



Department of
**Local Government, Sport
and Cultural Industries**

Gaming and Wagering Commission of Western Australia

2019-20 Annual Report



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Statement of Compliance

Hon. Paul Papalia, CSC MLA

**Minister for Tourism; Racing and Gaming; Small Business; Defence Issues;
Citizenship and Multicultural Interests**

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Gaming and Wagering Commission of Western Australia for the financial year ended 30 June 2020.

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



Duncan Ord OAM

Chairman

Gaming and Wagering Commission of Western Australia

9 September 2020

Overview of the Commission

Executive Summary

The Gaming and Wagering Commission of Western Australia (the Commission) met on 10 occasions during the reporting period to consider a range of issues.

During the year, more than 8,500 inspections/audits were conducted on behalf of the Commission, and 1,790 community gaming permits were issued resulting in a gross amount of more than \$67.9 million being raised by permit holders. Following the deduction of event expenses, a net amount of approximately \$26.7 million was returned to beneficiary organisations. The reduction in the number of gaming permits issued on the previous year has been attributed to the effects of COVID-19 responses.

On behalf of the Western Australian racing industry, the Commission collects a product fee from wagering operators nationally who use Western Australian race fields as part of their operations. This product fee is remitted to Racing and Wagering Western Australia (RWVA) on a monthly basis for distribution to registered Western Australian racing clubs. Despite a downturn in betting across Australia due to the effects of COVID-19 with the absence of betting opportunities in main stream national and international sporting events, betting on racing continued, this resulted in an increase in the racing bets levy paid to RWVA for 2019-20 of \$10 million. In total, the Commission remitted \$88.5 million to RWVA over 2019-20.

I would like to take this opportunity to thank all members, including the Commission's outgoing members, Mr Rob Bovell and Mr Andrew Duckworth, for their contribution to the effective operation of the Commission throughout the year, as well as staff from the Department of Local Government, Sport and Cultural Industries for their ongoing support.



Duncan Ord OAM
Chairman

Operational Structure

Enabling Legislation

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

Responsible Minister

As at 30 June 2020, the Minister responsible for the Racing and Gaming portfolio was the Honourable Paul Papalia, CSC MLA, Minister for Tourism; Racing and Gaming; Small Business; Defence Issues; Citizenship and Multicultural Interests.

Responsibilities of the Gaming and Wagering Commission

The *Gaming and Wagering Commission Act 1987* legalises social gambling and allows other forms of gaming (minor gaming) for fund raising purposes by non-profit organisations provided they are authorised by a gaming permit and conducted on approved premises. Minor gaming comprises of two-up, bingo, standard lotteries, continuing lotteries and non casino type games approved by the Commission.

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

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

Administered Legislation

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

- *Betting Control Act 1954;*
- *Casino (Burswood Island) Agreement Act 1985;*
- *Casino Control Act 1984;*
- *Gaming and Wagering Commission Act 1987;*
- *Gaming and Wagering Commission (Continuing Lotteries Levy) Act 2000;*

Other Legislation Impacting on the Commission's Activities

In the performance of its functions, the Gaming and Wagering Commission of Western Australia complies with the following relevant written laws:

- *Auditor General Act 2006;*
- *Contaminated Sites Act 2003;*
- *Disability Services Act 1993;*
- *Equal Opportunity Act 1984;*
- *Electronic Transactions Act 2003;*
- *Financial Management Act 2006;*
- *Freedom of Information Act 1992;*
- *Industrial Relations Act 1979;*
- *Minimum Conditions of Employment Act 1993;*
- *Occupational Safety and Health Act 1984;*
- *Public Sector Management Act 1994;*
- *Salaries and Allowances Act 1975;*
- *State Records Act 2000; and*
- *State Supply Commission Act 1991.*

Outcome Based Management Framework

Broad Government goals are supported by the Commission by specific outcomes, and the Commission administers delivery of these services to achieve these outcomes. The following table illustrates the relationship between the Commission's services and desired outcomes, and the goals of Government.

