

BETTING CONTROL BOARD OF WESTERN AUSTRALIA



**ANNUAL REPORT
2001/2002**

**STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 31 JULY 2002**

HON NICK GRIFFITHS LLB MLC
MINISTER FOR RACING AND GAMING

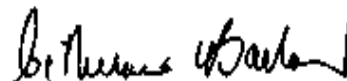
BETTING CONTROL BOARD ANNUAL REPORT - 2001/2002

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 2002.

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



Barry A Sargeant
CHAIRMAN
23 September 2002



Catherine (Kate) Barlow
MEMBER
23 September 2002

**STATEMENT OF COMPLIANCE
WITH RELEVANT LAW**

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*;
- *Library Board of Western Australia Act 1951*;
- *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*

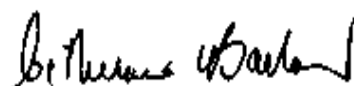
In the financial administration of the Betting Control Board, the Board has complied with the requirements of the *Financial Administration and Audit Act 1985* and relevant written law. It has exercised controls that provide reasonable assurance that the receipt and expenditure of moneys, the acquisition 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
23 September 2002



Terry Ng
PRINCIPAL ACCOUNTING OFFICER
23 September 2002



Catherine (Kate) Barlow
MEMBER
23 September 2002

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1. CHAIRMAN'S OVERVIEW

I am pleased to present the Annual Report for the Betting Control Board of Western Australia for the period 1 August 2001 to 31 July 2002. The Board was reconstituted in 1996 and this report covers the Board's sixth full year of operation.

One of the most significant events to occur during the reporting year was the submission of the Western Australian Racing Industry Review Committee's report on the future of the racing industry in Western Australia to the Minister for Racing and Gaming. In May 2002, the Minister announced the following changes –

- establishment of a single controlling authority of thoroughbred, harness and greyhound racing in Western Australia to be known as *Racing and Wagering Western Australia*;
- transfer of the principal club functions currently exercised by the Western Australian Turf Club, the Western Australian Trotting Association, and the Western Australian Greyhound Racing Authority with respect to their respective racing industries to *Racing and Wagering Western Australia*;
- transfer of responsibility for the conduct of off-course totalisator betting from the Totalisator Agency Board (TAB) to *Racing and Wagering Western Australia*;
- abolition of the Racecourse Development Trust and transfer the Trust's assets and obligations to *Racing and Wagering Western Australia*; and
- amalgamation of the Betting Control Board and the Gaming Commission of Western Australia to form the Gaming and Wagering Commission of Western Australia.

It is understood that, if approved by the Parliament the new governance structure will commence from 1 August 2003.

This year also saw the *Betting Legislation Amendment Act 2002* passed by Parliament. The Act came into operation on 21 September 2002. The purpose of the Act, amongst other things, is 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.

Legislation was also passed to extend the operation of the Totalisator Agency Board Betting (Modification of Operation) Act 1960, until 31 July 2003.

The Board, through the agency of the Department of Racing, Gaming and Liquor Inspectorate, carried out a program of 54 TAB agency audits and 6 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 agent in the Kalgoorlie Court of Petty Sessions in relation to seven counts of credit betting. The prosecution of another TAB agent for 50 offences relating to credit betting has been authorised by the Board and is pending.

A further 99 bookmaker and on-course totalisator inspections and audits were carried out on behalf of the Board. It is proposed that a similar program will be conducted in 2002/03.

Overall, on-course wagering turnover declined significantly during the year. Total bookmaker turnover was \$118.8 million, a decrease of 25.3 per cent on 2000/01. Race bookmaking turnover fell by 25.1 per cent to \$110.7million. Sports betting turnover decreased by 26.8 per cent to \$8.1 million. Bookmaker telephone betting declined by 49.3 per cent to \$25.9 million. On-course totalisator turnover increased by 2.9 per cent to \$67 million.

The number of licensed bookmakers as at 31 July 2002 was 50, compared to 55 at the same time last year. Three bookmakers conducted sports betting during the year compared to four the previous year.

