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# **Betting Control Board of Western Australia**

**ANNUAL REPORT  
FOR THE YEAR ENDED  
31 JULY 2003**

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**STATEMENT OF COMPLIANCE  
For the Year Ended 31 July 2003**

HON NICK GRIFFITHS LLB MLC  
MINISTER FOR HOUSING AND WORKS; RACING AND GAMING; GOVERNMENT  
ENTERPRISES; LAND INFORMATION

In accordance with section 66 of the *Financial Administration and Audit Act 1985*, we submit for your information and tabling in Parliament, the Annual Report of the Betting Control Board of Western Australia for the year ended 31 July 2003.

The report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985*.



Barry A Sargeant  
**CHAIRMAN**  
22 September 2003



Catherine (Kate) Barlow  
**MEMBER**  
22 September 2003

## LEGISLATION IMPACTING ON THE ACTIVITIES OF THE BOARD

### ENABLING LEGISLATION

The Betting Control Board is established under the *Betting Control Act 1954*. The Board is responsible for regulating on- and off-course betting conducted pursuant to the *Betting Control Act 1954* and *Totalisator Agency Board Betting Act 1960*.

### LEGISLATION ADMINISTERED

*Betting Control Act 1954*

### LEGISLATION IMPACTING ON ACTIVITIES

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

- *Anti Corruption Commission Act 1998*;
- *Disability Services Act 1993*;
- *Electoral Act 1907*;
- *Financial Administration and Audit Act 1985*;
- *Freedom of Information Act 1992*;
- *Parliamentary Commissioner Act 1971*;
- *Public Sector Management Act 1994*;
- *Salaries and Allowances Act 1975*;
- *State Supply Commission Act 1991*;
- *State Records Act 2000*; and
- *Totalisator Agency Board Betting Act 1960*

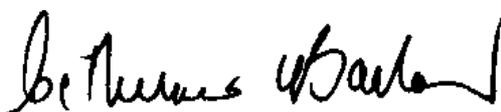
In the financial administration of the Betting Control Board, the Board has complied with the requirements of the *Financial Administration and Audit Act 1985* and relevant written law. It has exercised controls that provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions. At the date of signing we are not aware of any circumstances which would render the particulars included in this statement, misleading or inaccurate.



Barry A Sargeant  
**CHAIRMAN**  
22 September 2003



Terry Ng  
**PRINCIPAL ACCOUNTING OFFICER**  
22 September 2003



Catherine (Kate) Barlow  
**MEMBER**  
22 September 2003

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## CHAIRMAN'S OVERVIEW

I am pleased to present the Annual Report for the Betting Control Board of Western Australia for the period 1 August 2002 to 31 July 2003. The Board was reconstituted in 1996 and this report covers the Board's seventh full year of operation.

One of the most significant events to occur during the reporting year was the Assent of the *Racing and Wagering Western Australia Act 2003* to merge the principal club functions of the Western Australian Turf Club, Western Australian Trotting Association and Western Australian Greyhound Racing Authority, together with the off-course betting activities of the TAB, into a single controlling authority to be known as Racing and Wagering Western Australia (RWVA).

Effective 1 August 2003:

- RWVA will be established as the controlling authority for thoroughbred, harness and greyhound racing in Western Australia;
- the Western Australian Turf Club, the Western Australian Trotting Association, and the Western Australian Greyhound Racing Authority will each remain as racing clubs, responsible for the conduct of racing activities at their respective venues;
- the TAB will be abolished and RWVA will assume responsibility for the conduct of off-course betting;
- the Racecourse Development Trust will be abolished and the development of racing and training infrastructure will become a function of RWVA. The Trust's obligations, unallocated funds and funding source (unclaimed TAB dividends and refunds) will be transferred to RWVA.

To complement the restructure of the racing industry governance system, the Betting Control Board and the Gaming Commission of Western Australia will be merged to form the Gaming and Wagering Commission of Western Australia.

In addition, legislative amendments included the following initiatives:

- recommendations emanating from the National Competition Policy Reviews of racing and gambling legislation.
- provisions to establish controls over the activities of unlicensed offshore gambling operators betting into Western Australia.
- the transfer of provisions relating to the conduct and advertising of gambling from the *Police Act 1892* to dedicated gambling legislation.

To manage these changes, in addition to *Racing and Wagering Western Australia Act 2003*, the following Acts have also been assented to -

- *Racing and Gambling Legislation Amendment and Repeal Act 2003*;
- *Racing Restriction Act 2003*; and
- *Racing and Wagering Western Australia Tax Act 2003*.

The Board, through the agency of the Department of Racing, Gaming and Liquor Inspectorate, carried out a program of 66 TAB agency audits and 9 agency inspections. These audits and inspections returned a high rate of compliance. However, isolated instances of credit betting were detected with the Board successfully prosecuting one TAB agent in the Fremantle Court of Petty Sessions in relation to 50 counts of credit betting and a member of the public for two counts of credit betting in the Perth Court of Petty Sessions. The prosecution of an employee of a TAB agent for seven offences relating to credit betting has been authorised by the Board and is pending.

A further 71 bookmaker and on-course totalisator inspections and audits were carried out on behalf of the Board. A similar program will be conducted in 2003/2004.

Overall, on-course wagering turnover declined during the year. Total bookmaker turnover was \$114.4 million, a decrease of 3.7 per cent on 2001/02. Race bookmaking turnover fell by 2.7 per cent to \$107.7million. Sports betting turnover decreased by 16.5 per cent to \$6.8 million. Bookmaker telephone betting increased by 31.8 per cent to \$34.2 million. On-course totalisator turnover decreased by 0.8 per cent to \$66.5 million.

The number of licensed bookmaking operations in the State as at 31 July 2003 was 49, compared to 50 at the same time last year. This includes bookmaking licenses being issued to a partnership and another to a body corporate. Three bookmaker's manager licences were also issued during the year to complement the introduction of corporate bookmaking provisions under the *Betting Control Act 1954*.

The Board's success in meeting its objectives has been significantly influenced by the dedication and commitment of the employees of the Department of Racing, Gaming and Liquor. I take this opportunity on behalf of the Board, to express appreciation for their efforts.



Barry A Sargeant  
**CHAIRMAN**

# CORPORATE GOVERNANCE

## Introduction

The *Statutory Corporations (Liability of Directors) Act 1996*:

- declares that the members of all Government “corporations” established for a public purpose owe to the “corporation” the same duties that the directors of a company under the Corporations Law owe to that company; and
- imposes on the “directors” of Government owned “corporations” responsible for business activities, specific duties to act honestly, to exercise reasonable care and diligence and not to make improper use of their information and position.

For the purposes of the *Statutory Corporations (Liability of Directors) Act 1996*, “corporation” means a body corporate established for a public purpose by a written law and, if the affairs of the corporation are managed by its members, a “director” means a member of the corporation.

While the Betting Control Board is not specified in Part 3 of the Act, the principles of corporate governance laid down in the Act have been adopted by the Board for the purposes of reporting. The following statements outline the Board’s purpose, constitution, scope of responsibility, and operational framework.

## The Betting Control Board of Western Australia

The principal purpose of the Betting Control Board is to administer and control the conduct of on- and off-course betting in Western Australia in accordance with the *Betting Control Act 1954* and the *Totalisator Agency Board Betting Act 1960*.

## Responsible Minister

The Hon. Nick Griffiths LLB MLC, Minister for Housing and Works; Racing and Gaming; Government Enterprises; Land Information.

## Composition of the Board

The Betting Control Board is established by the *Betting Control Act 1954*. Membership of the Board comprises of:

- (a) the chief executive officer of the Department of Racing, Gaming and Liquor who holds office ex-officio;
- (b) the chairperson of the TAB, who holds office ex-officio, or a member of the TAB nominated by the chairperson and approved by the Minister;
- (c) one person nominated by the Western Australian Bookmakers’ Association and appointed by the Minister;
- (d) one person nominated by the Western Australian Turf Club and appointed by the Minister;
- (e) one person nominated by the Western Australian Trotting Association and appointed by the Minister;
- (f) one person nominated by the Western Australian Greyhound Racing Authority and appointed by the Minister; and

- (g) one person, not being a member of any of the organisations mentioned in (c), (d), (e) or (f), appointed by the Minister.