Government Goal	Desired Outcome of the Commission	Services Delivered by the Commission
Responsible financial management and better service delivery	Provision of lawful gambling activities for the benefit of the public of Western Australia	Services delivered are: evaluation and determination of licensing applications; and conduct of compliance audits and inspections.

Shared Responsibilities with other Agencies

The Gaming and Wagering Commission of Western Australia did not share any responsibilities with other agencies during the reporting period.

Administrative Structure

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

- the person holding or acting in the office of Director General of the department principally assisting the Minister in the administration of the Act, who shall be *ex officio* Chairperson of the Commission; and
- not less than five, nor more than seven, members appointed by the Minister as persons of integrity, good repute and relevant experience.

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

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

Section 12 of the Act provides for the Minister to appoint a person in the department to be the Deputy Chairperson for occasions when the Chairperson is absent.

Commission Membership

During the reporting period, the members of the Gaming and Wagering Commission of Western Australia were:

Mr Duncan Ord OAM – Chairperson

Duncan Ord is the Director General of the Department of Local Government, Sport and Cultural Industries. Duncan has worked in Government in areas of culture and arts, education, training, planning and Aboriginal Affairs. Previous roles in private industry include Dean of the School of Performing Arts (WAAPA) and General Manager of the WA Theatre Company and Black Swan Theatre. Duncan has been chair of the arts, sports and recreation industry training council, member of boards and committees of the Australia Council and a consultant to local Government on arts infrastructure projects. In 2013 Duncan was the recipient of an Order of Australia Medal and is also a past winner of the Churchill Fellowship.

Professor Colleen Hayward AM – Member

Professor Colleen Hayward has more than 30 years experience in providing input to policies and programs on a wide range of issues reflecting the needs of minority groups. Colleen is currently Edith Cowan University's Pro-Vice-Chancellor for Equity and Indigenous issues across the university.

Mr Barry A Sargeant PSM – Member

Mr Barry Sargeant was the Director General of the Department of Racing, Gaming and Liquor from 1992 until June 2017, and as Director General, was the *ex-officio* Chairman of the Commission. Barry has over 25 years experience in regulation of the liquor and gambling industries in Western Australia.

Ms Katie Hodson-Thomas - Member

Ms Katie Hodson-Thomas currently works as a Director of FTI Consulting and is a registered lobbyist in Western Australia. Katie has been a state member of Western Australia Parliament Legislative Assembly for 12 years, possesses strong listening, negotiation and advocacy skills. Katie was previously a member of the Commission from 2011 to 2012.

Ms Jodie Hede – Member

Ms Jodie Hede is a Chartered Accountant, Chief Financial Officer and Company Director. Her professional skillset spans Finance, Governance, Change and Risk Management in the Corporate and Not for Profit sectors. Jodie has over 25 years experience in licensed hospitality venues as an auditor, financial controller, company director and owner.

Ms Carmelina Fiorentino – Member

Ms Carmelina Fiorentino has over 25-years' experience specialising in Finance, Governance and Business Improvement, including finance executive experience with Lotterywest, innovation start-ups, property, tertiary education, and government trading sectors. Carmelina leads the Business Advisory team at Business Foundations, and is currently on the boards of Fremantle Port Authority and South West Corridor Development Foundation Committee

(SWCDeF), having previously served on several boards in the arts, education and community sectors. Carmelina is qualified as a Fellow Chartered Accountant, has an MBA with Distinction, Bachelor of Commerce, and has completed the AICD Company Directors Course.

Outgoing members

Mr Andrew Duckworth – Member (until 30 June 2020)

Mr Andrew Duckworth has worked in senior positions in a number of Western Australian Government departments. Following a period as a prisoner educator, Andrew moved to the Department of Health where he was involved in the creation and management of several Western Australian health promotion programs. In the early 1990's he also spent a period working with the TAB in Customer Relations and oversaw the implementation of a no-smoking policy in TAB Agencies.