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

2. 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 Minister for Racing and Gaming is responsible for the Racing and Gaming portfolio. At 31 July 2002, the Minister for Racing and Gaming was the Hon Nick Griffiths, LLB MLC.

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.

2. CORPORATE GOVERNANCE

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*.

2. CORPORATE GOVERNANCE

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.

For example, decisions relating to some routine licensing matters have been delegated to the Chairman and the Secretary as follows:

- 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.

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.

2. CORPORATE GOVERNANCE

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.

3. BOARD MEMBERSHIP

The membership of the Betting Control Board as at 31 July 2002 was as follows:

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 member of the Committee of the Association.

Nominee of the Western Australian Turf Club

Mr Richard (Rick) Hart former Vice Chairman of the WA Turf Club. Mr Hart was appointed to the Board in February 1997. Mr Hart'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, 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.

3. BOARD MEMBERSHIP

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 Bruce Atkinson ceased as the deputy member (nominated by the WA Bookmakers' Association) to Mr Kieran Glynn.

4. 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

The *Betting Legislation Amendment Act 2002* was assented to on 8 July 2002. The purpose of the Act is 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 will –

1. Permit a bookmaker's licence to be held by a sole natural person, a partnership of natural persons and or bodies corporate; or a body corporate.
2. 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;
3. 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;
4. 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;
5. 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;
6. prohibit a bookmaker's licence held by a partnership or body corporate being transferable;
7. 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
8. allow country racing clubs to conduct betting on a day when inclement weather has forced the cancellation of a race meeting, and allow the establishment of a betting auditorium at a major racecourse provided permission of both the racecourse controlling authority and the Betting Control Board is obtained for the conduct of betting by bookmakers at racecourses when there is no race meeting being conducted.

Additionally, the Act 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. The Bill also intends to validate certain acts of the manager of the Totalisator Agency Board.

These amendments are expected come into operation in September 2002.

4. REPORT ON OPERATIONS

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

The *Totalisator Agency Board Betting (Modification of Operation) Amendment Act 2002* was assented to on 8 July 2002. The purpose of the Act is 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. This 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.

Totalisator Agency Board (Betting) Amendment Regulations (No. 2) 2001

These amendment regulations enabled –

- amendments to the provisions relating to bets taken by telephone to take account of bets taken via the Internet;
- pursuant to section 36(2) of the *Totalisator Agency Board Betting Act 1960*, prescription of further inspection powers for authorised persons, and
- amendments to the bet cancellation requirements.

Totalisator Agency Board (Betting) Amendment Regulations (No. 3) 2001

These amendment regulations included the Wanneroo and Byford Trotting Tracks as venues in the list of racecourses prescribed for the purposes of betting by the TAB.

Totalisator Agency Board (Betting) Amendment Regulations 2002

These amendment regulations included the following international racing venues in the list of racecourses prescribed for the purposes of betting by the TAB:

- Nad-Al-Sheba Racecourse, Dubai, United Arab Emirates
- Churchill Downs Racecourse, Kentucky, United States of America
- Arlington Park Racecourse, Chicago, United States of America,

Betting Control Amendment Regulation 2001

These amendment regulations increased the commission rate that the TAB may deduct from a Quartet bet from 20 per cent to 25 per cent.

Betting Control Amendment Regulations (No. 2) 2001

These amendment regulations prescribed fees for a licensed bookmaker seeking authorisation to:

- carry on business by means of on-course telephone betting;
- carry on business by means of on-course internet betting; and
- approval to use a computerised betting ledger system.

4. REPORT ON OPERATIONS

Betting Control Amendment Regulations (No. 3) 2001

These amendment regulations reduced the rate of commission that the TAB may deduct from Quartet bets from 25 per cent to 20 per cent.

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 five 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 2000/01, the Board, through the agency of the Department of Racing, Gaming and Liquor Inspectorate, carried out a program of 54 TAB agency audits and 6 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 agent in the Kalgoorlie Court of Petty Sessions in relation to seven counts of credit betting. The prosecution of another TAB agent for 50 offences relating to credit betting has been authorised by the Board and is pending.

A further 99 bookmaker and on-course totalisator inspections and audits were carried out on behalf of the Board. A similar program will be conducted in 2002/2003.