Prior to filling a vacancy on the Board, the relevant nominating organisation is required to submit three names for consideration of appointment by the Minister. The *Betting Control Act 1954* stipulates that the Minister may appoint either the chief executive officer of the Department of Racing, Gaming and Liquor, or the person appointed in accordance with (g) above as chairman of the Board.

### **Legislative Responsibilities**

Section 6G(1) of the *Betting Control Act 1954* describes the Board's responsibilities as:

- (a) to administer the law relating to the regulation of betting carried on under the *Betting Control Act 1954* or the *Totalisator Agency Board Betting Act 1960*;
- (b) to review the conduct, extent and character of that betting, including the provision, use and location of the betting facilities, and to cause licences, permits and authorizations relating to that betting to be issued as appropriate;
- (c) in conjunction with the Gaming Commission and the racing industry controlling authorities, taking into account the requirements and interest of the community as a whole, to formulate and implement policies for the scrutiny, control and regulation of that betting;
- (d) to -
  - (i) licence; or
  - (ii) grant, refuse or revoke any permit, approval, or authorization in respect of,  
  
persons, premises, facilities, equipment and betting operations concerned with betting or in relation to whom or which a licence, permit, approval or authorization is sought;
- (e) to advise the Minister, either of its own motion or upon request of the Minister, as to any matter relating to that betting;
- (f) to make recommendations to the Minister in relation to the control or supervision of particular kinds of betting or betting in particular circumstances, and as to the fees and charges to be prescribed;
- (g) to administer a scheme for the collection and verification of the payments of bookmakers' betting levy -
  - (i) to be remitted under section 15 (5) (b); or
  - (ii) deliverable under section 16 (3) (c),  
  
together with any additional levy payable under section 18B, and to cause to be paid into the Consolidated Fund all such moneys as are from time to time received by the Board;  
and
- (h) to enforce, and to prosecute persons contravening -
  - (i) the *Betting Control Act 1954*; and
  - (ii) the *Totalisator Agency Board Betting Act 1960*.

## **Board Meetings**

The Betting Control Board meets monthly or as required and every member is required to attend all meetings. If a member is unable to attend, arrangements are made for the deputy member to attend in his or her place. *If a member of the Board is absent, without the permission of the Minister, from four consecutive meetings of the Board, the office of that person becomes vacant.*

Dissenting members have the right to require their dissenting vote and any underlying reasons to be recorded in the minutes if they deemed it necessary.

## **Delegation of Board Powers**

The Betting Control Board has delegated some of its powers in the event that an urgent approval is required which cannot or need not wait until the next Board meeting. In this regard, some of these matters delegated to the Chairman and Secretary include:

- Applications for the grant or renewal of a bookmaker's employee licence where the applicant has not incurred a conviction of a dishonest or serious nature.
- Approval for amendments to sporting event betting contingencies.
- Requests for authorisation to conduct telephone betting or to use a computerised betting ledger and the approval of equipment for these purposes.
- Approval for the conduct of race day betting by bookmakers at a racecourse at times other than during the course of a race meeting

## **Boundaries to be Observed by Delegates**

Where the Betting Control Board has resolved to delegate its powers to the Chairman, or any officer of the Board, either generally or as provided in an instrument of delegation, the delegate may perform a power or duty only in accordance with that delegation and, when so exercised or performed, that power or duty shall be deemed to be exercised or performed by the Board.

## **Independent Professional Advice**

In carrying out official duties, each member has the right to seek independent professional advice at the Board's expense, where the member considers it necessary to carry out his/her duties and subject to prior agreement of the Chairman, which cannot reasonably be withheld.

## **Access to Resources and Information**

Each member is entitled to obtain such resources and information from the Board and/or the Department of Racing, Gaming and Liquor, including direct access to agency staff, as they may require after notifying the Chairman.

## **Betting Control Board Financial Controls**

The Betting Control Board is responsible for keeping proper accounts and maintaining adequate systems of internal control to provide a reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property and the incurring of liabilities is in compliance with the requirements of the *Financial Administration and Audit Act 1985*, Treasurer's Instructions and other relevant written law.

The Department of Racing, Gaming and Liquor provides financial services and support to the Board. The Principal Accounting Officer of the Department of Racing, Gaming and Liquor is also responsible for the financial administration of the Board, however, primary responsibility for the detection, investigation and prevention of financial irregularities always rests with the Betting Control Board. Internal audit services are provided to the Board by the Department of Racing, Gaming and Liquor.

As part of its annual reporting obligations, the Betting Control Board is required to submit its Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows as part of its Financial Statements to the Auditor General of Western Australia.

### **Support for Board Operations**

Support for the Board is provided by the Department of Racing, Gaming and Liquor. The Department recoups the cost of providing these services from the Board. From 28 June 1996, the Board became self-funded and now draws its operating funds principally from bookmaker and totalisator licence fees and an annual contribution from the TAB, the amount of which must be approved by the responsible Minister.

## BOARD MEMBERSHIP

The membership of the Betting Control Board as at 31 July 2003 was:

### **Chairman**

Mr Barry Sargeant, Director General, Department of Racing, Gaming and Liquor, is an *ex-officio* member and appointed Chairman of the Board. Mr Sargeant assumed this position in November 1992 when appointed Executive Director of the Office of Racing, Gaming and Liquor. Mr Sargeant's deputy is Mr David Halge, Director Operations, of the Department of Racing, Gaming and Liquor.

### **Chairperson of the TAB**

Mr Raymond Walker AM, Chairperson of the Western Australian TAB, is an *ex-officio* member of the Board. Mr Walker assumed this position in February 1999 when he replaced Mr Roger Hussey as Chairperson of the TAB. Mr Walker's deputy is Professor John Yovich, Deputy Chairperson of the Western Australian TAB.

### **Nomination of the Minister for Racing and Gaming**

Ms Catherine (Kate) Barlow was appointed by the Minister as the independent member of the Board in November 1998.

### **Nominee of the WA Bookmakers' Association**

Mr Kieran Glynn is a licensed bookmaker and a former President of the Committee of the WA Bookmakers' Association. He was appointed to the Board in July 1999. Mr Glynn's deputy is Mr Brian Bartlett, a licensed bookmaker and former member of the Committee of the Association.

### **Nominee of the Western Australian Turf Club**

Mr Terry Davenport, is a member of the WA Turf Club Committee. Mr Davenport was appointed to the Board in December 2002. Mr Davenport's deputy is Mr John Nicolay, member of the Committee of the WA Turf Club.

### **Nominee of the Western Australian Trotting Association**

Mr Kenneth Tilbrook is a member of the Committee of the WA Trotting Association and was appointed to the Board on 1 December 2000. Mr Tilbrook's deputy is Mr Bruce Whiteman, a former Western Australia Trotting Association Committee member.

### **Nominee of the Western Australia Greyhound Racing Authority**

Mr Ken Norquay is the Chief Executive Officer of the WA Greyhound Racing Authority and was appointed to the Board in November 1993. Mr Norquay's deputy is Mr Clive Nelthorpe, a former member of the Western Australian Greyhound Racing Authority.

**Secretary**

The Secretary to the Board is Mr Jon Nichols, Manager Policy and Executive Support, of the Department of Racing, Gaming and Liquor.

**Declaration of Interests**

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

**Retired Members**

During the year Mr Rick Hart (nominated by the Western Australian Turf Club) retired as a member of the Board.

## REPORT ON OPERATIONS

The Board met on nine occasions during the year and presided over the following highlights:

### **Amendments to Betting Legislation**

#### *Betting Legislation Amendment Act 2002*

On 21 September 2002, the *Betting Legislation Amendment Act 2002* came into operation. The purpose of the Act was to implement recommendations arising from the National Competition Policy review of the *Betting Control Act 1954* to enable –

- a bookmaker's licence to be issued to a partnership or body corporate; and
- bookmaking to occur on a racecourse at times other than during the conduct of a race meeting at the racecourse, subject to approval from the Betting Control Board and the relevant racecourse controlling authority.