Mr Robert Bovell – Member (until 31 December 2019)

Mr Robert Bovell, in 2012, retired as the Chief Executive of the Western Australian Trotting Association after 23 years of service. As a result, he has extensive experience and knowledge of gambling, particularly in bookmaking and on-course totalisator wagering operations.

Report on Operations

Actual Results versus Budget Targets (Excluding Special Purpose Accounts Activities)

Financial Targets	Target* (\$)	Actual (\$)	Variation (\$)
Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)	4,379,364 ⁴	4,323,554 ¹	55,810
Net cost of services (sourced from Statement of Comprehensive Income)	198,108 ⁴	(49,474) ²	(247,582)
Total equity (sourced from Statement of Financial Position)	6,551,664	8,920,524	2,368,860
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	198,108 ⁴	625,776 ³	427,668
Approved salary expense level**	0	0	0
Summary of Key Performance Indicators***			
Key Effectiveness Indicators	Target	Actual	Variation
Percentage of unlawful gambling detected in relation to total audits	0.49%	0.76%	0.27%
Number of violation reports/infringement notices issued in relation to casino gaming	1	0	1
Key Efficiency Indicator	Target	Actual	Variation
Cost per Gambling Certificate/Permit issued	\$297	\$310	\$13
Cost per Casino Employee Licence issued	\$815	\$623	(\$192)
Cost of monitoring the integrity of casino gaming operations over one year	\$1,072,530	\$1,334,236	\$261,706
Cost per instance of unlawful gambling detected	\$48,751	\$39,242	(\$9509)
Cost per casino submission received	\$591	\$543	(\$48)

¹ Excludes \$94,329,764 (expenses) related to restricted cash and special purpose accounts as identified in the Statement of Comprehensive Income presented later in this report.

² Excludes \$94,329,764 (expenses) and \$90,308,333 (revenue) related to special purpose accounts and restricted cash and \$6,329,000 of Income from State Government as identified in the Statement of Comprehensive Income presented later in this report.

³ Excludes \$6,329,000 of Cash Flows from State Government and (\$4,003,122) related to restricted cash and special purpose accounts as identified in the Statement of Cash Flows presented late in this report.

⁴ Includes \$76,000 for Problem Gambling contributions.

* Financial Targets as specified in the Budget Statements for the year in question.

** Executive support for the Commission is provided by the Department of Local Government, Sport and Cultural Industries.

*** Explanations for the KPI variations between budget target and actual key performance indicator results are presented later in this report.

Licensing Program

Community Gaming

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

Officers of the Department of Local Government, Sport and Cultural Industries act on behalf of the Commission to evaluate and determine applications that have been made pursuant to the provisions of the relevant legislation. This process results in the grant or refusal of applications and, where required, the subsequent issue of the licence or permit sought.

If a person is assisting in the conduct of community gaming for reward they are required to hold a Gaming Operator's Certificate. The integrity of gaming operators is paramount in the conduct of community gaming activities, therefore applicants must satisfy a probity investigation as well as demonstrate the required skills needed for working in the gaming industry.

During 2019-20, 1,674 community gaming permits were approved, while a total of 116 permits/certificates were issued across a number of areas relating to various gaming activities, such as the approval of premises to enable gaming activities to be conducted.

The following table provides a four-year summary of the total number of gaming permits and certificates issued by the Commission.

