



TAB FINANCIAL STATEMENTS

2003





TOTALISATOR AGENCY BOARD
STATEMENT OF FINANCIAL PERFORMANCE
AS AT 31 JULY 2003

	Notes	2003 (\$000)	2002 (\$000)
Revenue			
Revenue from ordinary activities			
Trading profit	2(a)	123,861	114,366
Interest revenue		1,947	1,461
Disposal of non-current assets		214	471
Other revenue	2(b)	2,561	2,010
Total Revenue from ordinary activities		128,583	118,308
Expenses			
Expenses from ordinary activities			
Sales & Marketing		43,888	41,985
Information Technology		9,451	9,292
Finance & Administration	3	3,392	3,657
Total expenses from ordinary activities before project expenses and distributions		56,731	54,934
Projects		3,605	2,729
Total expenses from ordinary activities after project expenses and before distributions		60,336	57,663
Distribution to racing and sports industries	8	63,572	58,110
Total Expenses from Ordinary Activities		123,908	115,773
Net Profit		4,675	2,535
Total changes in Equity other than those resulting from transactions with owners as owners		4,675	2,535



TOTALISATOR AGENCY BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2003

	Notes	2003 (\$000)	2002 (\$000)
Current Assets			
Cash assets	11	40,264	30,444
Receivables	13	4,086	4,918
Prepayments		297	364
Inventories	12	903	945
Total Current Assets		45,550	36,671
Non-Current Assets			
Property, Plant & Equipment	10	15,931	17,542
Capital Work-in-progress		331	210
Receivables	13	0	225
Total Non-Current Assets		16,262	17,977
Total Assets		61,812	54,648
Current Liabilities			
Payables	14	17,873	15,405
Provisions	15	911	1,059
Total Current Liabilities		18,784	16,464
Non-Current Liabilities			
Provisions	15	473	304
Total Non-Current Liabilities		473	304
Total Liabilities		19,257	16,768
Net Assets		42,555	37,880
Equity			
Capital Account		14,744	14,744
Capital Reserve	9	1,519	3,009
Asset Replacement Reserve	9	25,723	19,558
General Reserve	9	500	500
Retained Profits	5	69	69
Total Equity		42,555	37,880



TOTALISATOR AGENCY BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2003

	Notes	2003 (\$000) Inflows (Outflows)	2002 (\$000) Inflows (Outflows)
Cash Flows from Operating Activities			
Receipts			
Receipts from customers		986,285	905,083
Interest received		1,965	1,451
Payments			
Payments to customers, creditors and employees		(913,858)	(841,262)
Amount distributed		(63,572)	(58,110)
Interest paid	3	(24)	(20)
Net cash provided by Operating Activities	6	10,796	7,142
Cash Flows from Investing Activities			
Payments for Land, Improvements, Equipment & Fittings		(1,190)	(2,028)
Proceeds from Land, Improvements, Equipment & Fittings		214	371
Net cash (used in)/provided by Investing Activities		(976)	(1,657)
Net increase in cash held		9,820	5,485
Cash Assets at the beginning of the financial year		30,444	24,959
Cash Assets at the End of the Financial Year	7	40,264	30,444

1. ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements are prepared in accordance with the Financial Administration and Audit Act 1985.

Subject to the exceptions noted in these accounting policies, the financial statements have been drawn up on the basis of historical cost principles. The accrual basis of accounting has been applied.

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and UIG Consensus Views 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 Administration and Audit Act 1985 and the Treasurer's Instructions are legislative provisions governing preparation of financial statements and take precedence over Australian Accounting Standards and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements. If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect are disclosed in individual notes to these financial statements.

b. Allocation of funds of the TAB

Sections 28 of Totalisator Agency Board Betting Act of 1960, provide for the balance of funds remaining, after deductions covered by Section 28 (1) (a) to (e), which includes transfer of funds to reserve accounts and payments to the Western Australian Greyhound Racing Authority and the Sports Betting fund, the Western Australian Turf Club and Western Australian Trotting Association, as prescribed. Section 27(b) deals with the allocation of funds from Fixed Odds Betting and section 28(a) deals with tote sporting events.

c. Changes in Comparative Figures

Where necessary, comparative figures for 2002 have been adjusted to conform with changes in presentation made in 2003.