Specifically, the amendments –

1. prohibit a person, a member of a partnership or a body corporate, from holding or having a defined interest in more than one bookmaker's licence at any one time;
2. require a member of a partnership and persons who occupy positions of authority or have a controlling interest in a body corporate applying for a bookmaker's licence to satisfy the Board that they are fit and proper to hold a bookmaker's licence;
3. require at least one person involved in the partnership or body corporate to have demonstrated knowledge of bookmaking and the obligations of a bookmaker under the Act;
4. require a partnership or body corporate that holds a bookmaker's licence to appoint a person holding a bookmaker's manager licence to manage the operations;
5. prohibit a bookmaker's licence held by a partnership or body corporate being transferable;
6. extend the provision of a security bond to a partnership or body corporate that holds a bookmaker's licence and, at the Board's discretion, to individual directors of a body corporate that holds a bookmaker's licence; and
7. allow country racing clubs to conduct betting on a day when inclement weather has forced the cancellation of a race meeting, and allow the conduct of bookmaking operations at a major racecourse at times other than during the course of a scheduled race meeting, provided permission of both the racecourse controlling authority and the Betting Control Board is obtained.

Additionally, the Bill also amends the *Totalisator Agency Board (Betting) Act 1960* to ensure that no claim may be made against the TAB in relation to a bet that has been made with, or accepted by the TAB.

#### *Totalisator Agency Board Betting (Modification of Operation) Amendment Act 2002*

On 8 July 2002, the *Totalisator Agency Board Betting (Modification of Operation) Amendment Act 2002* received Royal Assent to extend the operation of the *Totalisator Agency Board Betting (Modification of Operation) Amendment Act 2000* to 31 July 2003.

The *Totalisator Agency Board Betting (Modification of Operation) Amendment Act 2000* fixes the distribution of TAB profits amongst the three racing codes. The amendment arises from the need to extend the term of the Act to provide time to allow the establishment of Racing and Wagering Western Australia as the controlling authority of thoroughbred, harness and greyhound racing in Western Australia.

### *Racing and Wagering Western Australia Act 2003*

On 26 June 2003, the *Racing and Wagering Western Australia Act 2003* received Royal Assent.

The purpose of the Act is to implement the restructure of the racing industry governance system in Western Australia by merging the principal club functions of the Western Australian Turf Club, Western Australian Trotting Association and Western Australian Greyhound Racing Authority, together with the off-course betting activities of the TAB, into a single controlling authority to be known as Racing and Wagering Western Australia (RWVA).

The Act will come into operation on 1 August 2003.

Specifically, to achieve the restructure the following changes will occur:

- RWVA will be established as the controlling authority for thoroughbred, harness and greyhound racing in Western Australia;
- the Western Australian Turf Club, the Western Australian Trotting Association, and the Western Australian Greyhound Racing Authority will each remain as racing clubs, responsible for the conduct of racing activities at their respective venues;
- the TAB will be abolished and RWVA will assume responsibility for the conduct of off-course betting;
- the Racecourse Development Trust will be abolished and the development of racing and training infrastructure will become a function of RWVA. The Trust's obligations, unallocated funds and funding source (unclaimed TAB dividends and refunds) will be transferred to RWVA.

To complement the restructure, the Betting Control Board and the Gaming Commission of Western Australia will be merged to form the Gaming and Wagering Commission of Western Australia.

In addition, legislative amendments included the following initiatives:

- recommendations emanating from the National Competition Policy Reviews of racing and gambling legislation.
- provisions to establish controls over the activities of unlicensed offshore gambling operators betting into Western Australia.
- the transfer of provisions relating to the conduct and advertising of gambling from the *Police Act 1892* to dedicated gambling legislation.

To manage these changes, in addition to *Racing and Wagering Western Australia Act 2003*, the following Acts have also been assented to -

- *Racing and Gambling Legislation Amendment and Repeal Act 2003*;
- *Racing Restriction Act 2003*; and
- *Racing and Wagering Western Australia Tax Act 2003*.

### *Racing and Gambling Legislation Amendment and Repeal Act 2003*

On 26 June 2003, the *Racing and Wagering Western Australia Act 2003* received Royal Assent. The purpose of the Bill is to provide the transitional provisions needed to manage the establishment of RWWA and the consequential amendments needed to other Acts to recognise RWWA and to achieve the complementary aspects of the governance structure.

### *Racing Restriction Act 2003*

On 26 June 2003, the *Racing Restriction Act 2003* received Royal Assent. The Act is essentially a re-draft of the *Racing Restriction Act 1917*, and stipulates that no thoroughbred, harness or greyhound race for a stake or prize, or for the purposes of betting, may be used unless the race is licensed by Racing and Wagering Western Australia (RWWA) and is held at a racecourse that is licensed by RWWA.

The Act will maintain the present authority for the Minister to issue a direction to the relevant controlling authority arising from a dispute over any proposed change to the program of thoroughbred or harness racing meetings conducted in the metropolitan area that may necessitate a reduction in the number of race meetings conducted outside the metropolitan area.

The Act will also implement a National Competition Policy Review recommendation to provide for the establishment, with the approval of the Minister, of an “approved racing organisation” as the controlling authority for horse racing that is not thoroughbred or harness racing.

The Act will come into operation on 1 August 2003.

### *Racing and Wagering Western Australia Tax Act 2003*

On 26 June 2003, the *Racing and Wagering Western Australia Tax Act 2003* received Royal Assent. The purpose of the Act is to apply the taxation regime that is currently in place in respect of the TAB under the *Totalisator Agency Board Betting Tax Act 1960* to RWWA’s off-course wagering turnover.

Under this, off-course totalisator wagering on racing and sporting events attracts a five per cent tax on turnover, while fixed odds racing betting and sports betting turnover is taxed at two per cent and one half of one per cent respectively.

This Act is expected to come into operation on the repeal of the *Totalisator Agency Board Betting Tax Act 1960*.

### *Totalisator Agency Board (Betting) Amendment Regulations (No. 2) 2002*

These amendment regulations enabled –

- exemption from the bet cancellation restrictions on major race days as approved by the Betting Control Board; and
- a new bet type called a *Quaddie* and defined the rules applicable to that bet type.

### *Totalisator Agency Board (Betting) Amendment Regulations (No. 3) 2002*

These amendment regulations provided for a refund of a bet on a scratched runner to be obtained prior to the close of betting on the relevant race.

### Totalisator Agency Board (Betting) Amendment Regulations (No. 4) 2002

These amendment regulations:

- (i) included the following international racing venues in the list of racecourses prescribed for the purposes of betting by the TAB;
  - Kranji Racecourse, Kranji, Singapore
  - Ashburton Racecourse, Ashburton, New Zealand
  - Te Rapa Racecourse, Hamilton, New Zealand
  - Hawkes Bay Racecourse, Hastings, New Zealand
  - Egmont Racecourse, Hawera, New Zealand
  - Otaki Racecourse, Otaki, New Zealand
  - Awapuni Racecourse, Palmerston North, New Zealand
  - Counties Racecourse, Pukekohe, New Zealand
  - Rotorua Racecourse, Rotorua, New Zealand
  - Whakatane Racecourse, Tauranga, New Zealand
  - Wanganui Racecourse, Wanganui, New Zealand
  - Wyndham Racecourse, Wyndham, New Zealand
  - Aintree Racecourse, Aintree, United Kingdom.
- (ii) deleted the following international racing venue in the list of racecourses prescribed for the purposes of betting by the TAB;
  - Aintree, New Zealand.

### Totalisator Agency Board Amendment Rules 2002

These amendments to the *Totalisator Agency Board Rules 1961* established a new rule governing the acceptance of cheques by TAB agents by limiting the value of cheques that an agency may accept during a prescribed period, and ensuring that a new cheque is tendered each time a bet is placed to prevent customers altering the value of cheques already issued as payment for bets.

### Betting Control Amendment Regulation 2002

These amendment regulations:

- established fees payable in conjunction with applications that may be made under the new corporate licensing provisions;
- stipulated bonding requirements for bookmaker licences held other than a sole natural person;
- relaxed the requirement placed on bookmakers when confirming telephone betting transactions; and
- reduced the minimum bet requirements for bookmakers accepting bets on horse and greyhound racing via the internet to establish parity with the same restrictions applying to telephone bets.

### Betting Control Amendment Regulations (No. 2) 2002

These amendment regulations:

- clarified the powers of authorised officers to conduct audits/cash counts of TAB agencies in respect of betting records and systems in order to establish compliance with statutory obligations;

- prescribed requirements for bookmakers to record the full details of a bet back transaction and issue and accept betting tickets in respect of a bet back; and
- amended the minimum security requirements for licensed bookmakers.

### Betting Control Amendment Regulations 2003

These amendment regulations were the first phase of a two stage approach to reduce the minimum bet requirements for bookmakers accepting bets via telephone or internet, to bring Western Australia into line with Victoria, South Australia and Tasmania.