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

- Prosecution of a TAB agent for credit betting.
- Warnings issued to two licensed bookmakers for permitting people to work as bookmaker's employees without holding the appropriate licence.
- Removing authorisation from a licensed bookmaker to accept bets by telephone.
- Warnings issued to two licensed bookmakers for accepting bets below the minimum telephone betting limits.

Licensing

The total number of bookmakers operating in the State as at 31 July 2002 was 50. This compares with 55 at 31 July 2001. Two new licences were issued during the year, while seven licences were surrendered. Details of bookmakers by licence category are shown in Table 2. Three bookmakers were authorised to conduct sports betting during the year compared to four the previous year.

The Board issued 25 new bookmaker's employee licences during the year compared with 28 in 2000/01 (see Table 3). A total of 84 licences were renewed during the year and 57 were terminated.

4. REPORT ON OPERATIONS

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.

Two bookmakers in Western Australia are authorised to conduct internet betting. However, only one of these authorisations was operational as at 31 July 2002. 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) that received Royal Assent on 11 July 2001.

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 \$40.2 million, or 25.3 per cent, to \$118.8 million. Bookmaker telephone betting decreased by 49.3 per cent to \$25.9 million and now represents 21.8 per cent of total bookmaker turnover compared with 32.1 per cent in 2000/01.

Race bookmaking decreased by 25.1 per cent to \$110.7m compared with \$147.9 million for 2000/01. Sports betting decreased by 26.8 per cent to \$8.1 million compared with \$11.1 million for 2000/01.

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

On-course totalisator betting increased by 2.9 per cent to \$ 67 million.

Further details on betting turnover are provided in Tables 4 to 7.

Bookmaker Betting Levy

Bookmakers paid betting levy totalling \$2.2 million on this turnover, all of which was retained by the host racing club apart from an amount of \$20,333 (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 \$24,000 (inclusive of GST) was made during the year to the Australian Council for Health, Physical Education and Recreation.

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

4. REPORT ON OPERATIONS

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 over the trial period February – August 2002.

Betting Dispute

Over the reporting year the Board was required to determine one appeal in relation to a decision by the Western Australian Trotting Association's Stewards in relation to a betting dispute.

The appeal occurred from a dispute between two licensed bookmakers where the absence of a betting ticket was central to the original dispute.

In determining the appeal the Board considered the transcript and determination of the Western Australian Trotting Association Stewards and submissions from all parties to the dispute. The Board was satisfied that the Western Australian Trotting Association Stewards had –

- (a) afforded both parties to the appeal due process;
- (b) applied the law correctly; and
- (c) made a decision which was reasonably open for them to make on the basis of evidence before them.

Consequently the Board dismissed the appeal.

Internet Betting – Revised Policies

In light of the anticipated increase in bookmakers seeking licence endorsement to conduct internet betting, to establish a common regulatory platform to be applied to both the TAB and bookmakers to prevent underage betting, the Board determined to adopt the following additional licence conditions in respect of internet betting by bookmakers:

- (i) *No bet received via the internet is to be accepted without the payment of the full amount of the bet at the time the bet is made; and*
- (ii) *The licensee is required to obtain a hard copy registration form, including an age declaration, from each betting client who is an Australian resident. Prior to the registration form being received, a betting account may be activated upon verifying the client is 18 years of age or older by –*
 - *an electoral roll check; or*
 - *where the account holder is not on the electoral roll, obtaining a copy of a document that includes evidence of the client's age.*

In respect of persons from overseas an electronic registration form is acceptable. However, a copy of a document attesting to the client's age is to be obtained prior to an account being activated.

4. REPORT ON OPERATIONS

Cancellation of Bookmaker's Licence

In October 2001 the Board cancelled a bookmaker's licence due to the bookmaker being declared bankrupt and invited claims against the surety held by the Board. Following an investigation on the validity of claims, the Betting Control Board approved proportionate payment to 17 claimants.

GST Rebates

Bookmakers and racing clubs continue to benefit from the Government's rebate on GST for gross gambling margins. Rebates for 2001/02 totalled \$1.4m.