Number of Gaming Permits/Certificates Issued	2016-17	2017-18	2018-19	2019-20
Bingo	174	181	214	187
Continuing Lottery	165	171	168	121
Gaming Functions	616	531	692	377
Standard Lottery	1005	1,012	925	674
Calcutta	46	47	49	34
Two-up	66	70	75	44
Video Lottery Terminals (VLTs)	296	332	338	237
Total	2,368	2,344	2,461	1,674*
Class of Gaming Equipment	4	6	6	0
Item of Gaming Equipment	3	0	0	2
Approval of Premises	135	107	177	88
Gaming Operator's Certificate	32	37	40	18
Supplier's Certificate	17	8	19	8
Total	191	158	242	116*

*The reduction is attributable to the impact of COVID-19 restrictions.

A gross amount of approximately \$67.9 million was raised by permit holders during the reporting period.

Following the deduction of expenses associated with running the event, an approximate net amount of \$26.7 million was returned to beneficiary organisations for the active promotion, support or conduct of sporting, social, political, literary, artistic, scientific, benevolent, charitable or other similar activities within the Western Australian community.

The following table clearly illustrates the effects of COVID-19 on fund raising activities with a reduction in total gross and net revenue raised by gaming permit holders for 2019-20 compared to the previous two years.

Comparison of Gross and Net Revenue Raised by Gaming Permit Holders						
	2017-18		2018-19		2019-20	
	Gross	Net	Gross	Net	Gross	Net
Bingo	\$5,811,329	\$784,372	\$6,633,774	\$823,507	\$5,858,399	\$673,654
Continuing Lottery	\$5,436,750	\$1,344,443	\$4,410,990	\$919,597	\$3,638,016	\$783,462
Gaming Functions	\$4,730,830	\$375,558	\$6,173,759	\$409,930	\$8,567,045	\$480,860
Standard Lottery	\$58,203,139	\$26,085,344	\$52,075,930	\$25,817,813	\$44,669,836	\$24,292,628
Calcutta	\$405,469	\$53,424	\$416,923	\$41,885	\$468,382	\$76,497
Two-up	\$88,470	\$32,461	\$76,967	\$20,111	\$51,888	\$16,821
VLTs	\$5,812,787	\$581,279	\$4,428,000	\$442,800	\$4,659,043	\$465,904
Total	\$80,488,774	\$29,256,881	\$74,216,343	\$28,475,643	\$67,912,609	\$26,789,826

The effects of COVID-19 for the reporting year is visible in the table below in relation to the Gaming and Wagering Commission's revenue.

Revenue Raised by Fees	2016-17	2017-18	2018-19	2019-20
Bingo	\$62,525	\$61,619	\$79,014	\$56,798
Continuing Lottery	\$52,132	\$43,588	\$43,819	\$47,811
Gaming	\$448,195	\$453,655	\$519,068	\$366,069
Class/Item of Gaming Equipment	\$644	\$690	\$702	0
Standard Lottery (including Calcutta)	\$94,388	\$106,848	\$88,332	\$75,695
Two-up	\$24,551	\$28,813	\$32,695	\$21,697
Operator's Certificate	\$7,842	\$7,842	\$9,099	\$4,296
Supplier's Certificate	\$5,175	\$2,780	\$5,357	\$19,313
Video Lottery Terminals	\$65,271	\$58,128	\$54,725	\$51,619
Approved Premises	\$7,642	\$6,435	\$11,267	\$6,350
Bookmaker/Totalisator	\$21,750	\$20,312	\$18,937	\$17,532
Bookmaker Manager/Employee	\$960	\$852	\$808	\$599
RWWA Director / Key Employee	\$7,667	\$6,449	\$8,294	\$4,455
Casino Key Employee	\$36,732	\$40,126	\$60,745	\$38,803
Casino Non Key Employee	\$65,451	\$78,854	\$107,396	\$89,928
Total	\$900,925	\$916,991	\$1,040,258	\$800,965

Casino Gaming

Licensing of Casino Employees and Casino Key Employees

All staff involved in gambling activities or in support of the licensed casino at Crown Perth must be licensed under the *Casino Control (Burswood Island) (Licensing of Employees) Regulations 1985*. The following table provides a four-year summary of the total number of licences in operation.