The first phase reduced betting limits from:

#### Metropolitan Races

\$200 or a bet to win \$2,000 to \$100 or a bet to win \$1,000; and

#### Country Races

\$100 or a bet to win \$1,000 to \$50 or a bet to win \$500.

### Betting Control Amendment Regulations (No 2) 2003

These amendment regulations were the second phase to reduce the minimum bet requirements for bookmakers accepting bets via telephone or internet. Betting limits were reduced from:

#### Metropolitan Races

\$100 or a bet to win \$1,000 to \$50 or a bet to win \$500; and

#### Country Races

\$50 or a bet to win \$500 to no limit.

## **Inspection Activities**

In discharging its obligation to enforce the provisions of the *Betting Control Act 1954* and the *Totalisator Agency Board Betting Act 1960*, the Board's role is to ensure that adequate controls have been put in place to establish compliance with legislative requirements and to monitor the ongoing effectiveness of those controls.

Risk based, compliance assessment programs are used to assess compliance in relation to bookmakers' on-course and telephone betting operations, on-course totalisator betting, and betting conducted at TAB agencies. A regulatory agreement has been developed in conjunction with the TAB for the regulation of TAB betting in accordance with the *Betting Control Act 1954* and *Totalisator Agency Board Betting Act 1960*. Over the past six years, betting inspections and audits have been carried out, on behalf of the Board, by the Inspectorate of the Department of Racing, Gaming and Liquor.

During 2002/03, the Board, through the agency of the Department of Racing, Gaming and Liquor Inspectorate, carried out a program of 66 TAB agency audits and 9 agency investigations. These audits and investigations returned a high rate of compliance. However, isolated instances of credit betting were detected with the Board successfully prosecuting one TAB agent in the Fremantle Court of Petty Sessions in relation to 50 counts of credit betting and a member of the public for two counts of credit betting in the Perth Court of Petty Sessions. The prosecution of an employee of a TAB agent for seven offences relating to credit betting has been authorised by the Board and is pending.

A further 71 bookmaker and on-course totalisator inspections and audits were carried out on behalf of the Board. A similar program will be conducted in 2003/2004.

Disciplinary action instigated by the Board during the year in relation to non-compliance included the following:

- Prosecution of a TAB agent and a member of the public for credit betting.
- A warning issued to a licensed bookmakers for permitting a person to work as bookmaker's employee without holding the appropriate licence.
- A warning to a TAB agent for breaching the *Betting Control Act 1954* relating to credit betting.

## Licensing

Amendments to the *Betting Control Act 1954* in September 2002 provided for provided, amongst other matters, for bookmaker's licences to be issued to a natural person, partnership or body corporate. A significant feature of the corporate licensing provisions was the requirement for a partnership or body corporate holding a bookmaker's licence to appoint a person as a bookmaker's manger to manage the operations.

At 31 July 2003 there were 49 bookmaking operations in the State, of which one was a partnership and another was a body corporate. This compares with 50 operations at 31 July 2002. Table 2 illustrates that throughout the year three new licences were issued, while four licences were surrendered. Two bookmakers were authorised to conduct sports betting during the year compared to three the previous year.

To accommodate the corporate licensing provisions the Board issued during the year three bookmaker's manager licences.

The Board issued 35 new bookmaker's employee licences during the year compared with 25 in 2001/02 (see Table 3). A total of 17 licences were renewed during the year and 42 were terminated.

The amendments to the *Betting Control Act 1954*, that came into operation on 1 August 1998, established provision for the issue of a temporary bookmaker's employee's licence to cater for times when a bookmaker needed to urgently licence an employee at short notice. This provision was utilised by a number of bookmakers during the year to overcome licensed employee shortages.

Ten bookmakers in Western Australia are authorised to conduct internet betting. Licensed bookmakers with internet endorsement not only must comply with the provisions of the *Betting Control Act 1954* but also with the Federal Government's *Interactive Gambling Act 2001* (Cth).

The Commonwealth Act places restrictions on interactive gambling and prohibits the provision of interactive gambling to people located in Australia. With regard to betting, the Act permits interactive wagering on horse and greyhound racing, and on sporting events (provided the transaction takes place prior to the sporting event commencing).

The Act bans the advertising of prohibited interactive gambling services on broadcast media, print media and billboards. Advertising on internet services aimed at an Australian audience is also banned.

## **On-course Betting Information**

Total bookmaker turnover decreased by \$4.4 million, or 3.7 per cent, to \$114.4 million. Bookmaker telephone betting increase by 31.8 per cent to \$34.2 million and now represents 29.9 per cent of total bookmaker turnover compared with 21.8 per cent in 2001/02.

Race bookmaking decreased by 2.7 per cent to \$107.7m compared with \$110.7 million for 2001/02. Sports betting decreased by 16.5 per cent to \$6.8 million compared with \$8.1 million for 2001/02.

Legislation introduced in 1998/99 to allow bookmakers to attend designated sporting events was not utilised over the reporting year.

On-course totalisator betting decreased by 0.8 per cent to \$ 66.5 million.

Further details on betting turnover are provided in Tables 5 to 8.

## **Bookmaker Betting Levy**

Bookmakers paid betting levy totalling \$2.1 million on this turnover, all of which was retained by the host racing club apart from an amount of \$16, 973 (0.25 % of sports betting turnover) which was remitted to the Betting Control Board for disbursement as directed by the Minister for Sport and Recreation. In this regard, a disbursement of \$66,000 (inclusive of GST) was made during the year to Outdoors WA.

Negotiations between the Western Australian Turf Club, Western Australian Trotting Association and the WA Bookmakers' Association with respect to betting levies has resulted in bookmakers achieving the following –

### *Western Australian Turf Club*

- A rebate of 0.25 per cent on betting levy relating to sales (excluding bet backs) for the 2002/03 racing season with a further 0.25 per cent reduction from the commencement of 2003/2004; and
- A rebate of 2 per cent on betting levy relating to bet backs.

### *Western Australian Trotting Association*

Reduction in betting levies by one per cent with no levy payable on bet backs.

## **Betting Dispute**

Over the reporting year the Board was required to determine one appeal in relation to a decision by the Western Australian Turf Club Stewards in relation to a betting dispute.

The appeal arose from a dispute between a licensed bookmaker and a telephone betting client that centred on whether the bet between the parties had been confirmed pursuant with the *Betting Control Regulations 1978*.

In hearing the appeal the Board considered the transcript and determination of the Western Australian Turf Club Stewards and submissions from all parties to the dispute.

The Board concluded that although the Stewards Inquiry had afforded due process to both parties to the appeal, after considering the transcript, the Stewards may have neglected to

consider the statutory requirements of regulation 72(2)(e) of the *Betting Control Regulations 1978*, regarding the approved procedures for confirming a telephone bet. As the *Betting Control Regulations 1978* take precedence over the Western Australian Turf Club Rules of Racing, the Board resolved:

*to refer the matter back to the Western Australian Turf Club Stewards to reconsider the betting dispute having regard for the statutory requirements of regulation 72(2)(e) of the Betting Control Regulations 1978.*

### **Policy - Conduct of Bookmaking Operations Other Than During a Scheduled Race Meeting**

Amendments to the *Betting Control Act 1954* in September 2002 enabled, amongst other matters, the conduct of race betting by bookmakers at a racecourse at times other than during a scheduled race meeting. To facilitate the implementation of this type of betting operation, the Board approved the following policy:

- Where inclement weather or similar circumstances has forced the cancellation, abandonment or postponement of a race meeting, the Board authorises the continuation of bookmaking activities at the relevant racecourse where the meeting has been cancelled/abandoned/postponed. The conduct of betting by bookmakers is subject to:
  - (i) being approved by the committee or other authority in control of the racecourse; and
  - (ii) being supervised by a steward or other person appointed by the racing club for that purpose;
  - (iii) the racing club advising the Betting Control Board of the conduct of betting other than during a scheduled race meeting within seven days of that betting taking place; and
  - (iv) the racing club providing the Betting Control Board a Race Day Return in accordance with section 18A(1) of the *Betting Control Act 1954*.
- Where a racing club wishes to hold a function where there is no scheduled race meeting, eg Melbourne Cup Day, and the attendance of bookmakers are required, the relevant racing club(s) must apply in writing to the Betting Control Board no later than seven days before the event. The racing club must provide in its application the following detail:
  - (i) nature of function;
  - (ii) name(s) of bookmaker(s) attending; and
  - (iii) name of the steward or other person appointed by the racing club to supervise the conduct of betting.
- Where a bookmaker seeks, on an ad hoc basis, to provide a betting service from a racecourse where no meeting is scheduled but wishes to field on a race meeting being held at an alternative racecourse, the bookmaker must apply in writing to the Betting Control Board at least two weeks prior to the proposed dates. The bookmaker must apply provide in its application the following:
  - (i) the individual date(s) involved;
  - (ii) written approval from the relevant racing club or other authority controlling the race meeting; and
  - (iii) the name of the steward or other person appointed by the racing club to supervise the conduct of betting.