Betting Tickets

During the reporting year, the Board, with a view of providing a more efficient and cost effective service for bookmakers, arranged for the print and distribution of betting tickets directly from the premises of the State Law Publisher.

This provided bookmakers with a service where they could order betting tickets directly from the State Law Publisher with their name already imprinted onto each betting ticket.

Previously, bookmakers were required to purchase betting tickets from the Board and then have their names imprinted (not stamped) on each ticket, which attracted an additional cost in the vicinity of \$65-\$100. The new service is expected to result in savings for bookmakers.

Review of the Governance of Racing

In September 2000, the Western Australian Racing Industry Review Committee was established to review the Future Governance of the Western Australian Racing Industry in Western Australia. The Review Committee submitted its report to the Minister for Racing and Gaming in October 2001.

In May 2002, the Hon Nick Griffiths LLB MLC, announced changes to the racing industry governance structure that will include the establishment of a new body called Racing and Wagering Western Australia (RWVA). Legislative amendments will be drafted to, amongst other things –

- establish RWVA as the controlling authority of thoroughbred, harness and greyhound racing in Western Australia;
- transfer responsibility for the conduct of off-course totalisator betting from the Totalisator Agency Board (TAB) to *Racing and Wagering Western Australia*;
- transfer the principal club functions currently exercised by the Western Australian Turf Club, the Western Australian Trotting Association, and the Western Australian Greyhound Racing Authority with respect to their respective racing industries to *Racing and Wagering Western Australia*;
- abolish the Racecourse Development Trust and transfer the Trust's assets and obligations to *Racing and Wagering Western Australia*; and
- amalgamate the Betting Control Board and the Gaming Commission of Western Australia to form the Gaming and Wagering Commission of Western Australia.

It is expected that the necessary legislative amendments will be presented to Parliament during 2002/03 with a view to implementing the new governance structure on 1 August 2003.

4. REPORT ON OPERATIONS

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.

The focus of the Taskforce is to be the cross-border betting activities of the large corporate bookmakers, rather than TABs and the traditional race day "stand up" bookmakers.

Conferences Attended

2002 Racing Ministers' Conference

The Director General accompanied the Minister for Racing and Gaming to the November 2001 Racing Ministers' Conference, which was held in Melbourne. The Director General represented the Minister for Racing and Gaming at the May 2002 Racing Ministers conference, which was held in Adelaide, accompanied by the Manager, Policy and Executive Support, Mr Jon Nichols.

Future Issues and Initiatives for 2002/03

The implementation of the Government's response to the Report on the "*Future Governance of the Western Australian Racing Industry*", in particular:

- the establishment of Racing and Wagering Western Australia and the associated legislative amendments will be a significant issue during 2002/03; and
- amalgamation of the Betting Control Board and the Gaming Commission of Western Australia to form the Gaming and Wagering Commission of Western Australia.

The development and implementation of new licensing database to support corporate licensing structures for bookmakers and provide improved reporting functionality.

Chairing of the Taskforce established at the May 2002 Australasian Conference of Racing Ministers to examine and report on the impacts of cross border betting in Australia. A report is expected to be submitted to the November 2002 Racing Ministers' Conference.

5. STATISTICAL INFORMATION

TABLE 1

NUMBER OF BOOKMAKERS' LICENCES ISSUED/TERMINATED				
Number as at 31 July 2000	Number as at 31 July 2001	Issued during 01/02	Terminated during 01/02	Number as at 31 July 2002
55	55	2	7	50

TABLE 2

TOTAL OF BOOKMAKERS BY LICENCE CATEGORY			
CATEGORY	2001/02	2000/01	1999/00
Grandstand Enclosure	20	24	25
Leger/Country Racecourse	30	31	30
TOTAL	50	55	55

TABLE 3

BOOKMAKERS' EMPLOYEE LICENCES			
	2001/02	2000/01	1999/00
Issued	25	28	34
Renewed	84	7	15
Terminated	57	30	35