d. Depreciation and Amortisation

Depreciation is calculated on a straight line basis over the estimated life of each asset and is charged to the Statement of Financial Performance to conform with standard accounting practice. It is current policy to write-off in-house software development costs at source. Useful lives for each class of depreciable assets are:

Buildings	10 to 40 years
Equipment & Fittings	5 to 15 years
Leasehold Improvements	5 to 15 years
Software	5 to 15 years

e. Accrued Employee Benefits

Annual Leave

This benefit is recognised at the reporting date in respect of employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits, and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for the employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

f. Receivables, Payables, Accrued Salaries

Accounts Receivable are recognised at the amounts receivable and are due for settlement no more than 30 days from the date of recognition. Agents settle on a weekly basis.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubts as to collection exists.

Accounts Payable, including accruals not yet billed, are recognised when the TAB becomes obliged to make future payments as a result of a purchase of assets or services. Accounts payable are generally settled within 30 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year as the end of the last pay period for that financial year does not coincide with the end of the financial year. The TAB considers the carrying amount approximates net fair value.

g. Superannuation

Government Employees Superannuation

Staff may contribute to the Gold State Superannuation Scheme, a defined benefit and lump sum scheme now closed to new members. All staff who do not contribute to this scheme become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

The liability for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by quarterly payment of employer contributions to the Government Employees Superannuation Board.

The note disclosure required by paragraph 6.10 of AASB 1028 (being the employer's share of the difference

between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the TAB. Accordingly, deriving the information for the TAB is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

Racing Industry Superannuation Fund

This is an accumulated fund for casual staff, managed by GIO.

h. Net Fair Values of Financial Assets and Liabilities

Monetary financial assets and liabilities not traded in an organised financial market are determined on the cost basis of carrying amounts of accounts receivables, accounts payable and accruals (which approximates net market value).

i. Inventories

Stocks are valued at the lower of cost and net realisable value.

j. Operating Leases

The operating leases are for buildings and office equipment where the lessor effectively retains all of the risks and benefits incident to ownership of the items held under the operating leases. Equal installments of the lease payments are charged to the operating statements over the lease terms, as this is representative of the pattern of benefits to be derived from the leased property.

k. Revenue

Sales revenue represents revenue earned from the sale of goods and services net of returns, allowances and duties and taxes paid. Betting receipts are only recognised as revenue when the events to which they relate are finalised. Other revenue is fully described in the operating statement.

l. Deferred Expenses

Expenses are deferred where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover those deferred costs. The amount of expenditure carried forward is reviewed each year.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2003 CONT.**

	Notes	2003 (\$000)	2002 (\$000)
2 (a) Trading Profit			
Commission on turnover		167,365	154,454
Tax on turnover	4	(43,504)	(40,088)
		123,861	114,366

2 (b) Other Revenue			
External settlement recoup		1,041	1,179
Recoup accounts		1,520	831
Total other revenue		2,561	2,010

3. Expenses from Ordinary Activities

Interest expense	24	20
Carrying value of assets disposed of	403	263

4. Tax on Turnover

Section 25(b) of the Totalisator Agency Board Betting Act 1960 requires the TAB to pay tax in respect of bets at the rate imposed by Section 2 of the Totalisator Agency Board Betting Tax Act 1960. The tax rate for tote turnover was 5%, FOB sports was 0.5% and FOB racing was 2%.

Turnover Tax Payable to Consolidated Revenue	48,311	44,522
----------------------------------------------	---------------	---------------

Tax Rebate

Turnover Tax rebate received / receivable from Department of Racing,
Gaming & Liquor.

	(4,807)	(4,434)
	43,504	40,088

In February 2001 the State Government announced its intention to reduce the tax on tote (excluding sports) Turnover (Betting Tax) to 4.5%. The above rebate of 0.5% is an interim arrangement between the Department of Racing, Gaming & Liquor and the Treasury Department.

