with expenditure incurred in the following areas:

NAME OF ADVERTISING AGENCY		\$
Advertising Agencies	Advertising - Govt Gazette	16,571.50
	National Web Directory Pty Ltd	700.00
	Adcorp Australia Limited	12,612.40
Government Agencies		
Market research organisations		
Polling organisations		
Direct mail organisations		
Media advertising organisations		
Total		29,883.90

DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES

The Department currently has in place a five-year Disability Access and Inclusion Plan (2007-12) that provides strategies to improve access to the services it provides. The Department has submitted its final DAIP Progress Report to the Disability Services Commission. The only outstanding matter is the ongoing development and deployment of online licensing services to the community. The Department will work on its next five-year Plan in 2013/14.

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

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

The Department is committed to achieving high standards in ensuring compliance with the public sector standards, the WA Public Sector Code of Ethics and the Department's Code of Conduct. The Department is also committed to continually seeking opportunities to improve current practices through internal auditing, reviewing of policies and procedures and through performance management and feedback.

The following is an overview of the Department's activities with respect to compliance with public sector standards and ethical codes:

RECORDKEEPING PLANS

The Department is committed to continuously improving recordkeeping practices consistent with the *State Records Act 2000* and aims for best practice recordkeeping practices.

The following is an overview of the significant actions taken in 2012/13:

The Department conducted Record Keeping awareness program for all staff. The program included:

- Review the legislative basis for record keeping within the Department
- Review the Record Management Policy (RMP)
- Review staff RMP responsibilities
- To ensure staff are familiar with the proper application of the Records Management Policy in relation to their personal electronic files

The program also covered the legislative basis for records management.

GOVERNMENT POLICY REQUIREMENTS

SUBSTANTIVE EQUALITY

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

The Department is currently working with the Equal Opportunity Commission to consider the service that has the greatest impact on Aboriginal and ethnic minority groups, and to develop a strategy for progressing all levels of the *Policy Framework for Substantive Equality*.

OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT

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

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

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

In particular the Department will:

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

CONSULTING EMPLOYEES ON OHS AND INJURY MANAGEMENT ISSUES

The Executive Director Governance and Strategy and the Occupational Health and Safety Committee are responsible for coordinating consultations on OHS issues. In the past 12 months, this has included consultations on a range of issues and the following policies and initiatives were discussed, reviewed or implemented:

INJURY MANAGEMENT

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

The Department's Occupational Health and Safety Committee, with assistance from the Governance and Strategy Division, developed the Occupational Health and Safety Program and Policy, which was considered by both management and employees.

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

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

ASSESSMENT OF OHS MANAGEMENT SYSTEMS

The Department is committed to ensuring its OHS management systems are fit for purpose.

LOST TIME INJURY SEVERITY RATE

INDICATOR	2012/13 TARGET	2012/13 ACTUAL
Number of fatalities	Zero (0)	Zero (0)
Lost time injury/disease incidence rate	Zero (0) or 10% reduction on previous years	
Lost time injury severity rate	Zero (0) or 10% improvement on previous year	Zero (0)
Percentage of injured workers returned to work within: i) 13 weeks ii) 28 weeks	Actual percentage result to be reported	Percentage of injured workers returned to work within: i) NA ii) NA
Percentage of managers trained in occupational safety, health and injury management responsibilities	Greater than or equal to 50%	90%