Casino Employee Licensing	2016-17	2017-18	2018-19	2019-20
Casino Key Employee	470	457	515	516
Casino Employee	1,648	1,518	1,685	1,632
Total	2,118	1,975	2,200	2,148

Casino Revenue

In 2019-20, gross casino gaming revenue of \$390.9 million was generated, producing casino tax revenue of approximately \$39.7 million for the State representing a \$12.1m reduction in casino tax.

The reduction in gaming revenue and casino tax has direct correlation with the closure of Crown Perth over the period 23 March – 27 June 2020 as result of the Closure of Certain Places of Business, Worship and Entertainment Directions (the Direction Order) on 23 March 2020 under section 71 of the Emergency Management Act 2005 (WA).

Electronic Gaming Machines were the largest generator of gross casino revenue for 2019-20, representing approximately 52 per cent of the total gross revenue, while Baccarat represented approximately 21 per cent of total gross revenue.

Gross Casino Revenue by Game Type and Total Tax Payable		
	2018-19	2019-20
Electronic Gaming Machines	\$264,454,775	\$206,499,174
Fully Automated Table Games	\$12,151,693	\$7,887,018
Roulette Games	\$45,747,403	\$40,934,767
Baccarat Games	\$142,242,393	\$83,258,529
Blackjack	\$33,339,709	\$23,114,631
Other table games	\$35,476,093	\$29,239,911
Total Gross Casino Revenue	\$533,412,066	\$390,934,031
Casino Tax Payable	\$51,858,783	\$39,741,968

Crown Perth has approval to operate a maximum of 350 table games, and 2,500 electronic gaming machines. As at 30 June 2020, 228 table games and 2,483 electronic gaming machines were in operation.

Casino Attendance

Following the issue of the Direction Order on 23 March, Crown Perth suspended its operations and did not re-open until 27 June 2020. The table below illustrates the impact on Crown Perth attendances for the reporting year as a consequence of its operations being closed to the public over this period.

Casino Attendance Figures			
2016-17	2017-18	2018-19	2019-20
7,860,547	7,993,133	8,138,594	6,115,345

Wagering

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

RWWA's directors and key employees are required to be licensed in accordance with the *Racing and Wagering Western Australia Act 2003*. A RWWA key employee is considered to be someone who is:

- employed or working in a managerial capacity; or
- empowered to make decisions that regulate the gambling operations of the organisation; or
- designated as a key employee by the Commission due to their influence, remuneration or function within the organisation.

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

RWWA Employee Licences	2016-17	2017-18	2018-19	2019-20
Directors	8	11	11	11
Key Employee	81	86	83	81
Total	89	97	94	92

Licensing of Bookmaker Operations

Bookmakers' managers and bookmakers' employees are required to be licensed in accordance with the *Betting Control Act 1954*.

The following table provides a summary of the total number of licences in operation over the past four years. As has been the trend for a number of years, bookmakers operating in Western Australia continue to decline.

	2016-17	2017-18	2018-19	2019-20
Bookmaker Licences				
Active	31	28	26	25
Bookmaker's Manager Licences				
Issued	0	2	1	0
Expired	2	0	2	0
Bookmaker's Employee Licences				
Issued	29	19	14	18
Expired	23	0	30	17

Racing Bets Levy Returns

The Gaming and Wagering Commission collects the racing bets levy paid by betting operators who use Western Australian race fields as part of their betting operations. The Commission remits all levies (less a monthly administration fee) to Racing and Wagering Western Australia (RWVA) for distribution among all racing clubs registered in Western Australia.

During the reporting period, the Commission remitted more than \$88.5 million in racing bets levy to RWVA. Since the introduction of the racing bets levy scheme, the Commission has remitted more than \$526 million to RWVA.