5. STATISTICAL INFORMATION

TABLE 4

BOOKMAKERS' TURNOVER AND LEVY PAID						
VENUE	2001/02		2000/01		1999/00	
	Turnover \$'000	Levy Paid \$'000	Turnover \$'000	Levy Paid \$'000	Turnover \$'000	Levy Paid \$'000
Metro Gallops	86 133	1 723	118 293	2 302	134 149	2 633
Country Gallops	16 201	324	20 110	401	26 635	533
Total Gallops	102 333	2 047	138 403	2 703	160 784	3 166
Metro Trotting	9 114	131	11 730	185	14 338	218
Country Trotting	1 801	36	2 422	49	2 558	51
Total Trotting	10 914	167	14 152	234	16 896	269
Metro Greyhounds	5 028	30	4 653	37	900	18
Country Greyhounds	614	12	1 846	37	953	19
Total Greyhounds	5 641	42	6 499	74	1 853	37
Sporting Venues	0	0	31	1	27	1
Total	118 888	2 256	159 085	3 012	179 560	3 473

- 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.

5. STATISTICAL INFORMATION

TABLE 5

BOOKMAKERS' TELEPHONE BETTING TURNOVER									
	2001/02			2000/01			1999/00		
Venue	Racing \$'000	Sports \$'000	Total \$'000	Racing \$'000	Sports \$'000	Total \$'000	Racing \$'000	Sports \$'000	Total \$'000
Metro Gallops	13 572	0	13 572	31 260	4 201	35 461	35 215	3 155	38 370
Country Gallops	2 429	0	2 429	4 336	0	4 336	7 459	0	7 459
Total Gallops	16 001	0	16 001	35 596	4 201	39 797	42 674	3 155	45 829
Metro Trotting	902	2 914	3 816	1 551	2 600	4 151	1 550	4 619	6 169
Country Trotting	656	0	656	890	0	890	1 079	0	1 079
Total Trotting	1 558	2 914	2 441	2 441	2 600	5 041	2 629	4 619	7 248
Metro Greyhounds	268	4 591	4 859	952	3 622*	4 574	585	0	585
Country Greyhounds	595	0	595	1 711	0	1 711	873	0	873
Total Greyhounds	863	4 591	5 454	2 663	3 622*	6 285	1 458	0	1 458
TOTAL	18 422	7 505	25 927	40 700	10 423	51 123	46 760	7 774	54 534

Note* telephone sports betting includes internet sports betting

TABLE 6

BOOKMAKERS' SPORTS BETTING TURNOVER									
Code	2001/02			2000/01			1999/00		
	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	68	4 201	4 269	870	3 155	4 025
Trotting	530	2 914	3 444	617	2 600	3 217	879	4 619	5 498
Greyhounds	98	4 591	4 689	0	3 622	3 622	0	0	0
TOTAL	628	7 505	8 133	685	10 423	11 108	1 749	7 774	9 523

Note* telephone sports betting includes internet sports betting

5. STATISTICAL INFORMATION

TABLE 7

ON-COURSE TOTALISATOR TURNOVER			
	2001/02	2000/01	1999/00
	Turnover \$'000	Turnover \$'000	Turnover \$'000
Metro Gallops	34 889	35 603	35 909
Country Gallops	12 865	11 582	11 304
Total Gallops	47 754	47 185	47 213
Metro Trotting	10 194	9 369	9 397
Country Trotting	3 820	3 673	3 292
Total Trotting	14 014	13 042	12 689
Metro Greyhounds	3 636	3 361	3 488
Country Greyhounds	1 732	1 661	1 544
Total Greyhounds	5 368	5 022	5 032
Total All Racing	67 136	65 249	64 934

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

6. REPORT ON EQUITY, ACCESS AND CUSTOMER FOCUS

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

During the reporting year, the Betting Control Board incurred \$984.55 in relation to advertising.

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 Operations (Department of Racing, Gaming and Liquor) and the internal reviewer is the Chairman of the Board.

Pricing Policies on Outputs

Details regarding the pricing policies on 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 Betting Control Board 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:

- 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.