5. Retained Profit

Opening balance	69	64
Net profit	4,675	2,535
Transfer to reserve	9 (4,675)	(2,530)
Closing balance	69	69



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2003 CONT.**

	2003 (\$000)	2002 (\$000)
6. Reconciliation of Net Cash provided by Operating Activities to Operating Profit		
Operating profit-net of distribution	4,675	2,535
(Less) items classified as investing/financing activities:		
Gain on sale of assets	(190)	(208)
Add/(Less) non-cash items:		
Depreciation and amortisation	2,656	3,312
Provision for annual leave and long service leave	21	13
Net cash provided by operating activities before change in assets and liabilities	7,162	5,652
Changes in assets and liabilities		
Decrease / (Increase) in accounts receivables	1,153	(1,274)
(Increase) in accrued income / prepayments	(29)	(58)
Decrease in inventories	42	166
Increase in trade creditors	1,281	830
Increase in other creditors	1,187	1,826
Net cash provided by operating activities	10,796	7,142

7. Reconciliation of Cash

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

Cash and short term deposits	(Note 11)	40,264	30,444
For the purpose of the statement of cash flows, cash includes cash on hand, at bank & at agencies.			



**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2003 CONT.**

	2003 (\$000)	2002 (\$000)
8. Amount Distributed		
Racing	34,991	32,093
Trotting	18,844	17,284
Greyhounds	9,485	8,700
Sports	252	33
Total	63,572	58,110

Unclaimed Dividends and unclaimed refunds paid during the year

Section 23A provides that dividends and refunds uncollected after seven months shall be paid to the Racecourse Development Trust, Greyhound Racing Authority and Sports Betting Fund as directed by the TAB Act. These payments are included in the calculations of trading profit.

Amount paid during the year

Racecourse Development Trust (Racing & Trotting)	2,528	2,612
Greyhound Racing Authority	955	847
Sports Betting Fund	56	33
Total	3,539	3,492

9. Capital Reserve, Asset Replacement Reserve and General Reserve

	Balance 31/07/02 (\$000)	Transfer from / (to) Operating Statement (\$000)	Transfer (from) /to Other Reserves (\$000)	Balance 31/07/03 (\$000)
Capital Reserve (*)	3,009	0	(1,490)	1,519
Asset Replacement Reserve (**)	19,558	4,675	1,490	25,723
General Reserve	500	0	0	500
	23,067	4,675	0	27,742

*Capital Reserve accounts represent the amount fully expended on the non current assets of the business. Transfers between these reserves and the asset replacement reserve will occur as non current assets are purchased or disposed.

**Asset Replacement Reserve represents amounts set aside for future capital expenditure. Movements in any year arise from the transfer of 1% of Net Revenue After Tax, any profit on sale of non-current assets and cash equivalent of the depreciation charge. From time to time, transfers may also occur to fund significant project development costs not capitalised. The 1% transfer is set by the Board on an annual basis. Transfers will also occur between this and the capital reserve accounts as non-current assets are purchased or disposed.



**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2003 CONT.**

	2003 (\$000)	2002 (\$000)
10. Property, Plant & Equipment		
Land (at cost)	1,228	1,228
Buildings (at cost)	13,934	13,716
Less accumulated depreciation	(4,990)	(4,571)
	8,944	9,145
Leasehold improvements (at cost)	7,930	7,948
Less accumulated amortisation	(4,565)	(4,207)
	3,365	3,741
Software	923	230
Less accumulated amortisation	(292)	(88)
	631	142
Equipment & Fittings (at cost)	20,217	20,686
Less accumulated depreciation	(18,454)	(17,400)
	1,763	3,286
Total	15,931	17,542

Reconciliation of opening and closing balances

	Land	Buildings	Leasehold	Software	Equipment & Fittings
Carrying amount at start of the year	1,228	9,145	3,741	-	3,428
Adjustment					(717)
Additions		219	201	694	672
Transfer		-		142	(142)
Disposals			(21)		(3)
Depreciation		(420)	(556)	(205)	(1,475)
Carrying amount at end of the year	1,228	8,944	3,365	631	1,763

11. Cash Assets

Cash at bank	343	1,954
Asset replacement short term investments	21,469	19,509
Other short term investments	18,452	8,981
Total	40,264	30,444

Interest rates at 31st July 2003:

Cash accounts - Between 4.08% and 4.50% (2002 between 3.72% and 4.75%)

Short term investments- Between 4.78% and 4.93% (maturing within 60 days) (2002 between 4.00% and 5.02%)

Credit risk and interest rate risk are minimised as all short term deposits are held with large banks which have acceptable credit ratings.