Compliance Program

To allow for gaming to be conducted lawfully and in a responsible manner, the Commission utilises inspectors from the Department of Local Government, Sport and Cultural Industries to conduct a range of inspectorial and audit functions for casino, wagering and community gaming. Compliance activities include:

- casino audits, inspections and investigations;
- physical inspections and auditing of financial returns relating to permitted gaming activities;
- inspection of race day activities;
- audits of TABtouch agencies; and
- investigation of complaints.

The Commission also has an arrangement with Lotterywest to conduct verification functions for all Lotto and Cash 3 draws.

The inspectorial program enforces the provisions of the *Racing Bets Levy Act 2009*, *Betting Control Act 1954*, the *Casino Control Act 1984*, the *Gaming and Wagering Commission Act 1987* and the *Racing and Wagering Western Australia Act 2003* and ensures that adequate controls are in place to maintain compliance with legislative requirements and to monitor the ongoing effectiveness of those controls.

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

Audits, Inspections, Assessments and Investigations	2016-17	2017-18	2018-19	2019-20
Racing	255	451	430	444
Lotterywest	1,095	1,095	1,057	1,036
Community Gaming	320	300	271	380
Casino	3,278	4,456	4,980	6,746
Total	4,948	6,302	6,738	8,606

This table provides a four-year summary of the number and nature of compliance activities undertaken by the department. An explanation regarding the increased number of compliance activities associated with casino operations is provided later in this report in relation to COVID-19 and its impact on the Commission.

Inspectorate Program	2016-17	2017-18	2018-19	2019-20
Wagering				
Bookmaker telephone betting inspections	10	7	0	36
Bookmaker licensing and equipment checks	6	18	11	6
Bookmaker betting operations inspections	5	8	4	9
TABtouch agency inspections and cash counts	221	381	387	358
On course tote inspections and audits	3	0	8	7
Racing bets levy return audits	2	5	3	0
Racing Audits - Other	1	0	17	21
Racing industry GST reimbursement claims received	138	130	127	132
Lotterywest				
Verification of Cash 3, Lotto/Soccer Pools, Promotional Draws and GST Claims.	1106	1105	1057	1048
Community Gaming				
Gaming inspections performed	137	175	178	183
Gaming investigations conducted	64	42	71	58
Gaming audits conducted	119	83	22	139
Casino				
EGM software and seal checks	1298	517	3260	3848
Revenue Audits	18	0	582	9
Illegal activity detected	3	3	0	0
Casino audits and inspections completed	1900	3855	1138	2882
Casino GST reimbursement claims received	0	0	0	0
Submissions to the Gaming and Wagering Commission				
Racing industry	1	18	10	12
Racing and Wagering Western Australia	34	34	41	29
Gaming	16	37	47	38
Casino	40	46	58	21
Gaming Compliance issues	8	24	15	45

This table represents a four-year summary of the number and nature of non-compliance issues detected by departmental inspectors.

Non Compliance with Legislative Requirements	2016-17	2017-18	2018-19	2019-20
Community Gaming and Casino Infringements Issued	19	19	16	18
Gaming Cautions Issued	5	14	14	33
Violation reports against the casino operation (relating to breaches of game rules, procedures or directions)	3	3	1	0
Racing Prosecutions/Cautions Issued	0	0	3	15
Community Gaming Prosecutions	0	0	4	0
Total	27	36	38	66

Significant Issues Impacting the Commission

COVID-19

As a result of the effects of Covid-19, fundraising opportunities for not-for-profit organisations were restricted which lead to a decline in the number of applications lodged with the Commission for gaming permits. Subsequently, the not-for-profit sector has experienced a reduction in revenue raised. Many organisations sought to extend the timelines for existing approvals in an effort to maximise their sales, of which the Commission was supportive.

Due to the Direction of the State Emergency Coordinator, pursuant to Section 71 of the *Emergency Management Act 2005 (WA)*, effective 12 noon on 23 March 2020, Crown Perth's casino operations temporarily ceased on all areas of the licensed gaming footprint.