7. BUDGET INFORMATION AND OUTPUT MEASURES

Budget Information

	Estimate 2002/03 \$	Estimate 2001/02 \$	Actual 2001/02 \$	Actual 2000/01 \$
Expenses from Ordinary Activities				
Fees Paid to Board Members	24 083	22 938	23 132	23 750
Other Expenses from Ordinary Activities	107 023	107 459	93 266	129 911
Total Cost of Services	131 106	130 397	116 398	153 661
Revenues from Ordinary Activities				
User Charges and Fees	123 250	119 000	111 839	119 525
Other Revenues from Ordinary Activities	4 774	7 160	4 456	5 884
Total Revenue from Ordinary Activities	128 024	126 160	116 295	125 409
Net Cost of Services	3 082	4 237	103	28 252
Total Revenues from Government		0	0	0
Total Changes in Equity Other Than Those Resulting from Transactions with WA State Government as Owners	(3 082)	(4 237)	(103)	(28 252)

Output Measures

Measure	2000/01 Target	2000/01 Actual
Quantity Number of betting audits and inspections conducted	184	159
Quality % of betting inspections and audits conducted in accordance with the Board's approved program	100%	100%
Timeliness % of on-course betting service providers inspected or audited every two years	50%	43.86%
Cost Average cost per betting inspection or audit (measured against total Board expenditure)	\$709	\$732

8. FINANCIAL STATEMENTS

CONTENTS

- 1. Financial Statements**
- 2. Notes to and forming part of the Accounts**
- 3. Statement of Certification**
- 4. Opinion of the Auditor**

Betting Control Board
Statement of Financial Performance
for the year ended 31 July 2002

	Note	2001/02 \$	2000/01 \$
COST OF SERVICES			
Expenses from ordinary activities			
Board members expenses	8	23,132	23,750
Superannuation	1(g), 8	1,870	1,900
Other expenses from ordinary activities	1(f), 9(a)	91,396	128,011
Total cost of services		116,398	153,661
Revenues from ordinary activities			
Revenue from operating activities			
Fees and charges	1(e), 9(a)	111,839	119,525
Revenue from non-operating activities			
Interest revenue	9(a)	4,456	5,884
Total revenues from ordinary activities		116,295	125,409
NET COST OF SERVICES	7(b)	103	28,252
CHANGE IN NET ASSETS			
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS			
		(103)	(28,252)
		(103)	(28,252)

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 2002

	Note	2001/02 \$	2000/01 \$
Current Assets			
Cash assets	2, 7(a), 10(a)	75,447	76,001
Interest receivable	10(a)	590	699
Inventories	1(i), 3	4,586	8,257
Total Current Assets		80,623	84,957
Total Assets		80,623	84,957
Current Liabilities			
Payables	1(c), 4, 10(a)	6,049	8,672
Accrued board fees		1,917	1,979
Fees in trust	5, 10(a)	69,577	71,123
Total Current Liabilities		77,543	81,774
Total Liabilities		77,543	81,774
NET ASSETS		3,080	3,183
Equity	6		
Accumulated surplus		3,080	3,183
TOTAL EQUITY		3,080	3,183

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 2002

	Note	2001/02 \$ Inflows (Outflows)	2000/01 \$ Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Board members expenses		(23,195)	(23,750)
Payments for superannuation		(1,856)	(1,900)
Payments to suppliers		(90,409)	(113,963)
GST paid on purchases		(3,653)	(1,506)
Receipts			
Interest received		4,565	6,008
Receipts from customers		111,820	119,190
GST receipts on sales		1,147	1,148
GST received from taxation authority		2,573	11
Net cash provided by/(used in) operating activities	7(b)	992	(14,762)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payments)/receipts from fees in trust		(1,546)	26,470
Net cash provided by/(used in) investing activities		(1,546)	26,470
Net increase/(decrease) in cash held		(554)	11,708
Cash assets at the beginning of the financial year		76,001	64,293
Cash assets at the end of the financial year	2, 7(a)	75,447	76,001

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

- i) The financial statements are prepared in accordance with the Financial Administration and Audit Act 1985.
- ii) Subject to the exceptions noted in these accounting policies, the financial statements have been drawn up on the basis of historical cost principles.
- iii) The accrual basis of accounting is being applied.
- iv) The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian 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 Australian 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) Cash

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

(c) 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.