TOTALISATOR AGENCY BOARD

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2003 CONT.**

	2003 (\$000)	2002 (\$000)
12. Inventories		
Tickets in agencies	211	302
Tickets in store	667	623
Other printer paper	25	20
Total	903	945
13. Receivables Current		
Accounts receivable - agents settlement	3,352	3,103
- others	445	1,640
Provision for doubtful debts	(5)	(5)
Accrued income	294	180
	4,086	4,918
Non-Current		
Accounts receivable - others	0	225
<p>a. Credit Risk Exposure - TAB has minimal credit risk since its business is predominantly cash based. Weekly settlements are due from agents in the normal course of business. The TAB does not have any significant exposure to any individual customer or counterparty.</p> <p>b. Other receivables and prepayments are non interest bearing.</p> <p>c. The TAB considers the carrying amounts of receivables represents the TAB's maximum exposure to credit risk in relation to those assets.</p>		
14. Payables		
Account betting deposits	2,919	2,468
Accounts payable	3,517	2,236
Accrued expenditure	7,675	7,244
Unclaimed dividends & refunds	3,146	2,811
Agents deposits & property bonds	616	646
Total	17,873	15,405
<p>All financial liabilities are unsecured</p> <p>a. Agents deposits and property bonds attract interest at the rate of 4.38% and these amounts are repayable at end of the contract.</p> <p>b. All other creditors, accruals and other payables are non interest bearing.</p> <p>c. The TAB considers the carrying amounts of creditors, accruals and other payables represents the TAB's maximum exposure to credit risk in relation to those liabilities.</p>		
15. Provisions		
a. Current		
- Long service leave	251	521
- Annual leave	660	538
	911	1,059
b. Non-current - Long service leave	473	304
16. Leases - Operating Lease Commitments		
Commitments payable		
- within one year	1,446	1,333
- later than one year and not later than two years	1,869	1,941
- later than two years and not later than five years	889	1,074
- later than five years	405	457
Rentals charged to operating results during the year	1,896	1,419



**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2003 CONT.**

17. Segment Reporting

	Racing		Sports		Eliminations		Consolidated	
	2003 (\$000)	2002 (\$000)	2003 (\$000)	2002 (\$000)	2003 (\$000)	2002 (\$000)	2003 (\$000)	2002 (\$000)
Operating revenue								
Trading Profit from customers outside the consolidated entity	121,940	112,474	1,921	1,892	0	0	123,861	114,366
Other revenue from customers outside the consolidated entity	4,722	3,842			0	0	4,722	3,842
Total revenue	126,662	116,316	1,921	1,892	0	0	128,583	118,208
Segment results before Distributions	67,730	59,852	517	793	0	0	68,247	60,645
Distributions	63,320	58,077	252	33	0	0	63,572	58,110
Segment results	4,410	1,775	265	760			4,675	2,535
Segment assets								
Total unallocated assets							61,812	54,648

18. Remuneration of Accountable Authority and Senior Officers

	2003 (\$000)	2002 (\$000)
The total fees, salaries, superannuation and other benefits received or due and receivable for the financial year, by members of the Accountable Authority, from the statutory authority or any related body.	114	113
The total of fees, salaries, superannuation and other benefits received or due and receivable for the financial year by Senior Officers other than members of the Accountable Authority, from the statutory authority or any related body.	958	868

The number of members of the Accountable Authority whose total of fees, salaries and other benefits received or due and receivable for the financial year, falls within the following bands:

	No.	No.
\$0 - \$10,000	0	1
\$10,000 - \$20,000	5	5
\$30,000 - \$40,000	1	1

The number of Senior Officers other than members of the Accountable Authority, whose total of fees, salaries and other benefits received or due and receivable for the financial year, falls within the following bands:

\$100,000 - \$110,000	0	1
\$110,000 - \$120,000	1	0
\$120,000 - \$130,000	1	2
\$140,000 - \$150,000	1	1
\$150,000 - \$160,000	1	0
\$160,000 - \$170,000	1	1
\$170,000 - \$180,000	1	2
\$220,000 - \$230,000	1	0