Since the implementation of this policy, approval has been granted for bookmakers to provide a betting service from a racecourse where there has been no scheduled race meeting on ten occasions.

## Suspension of Bookmaker's Licence

In June 2003, pursuant to section 11E(3) of the *Betting Control Act 1954*, the Board suspended a bookmaker's licence as a consequence of the statutory minimum security requirements under regulation 18 of the *Betting Control Regulations 1978* not being met. Upon the Board being satisfied that the requirements have been met, the suspension may be removed.

## GST Rebates

Bookmakers and racing clubs continue to benefit from the Government's rebate on GST for gross gambling margins. Rebates for 2002/03 totalled \$1.4m.

## Bonding System Review

During the year the Board undertook a review of the minimum security requirements for licensed bookmakers. Bookmakers are required to provide security (usually in the form of a bond of surety) in the event that they may default and are unable to meet their betting taxes and outstanding betting debts.

The review resulted in the following:

<i>Licence Type</i>	<i>Previous Security Requirement</i>	<i>New Security Requirement</i>
Metropolitan Gallops Enclosure	\$50,000	\$100,000
Metropolitan Trotting Enclosure	\$30,000	\$40,000
Metropolitan Greyhounds Enclosure	\$20,000	\$25,000
Metropolitan Leger	\$20,000	\$25,000
Country Racecourse	\$20,000	\$25,000
Sports Betting and/or Future doubles betting	\$100,000	\$100,000

For higher turnover race bookmakers (but not including sports betting turnover) –

### Natural Person/Partnership containing only natural persons:

- Annual turnover of more than \$5m but less than \$10m \$150,000
- For every \$5m in turnover in excess of \$10m per annum, an additional \$50,000 security is required.

### Body Corporate/Partnership containing a body corporate:

- Where a bookmaker's licence is held by a body corporate or a partnership that has as one of its members, a body corporate, the minimum security is to be set at \$250,000 on turnover up to \$20m per annum.
- For every \$5m in turnover in excess of \$20m per annum, an additional \$50,000 security is required.

## Cross-border Betting Taskforce

In May 2002, the Australasian Racing Ministers' Conference established a National Taskforce to examine the issue of cross-border betting and to make recommendations aimed at preserving the long-term viability of the Australian Racing Industry.

Issues currently being considered by the Taskforce include product fees for bookmakers, uniform minimum telephone bet limits, national prohibition on race bookmakers basing payouts on totalisator dividends and betting exchanges. In relation to betting exchanges, the

Taskforce is currently examining the issue of the operation of betting exchanges on Australasian racing.

In response to the recommendations of the Taskforce in relation to these matters the Australian Harness Racing Council, the Australian Racing Board and the Australian and New Zealand Greyhound Racing Association has submitted a consolidated report to the Taskforce for consideration.

### **Computerised Systems**

The new licensing database to support corporate licensing structures for bookmakers and improved reporting functionality was implemented on 28 July 2003.

As part of a commitment to e-business focussing on progressing web-based business transactions, development of a computerised system progressed to enable the lodgement of financial returns and payment of sports betting levy via the internet by race clubs in relation to betting turnover by bookmakers. It is anticipated that the system will be implemented during August 2003.

### **Significant Issues and Trends**

To complement the restructure of the Western Australian racing industry, the Betting Control Board and the Gaming Commission of Western Australia will be merged to form the Gaming and Wagering Commission of Western Australia. It is anticipated that this will occur before the end of 2003.

## STATISTICAL INFORMATION

**TABLE 1**

<b>NUMBER OF BOOKMAKERS' LICENCES ISSUED/TERMINATED</b>				
Number as at 31 July 2001	Number as at 31 July 2002	Issued during 02/03	Terminated during 02/03	Number as at 31 July 2003
55	50	3	4	49

**TABLE 2**

<b>TOTAL OF BOOKMAKERS BY LICENCE CATEGORY</b>			
<b>CATEGORY</b>	<b>2002/03</b>	<b>2001/02</b>	<b>2000/01</b>
Grandstand Enclosure	21	20	24
Leger/Country Racecourse	28	30	31
<b>TOTAL</b>	<b>49</b>	<b>50</b>	<b>55</b>

**TABLE 3**

<b>BOOKMAKERS' EMPLOYEE LICENCES</b>			
	<b>2002/03</b>	<b>2001/02</b>	<b>2000/01</b>
Issued	35	25	28
Renewed	17	84	7
Terminated	42	57	30

**TABLE 4**

<b>BOOKMAKERS' MANAGER LICENCES<sup>1</sup></b>			
	<b>2002/03</b>	<b>2001/02</b>	<b>2000/01</b>
Issued	3		
Renewed	0		
Terminated	0		

<sup>1</sup> Amendments in September 2002 to the *Betting Control Act 1954*, enabled provision for Bookmaker's Manager Licences to be issued under section 11D of the Act.

TABLE 5

BOOKMAKERS' TURNOVER AND LEVY PAID						
VENUE	2002/03		2001/02		2000/01	
	Turnover \$'000	Levy Paid \$'000	Turnover \$'000	Levy Paid \$'000	Turnover \$'000	Levy Paid \$'000
Metro Gallops	81 429	1 628	86 133	1 723	118 293	2 302
Country Gallops	16 104	322	16 201	324	20 110	401
<b>Total Gallops</b>	<b>97 533</b>	<b>1 950</b>	<b>102 333</b>	<b>2 047</b>	<b>138 403</b>	<b>2 703</b>
Metro Trotting	11 484	190	9 114	131	11 730	185
Country Trotting	1 147	23	1 801	36	2 422	49
<b>Total Trotting</b>	<b>12 631</b>	<b>213</b>	<b>10 914</b>	<b>167</b>	<b>14 152</b>	<b>234</b>
Metro Greyhounds	4 307	24	5 028	30	4 653	37
Country Greyhounds	1	0	614	12	1 846	37
<b>Total Greyhounds</b>	<b>4 308</b>	<b>24</b>	<b>5 641</b>	<b>42</b>	<b>6 499</b>	<b>74</b>
<b>Sporting Venues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31</b>	<b>1</b>
<b>Total</b>	<b>114 472</b>	<b>2 187</b>	<b>118 888</b>	<b>2 256</b>	<b>159 085</b>	<b>3 012</b>

- Note: 1. Turnover includes sports betting, telephone and internet betting turnover.
2. Levy currently paid by bookmakers is 2.0 per cent on race betting turnover and 0.5 per cent on sports betting turnover. The rate of levy payable on sports betting turnover was decreased from 2.0 per cent to 0.5 per cent as from 30 June 1998.
3. Levy paid by bookmakers on race betting turnover is retained in full by the relevant racing club. 50 per cent of the levy paid by bookmakers on sports betting turnover is retained by the relevant racing club and the remainder remitted to the Betting Control Board for disbursement to sporting organisations as directed by the Minister for Sport and Recreation.