(d) Insurance

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

(e) 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.

(f) 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.

(g) Employee entitlements

(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 51(e) of AAS 30 (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.

(h) 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.

(i) Inventories

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

(j) Comparative figures

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

	2001/02 \$	2000/01 \$
2. CASH ASSETS		
Cash assets are represented by funds held at the Commonwealth Bank of Australia	<u>75,447</u>	<u>76,001</u>
3. INVENTORIES		
Betting tickets	2,053	3,001
Betting ledgers	<u>2,533</u>	<u>5,256</u>
	<u>4,586</u>	<u>8,257</u>

Betting Control Board
Notes to the Financial Statements
for the year ended 31 July 2002

	2001/02	2000/01
	\$	\$
4. PAYABLES		
Payables for goods and services received	5,950	8,621
Goods and services tax	99	51
	<u>6,049</u>	<u>8,672</u>
5. FEES IN TRUST		
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.		
	<u>69,577</u>	<u>71,123</u>
6. EQUITY		
Accumulated surplus		
Opening balance	3,183	31,435
Change in net assets resulting from operations	(103)	(28,252)
Closing balance	<u>3,080</u>	<u>3,183</u>
7. NOTES TO THE STATEMENT OF CASH FLOWS		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash assets	<u>75,447</u>	<u>76,001</u>
	<u>75,447</u>	<u>76,001</u>

Betting Control Board
Notes to the Financial Statements
for the year ended 31 July 2002

	2001/02	2000/01
	\$	\$
(b) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(103)	(28,252)
(Increase)/decrease in assets:		
Receivables	0	20,490
Interest receivable	109	124
Inventories	3,671	(667)
Increase/(decrease) in liabilities:		
Payables	(2,671)	(6,118)
Accrued board fees	(62)	0
Fees in advance	0	(550)
Net GST receipts/(payments)	66	(347)
Change in GST in receivables/payables	(18)	558
Net cash provided by/(used in) operating activities	<u>992</u>	<u>(14,762)</u>

8. 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:

	No.	No.
\$0 - \$10,000	<u>6</u>	<u>6</u>

	2001/02	2000/01
	\$	\$
The total remuneration of the members of the Accountable Authority is:	<u>25,002</u>	<u>25,650</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.

	2001/02	2000/01
	\$	\$

9. EXPLANATORY STATEMENT

(a) Comparison of actual results with those of the preceding year

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

<i>Other expenses from ordinary activities</i>	91,396	128,011
--	--------	---------

The decrease of \$36,615 was mainly due to a reduction in charges for services received in 2001/02.

During the year, payments of \$45,327 and \$40,000 were charges for support services provided by the Department of Racing, Gaming and Liquor and Gaming Commission of Western Australia respectively.

<i>Fees and charges</i>	111,839	119,525
-------------------------	---------	---------

The decrease of \$7,686 was mainly due to a decrease in the amount of betting tickets and ledgers sold to bookmakers.

<i>Interest revenue</i>	4,456	5,884
-------------------------	-------	-------

The decrease of \$1,428 was mainly due to lower interest rates.

(b) Comparison of estimates and actual results

Section 42 of the Financial Administration and Audit Act requires statutory authorities to prepare annual budget estimates. Treasurer's Instruction 945 requires an explanation of significant variations between these estimates and actual results. Significant variations are considered to be those greater than 5% of budget or \$20,000. Variations which have been explained in part (a) of this note have not been repeated here in the interests of concise reporting.

All variations between estimates and actuals have been explained in part (a) of this note and have not been repeated here in the interests of concise reporting.

10. 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 2002	Total 31 July 2001
		\$	\$	\$	\$
<u>31 July 2002</u>					
i) Financial assets					
Cash assets	4.966%	75,447		75,447	76,001
Interest receivable			590	590	699
Total financial assets		75,447	590	76,037	76,700
ii) Financial liabilities					
Payables			6,049	6,049	8,672
Fees in trust			69,577	69,577	71,123
Total financial liabilities			75,626	75,626	79,795

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.

	2001/02	2000/01
	\$	\$
11. REMUNERATION OF AUDITOR		
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>4,000</u>	<u>3,250</u>

12. 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.