**** 2002 includes a one off redundancy payment of \$108,589

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2003 CONT.**

	2003 (\$000)	2002 (\$000)
19. Remuneration of Auditor		
The total of fees paid or due and payable for the financial year.		
Fees for external audit - Auditor General	75	75

20. Related Party Transactions

None

21. Commitments

Approved Projects at the end of the financial year.	1,712	3,409
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22. Contingent Liability

The TAB, from time to time, receives claims concerning betting disputes in the normal course of its operations. A legal claim has been served on the TAB by solicitors acting on behalf of a customer. A legal opinion obtained by the TAB from Queens Counsel regards the TAB as having reasonable prospects of not being found liable and the TAB will vigorously defend the claim. The Board deems it is not necessary to make a specific provision.

23. Post reporting date transactions

On 21 May 2002 the Government announced the restructuring of the racing industry governance system in Western Australia. It was proposed to merge the principal club functions together with the off-course betting activities of TAB(WA), into a single controlling authority to be known as Racing and Wagering Western Australia (RWVWA) from 01 August 2003. During the transition, TAB(WA) will remain as an independent entity and will operate concurrently with RWVWA. TAB(WA) will be abolished and RWVWA will assume the functions of the TAB(WA) on a future date determined by the RWVWA Board.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003 CONT.

24. Variations between Actuals and Budgets

	2002/03 Actual (\$000)	2002/03 Budget (\$000)	2001/02 Actual (\$000)
Revenue			
Commission on turnover	167,365	160,082	154,454
Less tax on turnover	43,504	41,597	40,088
Trading profit	123,861	118,485	114,366
Other Revenue			
Interest	1,947	1,670	1,461
Disposal of non-current assets	214	0	371
Other	2,561	2,163	2,010
Total - Other Revenue	4,722	3,833	3,842
Less : Expenses			
Sales & Marketing	43,888	43,120	41,985
Information Technology	9,451	10,187	9,292
Finance & Administration	3,392	3,593	3,557
Projects	3,605	650	2,729
Total expenses before Distribution	60,336	57,550	57,563
Distribution	63,572	59,783	58,110
Total expenses from ordinary activities	123,908	117,333	115,673
Net Profit	4,675	4,985	2,535

The full amount of the \$4,675 million Net Profit was transferred to Reserves for future Project costs. Refer Note (5) for details.

Comments

Commission on Turnover increased by \$12.9 million (8.36%) over 01/02 and \$7.3 million (4.55%) over the 02/03 budget.

Tax on turnover is directly linked to turnover. Turnover Tax rate for Tote was at 5% and a rebate of 1/2% of Racing turnover was deducted from gross turnover tax. Turnover Tax rates for Fixed Odds Betting were 0.5% for Sports and 2% for Racing.

Projects include \$1,025,000 (01/02 - \$979,000) of Development cost and \$2,579,000 (01/02 - 1,751,000) of Operational and Support cost

Direct costs (Agency commission, Ticket cost and casual wages) increased by \$1.2 million in costs due to the increased turnover. Direct Cost of Services as a percentage of turnover improved from 2.74% in 01/02 to 2.64% in 02/03.

Indirect costs (excluding Project costs) increased marginally by \$0.66 million and as a percentage of Net Revenue After Tax (NRAT) decreased to 23.42% in 02/03 from 24.82% in 01/02.

Increase in Other Revenue is mainly due to the increase in the funds invested in the Short Term money market and increase in insurance recoveries.


Distribution to the industry increased by 7.12% over 01/02 and by 5.61% over the budget. The increase is due to increase in NRAT and an extra distribution of 1.0 million paid during the year.




CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Totalisator Agency Board have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the year ended 31st July, 2003 and the financial position as at 31st July, 2003.


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 RYAN
Deputy Chairman
Date... 26/9/03



ROSS A COOPER
Member
Date... 26/9/2003



J HILTON-BARBER
General Manager Finance
and Administration and Principal
Accounting Officer
Date... 26.9.03.

7. OPINION OF THE AUDITOR GENERAL (Financial Statements)



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

TOTALISATOR AGENCY BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 2003

Audit Opinion

In my opinion,

- (i) the controls exercised by the Totalisator Agency Board provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Board at July 31, 2003 and its financial performance and cash flows for the year ended on that date.