TABLE 6

BOOKMAKERS' TELEPHONE BETTING TURNOVER									
	2002/03			2001/02			2000/01		
Venue	Racing \$'000	Sports \$'000	Total \$'000	Racing \$'000	Sports \$'000	Total \$'000	Racing \$'000	Sports \$'000	Total \$'000
Metro Gallops	20 259	0	20 259	13 572	0	13 572	31 260	4 201	35 461
Country Gallops	4 076	0	4 076	2 429	0	2 429	4 336	0	4 336
<b>Total Gallops</b>	<b>24 335</b>	<b>0</b>	<b>24 335</b>	<b>16 001</b>	<b>0</b>	<b>16 001</b>	<b>35 596</b>	<b>4 201</b>	<b>39 797</b>
Metro Trotting	3 103	2 234	5 337	902	2 914	3 816	1 551	2 600	4 151
Country Trotting	275	0	275	656	0	656	890	0	890
<b>Total Trotting</b>	<b>3 378</b>	<b>2 234</b>	<b>5 612</b>	<b>1 558</b>	<b>2 914</b>	<b>2 441</b>	<b>2 441</b>	<b>2 600</b>	<b>5 041</b>
Metro Greyhounds	98	4 127	4 225	268	4 591	4 859	952	3 622*	4 574
Country Greyhounds	1	0	1	595	0	595	1 711	0	1 711
<b>Total Greyhounds</b>	<b>99</b>	<b>4 127</b>	<b>4 226</b>	<b>863</b>	<b>4 591</b>	<b>5 454</b>	<b>2 663</b>	<b>3 622*</b>	<b>6 285</b>
<b>TOTAL</b>	<b>27 812</b>	<b>6 361</b>	<b>34 173</b>	<b>18 422</b>	<b>7 505</b>	<b>25 927</b>	<b>40 700</b>	<b>10 423</b>	<b>51 123</b>

Note\* telephone sports betting includes internet sports betting

TABLE 7

BOOKMAKERS' SPORTS BETTING TURNOVER									
Code	2002/03			2001/02			2000/01		
	On- course \$'000	Tel \$'000	Total \$'000	On- course \$'000	Tel \$'000	Total \$'000	On- course \$'000	Tel \$'000	Total \$'000
Gallops	0	0	0	0	0	0	68	4 201	4 269
Trotting	428	2 234	2 662	530	2 914	3 444	617	2 600	3 217
Greyhounds	0	4 127	4 127	98	4 591	4 689	0	3 622	3 622
<b>TOTAL</b>	<b>428</b>	<b>6 361</b>	<b>6 789</b>	<b>628</b>	<b>7 505</b>	<b>8 133</b>	<b>685</b>	<b>10 423</b>	<b>11 108</b>

Note\* telephone sports betting includes internet sports betting

**TABLE 8**

<b>ON-COURSE TOTALISATOR TURNOVER</b>			
	<b>2002/03</b>	<b>2001/02</b>	<b>2000/01</b>
	<b>Turnover \$'000</b>	<b>Turnover \$'000</b>	<b>Turnover \$'000</b>
Metro Gallops	36 340	34 889	35 603
Country Gallops	11 847	12 865	11 582
<b>Total Gallops</b>	<b>48 187</b>	<b>47 754</b>	<b>47 185</b>
Metro Trotting	10 344	10 194	9 369
Country Trotting	2 842	3 820	3 673
<b>Total Trotting</b>	<b>13 186</b>	<b>14 014</b>	<b>13 042</b>
Metro Greyhounds	3 398	3 636	3 361
Country Greyhounds	1 796	1 732	1 661
<b>Total Greyhounds</b>	<b>5 194</b>	<b>5 368</b>	<b>5 022</b>
<b>Total All Racing</b>	<b>66 567</b>	<b>67 136</b>	<b>64 934</b>

Note: As from 28 June 1996, on-course totalisator duty was abolished.

## REPORT ON EQUITY, ACCESS AND CUSTOMER FOCUS

### Freedom of Information

As a statutory authority, the Betting Control Board is an “agency” for the purposes of the *Freedom of Information Act 1992*. The decision-maker in respect of all betting related access applications is the Director of Operations (Department of Racing, Gaming and Liquor) and the internal reviewer is the Chairman of the Board.

### Compliance with Public Sector Standards

The Betting Control Board of Western Australia does not employ staff but has a net appropriation agreement with the Department of Racing, Gaming and Liquor relating to the functions carried out on behalf of the Board by staff of that agency.

As such, the Betting Control Board does not maintain plans for —

- *Equal Employment Opportunity;*
- *Public Sector Standards;*
- *Language Services;* and
- *Disability Services;*

and relies on the relevant plans of the Department of Racing, Gaming and Liquor. Accordingly, the Betting Control Board does not report on the outcomes of those plans. Details of the relevant plans and outcomes are available in the Department’s Annual Report.

### Compliance with section 175ZE of the Electoral Act 1907

In compliance with section 175ZE of the *Electoral Act 1907*, the Betting Control Board of Western Australia is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

The details of the report are as follows:

<u>Expenditure with Advertising Agencies</u>	Nil
<u>Expenditure with Direct Mail Agencies</u>	Nil
<u>Expenditure with Government Agencies</u>	\$793.96
State Law Publisher	\$793.96
<u>Expenditure with Market Research Agencies</u>	Nil
<u>Expenditure with Media Advertising Agencies</u>	\$515.20
West Australian Newspapers	\$515.20
<u>Expenditure with Polling Agencies</u>	Nil
<b>TOTAL EXPENDITURE</b>	<b>\$1,309.16</b>

## **Pricing Policies on Outputs**

Details regarding the pricing policies of outputs are provided in the Annual Report for the Department of Racing, Gaming and Liquor.

## **Major Promotional, Public Relations or Marketing Activities**

The Department of Racing, Gaming and Liquor provides executive support to the Betting Control Board. It does not have a public relations unit within its structure. However, the Chairman and senior officers of the Department of Racing, Gaming and Liquor are regularly required to liaise with the media. They have also been required to represent the agency at a number of formal and social functions.

## **Summary of Gaming Commission Publications Available from the Department of Racing, Gaming and Liquor**

The Department of Racing, Gaming and Liquor provides a number of publications to assist the public of Western Australia and the industries regulated by the Department. The publications relevant to the Board are the:

- Annual Report of the Betting Control Board.
- Racing Industry Status Report (statistical publication on the status of the racing industry in Western Australia.
- Betting Control Board Bulletin.

## BUDGET INFORMATION AND OUTPUT MEASURES

### Budget Information

	Estimate 2003/04 \$	Estimate 2002/03 \$	Actual 2002/03 \$	Actual 2001/02 \$
Expenses from Ordinary Activities				
Fees Paid to Board Members	23 750	24 083	22 466	23 132
Other Expenses from Ordinary Activities	106 895	107 023	106 664	93 266
Total Cost of Services	130 645	131 106	129 130	116 398
Revenues from Ordinary Activities				
User Charges and Fees	125 400	123 250	122 249	111 839
Other Revenues from Ordinary Activities	4 565	4 774	4 481	4 456
Total Revenue from Ordinary Activities	129 965	128 024	126 730	116 295
Net Cost of Services	680	3 082	2 400	103
Total Revenues from Government	0	0	0	0
Total Changes in Equity Other Than Those Resulting from Transactions with WA State Government as Owners	(680)	(3 082)	(2 400)	(103)

### Output Measures

Measure	2002/03 Target	2002/03 Actual
<b>Quantity</b>		
Number of betting audits and inspections conducted	173	145
<b>Quality</b>		
% of betting inspections and audits conducted in accordance with the Board's approved program	100%	100%
<b>Timeliness</b>		
% of on-course betting service providers inspected or audited every two years	50%	50.43%
<b>Cost</b>		
Average cost per betting inspection or audit (measured against total Board expenditure)	\$758	\$891

## FINANCIAL STATEMENTS

The aim of these Financial Statements is to present to the Parliament details of revenue and expenditure for the Betting Control Board of Western Australia.

This part of the Annual Report contains:

- Financial Statements;
- Accompanying Notes;
- Certification of the Financial Statements, and
- The Opinion of the Auditor General.