13. CAPITAL COMMITMENTS

At 31 July 2002, the Board did not have any capital commitments.

14. CONTINGENT LIABILITIES

To the best of our knowledge, we are not aware of any circumstances which may result in a contingent liability.

15. EVENTS OCCURRING AFTER REPORTING DATE

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

16. 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.

17. 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.

8. FINANCIAL STATEMENTS

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 year ending 31 July 2002 and the financial position as at 31 July 2002.

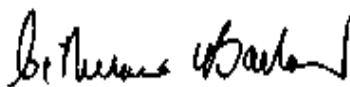
At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



Barry A Sargeant
CHAIRMAN
23 September 2002



Terry Ng
PRINCIPAL ACCOUNTING OFFICER
23 September 2002



Catherine (Kate) Barlow
MEMBER
23 September 2002



AUDITOR GENERAL

To the Parliament of Western Australia

**BETTING CONTROL BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 2002**

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit opinion relates to the financial statements of the Betting Control Board for the year ended July 31, 2002 included on the Department of Racing and Gaming's web site. The Department is responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit opinion refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these statements. If users of this opinion are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Scope

I have audited the accounts and financial statements of the Betting Control Board for the year ended July 31, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Board.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Board to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Board's financial position, its financial performance and its cash flows.

The audit opinion expressed below has been formed on the above basis.

Betting Control Board
Financial statements for the year ended July 31, 2002

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 and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, and the Notes to and forming part of 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, 2002 and its financial performance and its cash flows for the year then ended.



D D R PEARSON
AUDITOR GENERAL
October 25, 2002

9. KEY PERFORMANCE INDICATORS

CONTENTS

- 1. Performance Indicators**
- 2. Statement of Certification**
- 3. Opinion of the Auditor General**

9. 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.

No. of programs executed: 159	2000/01 No. of programs executed: 158
Compliance Indicator: 84.9 per cent	2000/01 Indicator: 94.9 per cent
	1999/00 No. of programs executed: 405
	1999/00 Indicator: 94.0 per cent
	1998/99 No. of programs executed: 247
	1998/99 Indicator: 90.3 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.

Indicator: 100 per cent	2000/01 Indicator: 100.0 per cent
	1999/00 Indicator: 97.1 per cent
	1998/99 Indicator: 96.8 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).

Indicator: \$732	2000/01 Indicator: \$972
	1999/00 Indicator: \$485
	1998/99 Indicator: \$515

9. KEY PERFORMANCE INDICATORS

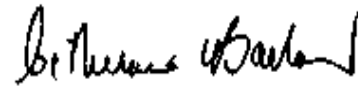
PERFORMANCE INDICATORS

STATEMENT OF CERTIFICATION

We 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 Board for the financial year ended 31 July 2002.



Barry A Sargeant
CHAIRMAN
23 September 2002



Catherine (Kate) Barlow
MEMBER
23 September 2002



AUDITOR GENERAL

To the Parliament of Western Australia

BETTING CONTROL BOARD PERFORMANCE INDICATORS FOR THE YEAR ENDED JULY 31, 2002

Matters Relating to the Electronic Presentation of the Audited Performance Indicators

This audit opinion relates to the performance indicators of the Betting Control Board for the year ended July 31, 2002 included on the Department of Racing and Gaming's web site. The Department is responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit opinion refers only to the performance indicators named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these performance indicators. If users of this opinion are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited performance indicators to confirm the information included in the audited performance indicators presented on this web site.

Scope

I have audited the key effectiveness and efficiency performance indicators of the Betting Control Board for the year ended July 31, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Board is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Board's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Betting Control Board are relevant and appropriate for assisting users to assess the Board's performance and fairly represent the indicated performance for the year ended July 31, 2002.

D D R PEARSON
AUDITOR GENERAL
October 25, 2002

ACKNOWLEDGMENTS

Compilation	Mark Beecroft	Department of Racing, Gaming and Liquor
Financial Statements	Terry Ng	Department of Racing, Gaming and Liquor

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BETTING CONTROL BOARD

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