Crown Perth's casino operations resumed at 6:00am on 27 June 2020 and currently operate according to the State Government's COVID-19 Phase 4 restrictions.

During this period, the inspectorate continued to focus on the compliance program at the casino conducting audits and inspections across the gaming activities. In addition, the inspectorate has a project management approach to conducting audits and inspections, predominately on electronic gaming machines (EGM's), on public holidays when the casino is not open to patrons. Due to the COVID19 shutdown of casino operations on 23 March 2020, audits and inspections were undertaken on the 2,500 EGM's on the gaming floors. These also included inspections of the various jackpots levels attributed to both EGM's and certain table games. The gaming jackpot level inspections were conducted to ensure that the actual jackpot amounts attributed were reinstated correctly by the casino licensee prior to the reopening of casino operations. These additional audits and inspections of casino operations were a key factor for the increase in audits and inspections performed.

Privatisation of the TAB

Officers from the Department of Local Government, Sport and Cultural Industries continued to work on behalf the Commission throughout the reporting year on the development of a legislative framework to regulate the operation of the WA TAB, should it be divested from Racing and Wagering Western Australia. However, the sale has been suspended due to impacts associated with COVID-19.

Amendments to Regulations

- The *Gaming and Wagering Commission Amendment Regulations 2020* came into effect on 4 March 2020. The amendments authorise bingo permit holders who are utilising approved electronic bingo equipment to verify winning tickets electronically.

National Consumer Protection Framework for Online Wagering

The [National Consumer Protection Framework](#) for Online Wagering was developed by a senior officials' working group (consisting of representatives from the Commonwealth and all states and territories) with the primary objective to provide national consistency in the regulation of wagering in order to:

- reduce the risk of harm to consumers from online wagering; while
- minimising the regulatory burdens to ensure the domestic market remains competitive.

The Framework consists of ten consumer protection principles to cover all forms of online wagering conducted through a telecommunications network as follows:

- prohibition on lines of credit;
- payday lenders;
- customer verification;
- offering of inducements;
- account closure;
- voluntary opt-out pre-commitment scheme;
- activity statements;
- consistent gambling message;
- staff training; and
- national self-exclusion register.

The Framework came into effect on 26 November 2018 and all jurisdictions have committed to progressively implementing the principles through legislative changes, directions or conditions imposed on licences. Most of the measures have now been implemented across Australia. However, delays resulting from COVID-19 and other factors have caused the implementation of activity statements, training, messaging and self-exclusion to be delayed until early 2021.

Attendances at Conferences

The Australasian Casino and Gaming Regulators Conference was held in Perth from 14 to 16 May 2019. The theme of the conference was 'tackling change in an evolving world' and had a strong focus on change. Presentations and discussions were led by industry experts and other leaders who shed light on emerging trends and how they've managed to keep pace in changing environments.

Senior officers from the Department of Local Government, Sport and Cultural Industries attended the following conferences in 2019-20:

- the Deputy Director General attended the Australasian Gaming Expo and National Standards Working Party for Electronic Gaming held in Sydney in August 2019.
- The Director of Liquor Control and Arbitration attended the Gaming and Liquor CEO Forum held in Hobart in November 2019.

Activities of the Gaming Community Trust

The Gaming Community Trust is established pursuant to section 109D of the *Gaming and Wagering Commission Act 1987* with its primary function to advise and make recommendations to the Racing and Gaming Minister on the application of moneys standing to the credit of the Trust Fund for the benefit of the community.

The money credited to the Trust fund is derived from unclaimed winnings from:

- the conduct of gaming authorised by the *Gaming and Wagering Commission Act 1987* that has not been claimed within 12 months after the right to be paid has expired; and
- the conduct of a gaming operation at a licensed casino that has not been claimed within 12 months after the right to be paid has expired.