**Betting Control Board**  
**Statement of Financial Performance**  
*for the year ended 31 July 2003*

	Note	2002/03 \$	2001/02 \$
<b>COST OF SERVICES</b>			
<b>Expenses from ordinary activities</b>			
Board members expenses	10, 11(ii)	22,466	23,132
Superannuation	1(h), 10, 11(i)(ii)	2,021	1,870
Other expenses from ordinary activities	1(g), 11(i)	104,643	91,396
Total cost of services		<u>129,130</u>	<u>116,398</u>
<b>Revenues from ordinary activities</b>			
<b>Revenue from operating activities</b>			
Fees and charges	1(f), 11(i)	122,249	111,839
<b>Revenue from non-operating activities</b>			
Interest revenue	11(ii)	4,481	4,456
Total revenues from ordinary activities		<u>126,730</u>	<u>116,295</u>
<b>NET COST OF SERVICES</b>	9(b)	<u>2,400</u>	<u>103</u>
<b>CHANGE IN NET ASSETS</b>		<u>(2,400)</u>	<u>(103)</u>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS</b>		<u>(2,400)</u>	<u>(103)</u>

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

**Betting Control Board**  
**Statement of Financial Position**  
*as at 31 July 2003*

	Note	2002/03 \$	2001/02 \$
<b>Current Assets</b>			
Cash assets	2, 9(a), 12(a)	29,831	75,447
Receivables	1(d), 3, 12(a)	1,985	0
Other assets	4, 12 (a)	483	590
Inventories	1(j), 5	3,746	4,586
<b>Total Current Assets</b>		<b>36,045</b>	<b>80,623</b>
<b>Total Assets</b>		<b>36,045</b>	<b>80,623</b>
<b>Current Liabilities</b>			
Payables	1(d), 6, 12(a)	7,391	6,049
Accrued board fees		1,980	1,917
Fees in trust	7, 12(a)	25,994	69,577
<b>Total Current Liabilities</b>		<b>35,365</b>	<b>77,543</b>
<b>Total Liabilities</b>		<b>35,365</b>	<b>77,543</b>
<b>NET ASSETS</b>		<b>680</b>	<b>3,080</b>
<b>Equity</b>			
Accumulated surplus	8	680	3,080
<b>TOTAL EQUITY</b>		<b>680</b>	<b>3,080</b>

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

**Betting Control Board**  
**Statement of Cash Flows**  
*for the year ended 31 July 2003*

	Note	2002/03 \$ Inflows (Outflows)	2001/02 \$ Inflows (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Board members expenses		(22,403)	(23,195)
Payments for superannuation		(2,016)	(1,856)
Payments to suppliers		(102,380)	(90,409)
GST payments on purchases		(7,019)	(3,653)
<b>Receipts</b>			
Interest received		4,588	4,565
Receipts from customers		122,249	111,820
GST receipts on sales		531	1,147
GST receipts from taxation authority		4,417	2,573
<b>Net cash provided by/(used in) operating activities</b>	9(b)	<b>(2,033)</b>	<b>992</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments from fees in trust		(43,583)	(1,546)
<b>Net cash used in investing activities</b>		<b>(43,583)</b>	<b>(1,546)</b>
<b>Net decrease in cash held</b>		<b>(45,616)</b>	<b>(554)</b>
Cash assets at the beginning of the financial year		75,447	76,001
<b>Cash assets at the end of the financial year</b>	2, 9(a)	<b>29,831</b>	<b>75,447</b>

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

## 1. STATEMENT OF ACCOUNTING POLICIES

The financial year of the Betting Control Board is 1 August to 31 July, as determined by the Betting Control Act 1954.

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated, these policies are consistent with those adopted in the previous year.

### (a) General

The financial statements constitute a general purpose financial report which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (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 and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, 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) Basis of accounting

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at fair value.

### (c) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets.

### (d) Receivables and Payables

Receivables are recognised at the amounts receivable and they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exist and in any event where the debt is more than 60 days overdue.

Payables, including accruals not yet billed, are recognised when the Board becomes obliged to make future payments as a result of a purchase of goods or services. Payables are generally settled within 30 days.

### (e) Insurance

Personal accident insurance for board members is arranged through RiskCover by the Department of Racing, Gaming and Liquor.

**(f) User charges and fees**

User charges and fees mainly comprises funding from the Totalisator Agency Board, bookmaker and totalisator licence fees and the sale of betting stationery. This represents money received pursuant to the Betting Control Act 1954.

**(g) Services performed for the Betting Control Board by the Department of Racing, Gaming and Liquor**

The Department of Racing, Gaming and Liquor provides support to the Betting Control Board to enable the Board to carry out its objectives. This support comprises most of the amount reported in the Statement of Financial Performance under 'Other expenses from ordinary activities'. These expenses are in the nature of salaries and administration costs in providing these support services.

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

**(h) Employee benefits**

**(i) Annual and Long Service Leave**

The Betting Control Board does not employ staff. The Board utilises the staff and facilities of the Department of Racing, Gaming and Liquor. The cost of the services provided by the Department of Racing, Gaming and Liquor is recouped from the Board as a service fee. Accordingly, provisions have not been made for annual and long service leave.

**(ii) Superannuation**

The board members of the Board are non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. The superannuation expense comprises employer contributions in respect of board members which are payable to the West State Superannuation Scheme by the Board.

The liabilities for superannuation charges under the West State Superannuation Scheme are extinguished by payment of employer contributions to the Government Employees Superannuation Board (GESB).

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 GESB's records are not structured to provide the information for the Board. Accordingly, deriving the information for the Board is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

**(i) Net fair values of financial assets and liabilities**

Net fair values of financial instruments are determined on the basis of carrying amounts of current assets and current liabilities as those amounts are considered to approximate net market value.

**(j) Inventories**

Inventories are valued on a first in first out basis at the lower of cost and net realisable value.

**(k) Comparative figures**

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

	2002/03 \$	2001/02 \$
<b>2. CASH ASSETS</b>		
Cash assets are represented by funds held at the Commonwealth Bank of Australia	<u>29,831</u>	<u>75,447</u>
<b>3. RECEIVABLES</b>		
Goods and services tax	<u>1,985</u>	<u>0</u>
	<u>1,985</u>	<u>0</u>
<b>4. OTHER ASSETS</b>		
Interest receivable	<u>483</u>	<u>590</u>
	<u>483</u>	<u>590</u>
<b>5. INVENTORIES</b>		
Betting tickets	654	2,053
Betting ledgers	<u>3,092</u>	<u>2,533</u>
	<u>3,746</u>	<u>4,586</u>
<b>6. PAYABLES</b>		
Payables for goods and services received	7,391	5,950
Goods and services tax	<u>0</u>	<u>99</u>
	<u>7,391</u>	<u>6,049</u>
<b>7. FEES IN TRUST - SPORTS BETTING LEVY</b>		
Opening balance	69,577	71,123
Receipts	16,417	20,454
Payments	<u>(60,000)</u>	<u>(22,000)</u>
Closing balance	<u>25,994</u>	<u>69,577</u>
Fees in trust represents amounts of betting levy collected from bookmakers' sports betting turnover. These monies are held in trust until distributed as directed by the Minister for Sport and Recreation.		
During 2002/03 the Minister for Sport and Recreation approved a payment of \$60,000 to Outdoors WA.		
<b>8. EQUITY</b>		
Accumulated surplus		
Opening balance	3,080	3,183
Change in net assets resulting from operations	(2,400)	(103)

**9. NOTES TO THE STATEMENT OF CASH FLOWS**

	<b>2002/03</b>	<b>2001/02</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Reconciliation of cash</b>		
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 assets	<u>29,831</u>	<u>75,447</u>
	<u>29,831</u>	<u>75,447</u>
<b>(b) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</b>		
Net cost of services	(2,400)	(103)
(Increase)/decrease in assets:		
Other assets	107	109
Inventories	840	3,671
Increase/(decrease) in liabilities:		
Payables	1,441	(2,671)
Accrued board fees	63	(62)
Net GST receipts/(payments)	(2,071)	66
Change in GST in receivables/payables	<u>(13)</u>	<u>(18)</u>
Net cash provided by/(used in) operating activities	<u>(2,033)</u>	<u>992</u>

**10. REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY**

The number of members of the Accountable Authority whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following band:

	<b>No.</b>	<b>No.</b>
\$0 - \$10,000	<u>7</u>	<u>7</u>

	<b>2002/03</b>	<b>2001/02</b>
	<b>\$</b>	<b>\$</b>
The total remuneration of the members of the Accountable Authority is:	<u>24,487</u>	<u>25,002</u>

The superannuation included here represents the superannuation expense incurred by the Authority in respect of members of the Accountable Authority.

No members of the Accountable Authority are members of the Pension Scheme.

## 11. EXPLANATORY STATEMENT

### (i) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than 5% or \$20,000.

	2002/03 \$	2001/02 \$
<i>Superannuation</i>	2,021	1,870
The increase of \$151 was mainly due to an increase in the superannuation guarantee levy from 8% to 9%.		
<i>Other expenses from ordinary activities</i>	104,643	91,396
The increase of \$13,247 was mainly due to a higher recoupment rate of charge from the Department of Racing, Gaming and Liquor.		
<i>Fees and charges</i>	122,249	111,839
The increase of \$10,410 was mainly due to higher totalisator licence fees from race clubs plus a higher contribution from the Totalisator Agency Board.		

### (ii) Significant variations between estimates and actual results for the financial year

Details and reasons for significant variations between estimates and actual results are detailed below. Significant variations are considered to be those greater than 5% or \$20,000.