Scope

The Board's Role

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

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
September 26, 2003

8. PERFORMANCE INDICATORS

In accordance with Section 66(1) of the Financial Administration and Audit Act 1985, the following performance indicators have been developed as a measure of efficiency and effectiveness in pursuit of the TAB's aims.

OUTCOME

To provide an efficient, effective, accessible and service-orientated betting service for Western Australia.

To achieve optimum level of profitability.

		2003	2002		2001	2000	1999
1	Trading profit \$'000	123,861	114,366	The increase of \$9.5 million is largely due to improved economic conditions and greater promotional activities, especially Fixed Odds Betting (FOB) sporting events. The overall margin rate dropped from 17.08% to 17.02% and this is mainly due to increased share of FOB.	105,804	99,784	95,395
	% Increase	8.30	8.09		6.03	4.60	6.11
2	Number of Tickets Processed '000	125,594	118,158	The increase of 7.4 million bet tickets was achieved with an increase of average bet value from 7.51 to 7.71.	110,674	104,946	99,601
	% Increase/Decrease	6.29	6.76		5.46	5.37	6.43
3	Operating Profit (excluding the profit from sale of assets) before distribution to codes \$'000	68,055	60,437	Increase was mainly due to 8.30% increase in Trading Profit. The increase in direct cost was controlled at 4.83% and the increase to core indirect cost was kept at 2.29%. Increase of 32% in major projects / developments off set the increase in Operating Profit.	54,035	50,512	52,271
	% Increase	12.60	11.83		6.97	-3.37	11.92
	% of Trading profit	54.94	52.85		51.07	50.62	54.79
4	Distribution to Industry \$'000	63,572	58,110	Racing +9.03% (01/02+6.97%) Trotting + 9.03% (01/02+7.91%) Greyhounds + 9.03% (01/02+8.32%)	54,050	50,262	48,984
	% Increase	9.40	7.51		7.54	2.61	13.49
5	Staff (FTE) No.	159	160	The 8.03% increase in Trading results was achieved with a marginal reduction in FTE. The reduction in FTE was mainly due to the effective management of casual staff in account betting centre.	170	173	169
6	Trading profit per employee \$'000	779	715		622	577	564
7	Profit per employee \$'000	428	378		318	292	309
8	Return on assets (Operating Profit as a percentage of total assets)	110.10	110.97	The increase in operating profits (12.60%) is compensated by the increase in total assets (18.60%) resulted in marginal decrease in return on assets.	109.30	96.70	105.13
9	Computer system availability	99.98	99.97	There was improvement in the Computer System and Agency Information availability, however other areas were impacted by the significant volume of system changes required to meet the ongoing business needs. A strategy to enhance the stability of the overall system environment is being developed during 2003 / 2004.	99.97	99.98	99.99
	Central betting processor	99.98	99.98		99.99	99.96	99.97
	Account sales	99.97	99.98		99.99	99.99	99.99
	Sales betting outlet	99.96	99.96		99.99	99.99	99.99
	Agency information services	99.99	99.98		99.92	99.99	99.99

Note: Above performance indicators are grouped as follows:

Efficient indicators

3, 6, 7 & 8

Effective indicators

2, 4, 5 & 9

Accessibility indicators

2 & 9

Service oriented indicators

4 & 9

Profitability indicators

3, 7 & 8




CERTIFICATION OF PERFORMANCE INDICATORS

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Totalisator Agency Board (TAB) and fairly represents the performance of the TAB for the financial year ended 31 July 2003.



MICHAEL RYAN
Deputy Chairman
Date... 26/9/2003



ROSS A COOPER
Member
Date... 26/9/2003

9. OPINION OF THE AUDITOR GENERAL (Performance Indicators)



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

TOTALISATOR AGENCY BOARD PERFORMANCE INDICATORS FOR THE YEAR ENDED JULY 31, 2003

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Totalisator Agency Board are relevant and appropriate to help users assess the Board's performance and fairly represent the indicated performance for the year ended July 31, 2003.

Scope

The Board's Role

The Board is responsible for developing and maintaining proper records and systems for preparing performance indicators.

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

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
September 26, 2003