	2002/03 Actual \$	2002/03 Estimates \$	Variance \$
<i>Board members expenses</i>	22,466	24,083	1,617
The variation of \$1,617 was mainly due to a deputy member attending in the place of a member during the year. A deputy member's remuneration is less than that of a member.			
<i>Superannuation</i>	2,021	2,167	146
The lower than budgeted amount of \$146 was the result of the lower board fees paid.			
<i>Interest revenue</i>	4,481	4,774	293
The variation of \$293 was the result of a lower bank balance throughout the year together with lower interest rates.			

**12. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES**

**a) Interest rate risk exposure**

The Board's exposure to interest rate risk and effective interest rates on financial instruments are:

	Weighted average effective interest rate	Floating interest rate	Non-interest bearing	Total 31 July 2003	Total 31 July 2002
		\$	\$	\$	\$
<u>31 July 2003</u>					
<b>i) Financial assets</b>					
Cash assets	4.784%	29,831		29,831	75,447
Receivables			1,985	1,985	0
Other assets			483	483	590
Total financial assets		29,831	2,468	32,299	76,037
<b>ii) Financial liabilities</b>					
Payables			7,391	7,391	6,049
Fees in trust			25,994	25,994	69,577
Total financial liabilities			33,385	33,385	75,626

**b) Credit risk exposure**

All financial assets are unsecured. Amounts owing by other government agencies are guaranteed and therefore no credit risk exists in respect of those amounts. In respect of other financial assets the carrying amounts represent the Board's maximum exposure to credit risk in relation to those assets.

	2002/03	2001/02
	\$	\$
<b>13. REMUNERATION OF AUDITOR</b>		
The total of fees paid or due and payable to the auditors of the Board for the financial year is as follows:		
Fees to the Auditor General:		
- for external audit	<u>4,500</u>	<u>4,000</u>

**14. OUTPUT INFORMATION**

The only output of the Board is Functions Performed for the Racing Industry. The details disclosed in the Statement of Financial Performance represent all details of expenses and revenues from ordinary activities for this output.

**15. OTHER COMMITMENTS**

As at 31 July 2003 the Board did not have any other material capital or expenditure commitments.

**16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Board is not aware of any contingent liabilities and assets as at balance date.

**17. EVENTS OCCURRING AFTER REPORTING DATE**

As a result of the restructure of the Western Australian racing industry, the Betting Control Board will amalgamate with the Gaming Commission of Western Australia to form the Gaming and Wagering Commission of Western Australia on a date appointed by the Minister during the 2003/04 financial year.

**18. RELATED BODIES**

The Board does not provide any assistance to other agencies which would deem them to be regarded as related bodies under the definitions included in Treasurer's Instruction 951.

**19. AFFILIATED BODIES**

The Board does not provide any assistance to other agencies which would deem them to be regarded as affiliated bodies under the definitions included in Treasurer's Instruction 951.

## FINANCIAL STATEMENTS: STATEMENT OF CERTIFICATION

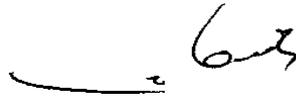
The accompanying financial statements of the Betting Control Board have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the financial year ending 31 July 2003 and the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

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



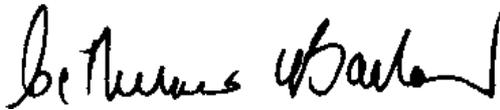
Barry A. Sargeant  
**CHAIRMAN**

22 September 2003



Terry Ng  
**PRINCIPAL ACCOUNTING OFFICER**

22 September 2003



Catherine (Kate) Barlow  
**MEMBER**

22 September 2003

# OPINION OF AUDITOR GENERAL: FINANCIAL STATEMENTS



AUDITOR GENERAL

## INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### BETTING CONTROL BOARD FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 2003

#### Audit Opinion

In my opinion,

- (i) the controls exercised by the Betting Control 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  
October 17, 2003

## KEY PERFORMANCE INDICATORS

### Outcome

The desired outcome of the Betting Control Board is to administer and control the conduct of on- and off-course betting in Western Australia in accordance with the Betting Control Act and the Totalisator Agency Board Betting Act.

#### Effectiveness Indicator

In order to meet its desired outcome of controlling the conduct of on- and off-course betting in Western Australia, the Board has developed compliance assessment programs to test compliance with legislative requirements by betting operators. The following effectiveness indicator measures the degree to which betting operators are found to have complied with legislative requirements.

1. The number of compliance assessment programs executed where full compliance has been established expressed as a percentage of total programs undertaken.

<b>No. of programs executed:</b> 145	<b>2001/02 No. of programs executed:</b> 159
<b>Compliance Indicator:</b> 95.9 per cent	<b>2001/02 Indicator:</b> 84.9 per cent
	<b>2000/01 No. of programs executed:</b> 158
	<b>2000/01 Indicator:</b> 94.9 per cent
	<b>1999/00 No. of programs executed:</b> 405
	<b>1999/00 Indicator:</b> 94.0 per cent

### Output - Functions Performed for the Racing Industry

Output Description: Perform functions in accordance with statutory obligations.

#### Efficiency Indicators

1. The percentage of bookmaker's employee licence applications processed within five working days of a completed application being received, which did not require referral to a Board meeting.

<b>Indicator:</b> 98.0 per cent	<b>2001/02 Indicator:</b> 100.0 per cent
	<b>2000/01 Indicator:</b> 100.0 per cent
	<b>1999/00 Indicator:</b> 97.1 per cent

2. The average cost of each compliance assessment program executed (calculated by dividing overall Board expenditure by the number of compliance assessment programs undertaken).

<b>Indicator:</b> \$891	<b>2001/02 Indicator:</b> \$732
	<b>2000/01 Indicator:</b> \$972
	<b>1999/00 Indicator:</b> \$485

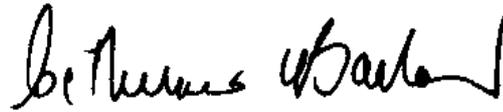
**PERFORMANCE INDICATORS:  
STATEMENT OF CERTIFICATION**

We hereby certify that the performance indicators presented here are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Betting Control Board, and fairly represent the performance of the Commission for the financial year ended 31 July 2003.



Barry A. Sargeant  
**CHAIRMAN**

22 September 2003



Catherine (Kate) Barlow  
**MEMBER**

22 September 2003

# OPINION OF AUDITOR GENERAL: PERFORMANCE INDICATORS



AUDITOR GENERAL

## INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### BETTING CONTROL BOARD PERFORMANCE INDICATORS FOR THE YEAR ENDED JULY 31, 2003

#### **Audit Opinion**

In my opinion, the key effectiveness and efficiency performance indicators of the Betting Control 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 effectiveness and efficiency.

##### *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.

Handwritten signature of D D R Pearson in black ink.

D D R PEARSON  
AUDITOR GENERAL  
October 17, 2003

## CONTACTING THE BETTING CONTROL BOARD

### **Address, e-mail, facsimile and telephone contact details for the Betting Control Board**

The Betting Control Board's principal address is located at the Department of Racing, Gaming and Liquor at -

Level 1, Hyatt Centre  
87 Adelaide Terrace  
East Perth, 6004  
WESTERN AUSTRALIA

### **Postal address**

P.O. Box 6119  
East Perth, 6892  
WESTERN AUSTRALIA

### **Telephone and facsimile numbers**

Department of Racing, Gaming and Liquor's main switch-board: (08) 9425 1888  
Country Callers (Toll-free): 1800 634 541  
After hours (Message Bank): (08) 9425 1827  
Chairman's facsimile number: (08) 9325 1636  
Secretary's facsimile number: (08) 9221 9838

### **Internet and e-mail service**

General information on the Betting Control Board is available on the Department of Racing, Gaming and Liquor's website, which can be found at [www.rgl.wa.gov.au](http://www.rgl.wa.gov.au). The Board's annual report is also available from the Department of Racing, Gaming and Liquor's website in PDF format.

Customers of the Betting Control Board can also e-mail enquiries to [rgl@rgl.wa.gov.au](mailto:rgl@rgl.wa.gov.au).

## ACKNOWLEDGMENTS

Annual Report Compilation: Mark Beecroft  
Policy Officer  
Department of Racing, Gaming and Liquor

Financial Statements: Terry Ng  
Principal Accounting Officer  
Department of Racing, Gaming and Liquor