The current membership of the Trust is as follows:

- Mr Duncan Ord OAM (Chairman)
- Mr Joshua Preston (Member)
- Ms Katie Hodson-Thomas (Member)
- Ms Maxine Connolly (Member)
- Ms Jan Cooper (Member)

The following grants were issued by the Minister for Racing and Gaming during the reporting period:

Two Rocks State Emergency Service

In August 2019, the Minister approved two grants totalling \$63,000 to the Two Rocks SES to purchase a 4WD vehicle and various tools and equipment to aid the organisation in its search and rescue operations. The organisation was established in 2018 and assists residents in the City of Wanneroo, Shire of Gin Gin and Shire of Dandaragan.

Jurien Bay Men's Shed

In September 2019, the Minister approved a grant of \$62,000 to the Jurien Bay Men's Shed to go towards the cost of building its new shed premises after it was required to relocate from its previous premises. The new premises will allow the organisation to continue to support men to improve their emotional wellbeing by providing a socially inclusive environment where they can meet, learn new skills and undertake meaningful projects. The Shed will also continue to benefit the wider community through its contribution to many local projects.

Shine Community Services

In September 2019, the Minister approved a grant of \$3,212 to Shine Community Services to install hand rails and a drop down step in its bus which is used to transport its elderly and disabled clients. Shine provides a valuable service to the community to enable people to live independently at home, who may not otherwise be able to do so due to age and/or disability.

The bus that the organisation uses to transport clients to appointments/services/activities was limited in its usability due to the lack of handrails and a drop down step. By installing these devices, Shine can provide its services to a broader range of clients.

Kyilla Primary School Parents and Citizens' Association Inc

In March 2020, the Minister approved a grant of \$25,000 to the Kyilla Primary School Parents and Citizens' Association Inc to construct an inclusive early childhood play space to accommodate young children of diverse needs and to serve as an active recreational space for the wider North Perth Community. The play space design includes a path for bikes, carts and trikes, a nature climbing trail, a raised reding deck and a shop front for group play.

Showgrounds Community Men's Shed

In March 2020, the Minister approved a grant of \$25,000 to build a disabled toilet facility at the Showgrounds Community Men's Shed. The construction of a disabled toilet facility will allow the Showgrounds Community Men's Shed to attract non able-bodied Members as accessible toilet facilities will be located on-site.

Town of Bassendean

In March 2020, the Minister approved a grant of \$135,900 to complete an interior fit-out of the newly constructed Bassendean Community Men's Shed. The funding was used to improve the amenity of the premises by providing insulation, cladding, carpet, down lights and other materials. Other local organisations including the Repair Café Project, Lions Club of Bassendean and Makerspace Australia, share the facility and have also benefitted from the construction and interior fit-out of the Shed.

Pinjarra Community Men's Shed

In March 2020, the Minister approved a grant of \$66,343 to fund the construction of four additions to the newly established Pinjarra Community Men's Shed to provide extra space for its Members to conduct activities. The additions to the premises include an extension to accommodate an engineering area and the construction of a timber storage area, a mezzanine for storage and a space for model making and other activities.

Activities of the Problem Gambling Support Services Committee

The Problem Gambling Support Services Committee (PGSSC) addresses the social and economic issues associated with problem gambling in Western Australia. The Committee comprises representatives from the gambling industry and various government agencies.

The Committee's mission is to educate the community of Western Australia on the impact and consequences of problem gambling and to facilitate and promote the help services available for those people affected by gambling related harm.

Voluntary contributions are made from members of the PGSSC and held in a gambling support fund administered by the Department of Local Government, Sport and Cultural Industries.

As at 30 June 2020, the membership of the PGSSC was:

- Michael Connolly (Chairperson);

Representatives from:

- Crown Perth;
- Racing and Wagering Western Australia;
- Lotterywest;
- WA Bookmakers Association; and
- Department of Communities.

The primary focus of the PGSSC is to provide effective gambling help services for people affected by gambling related harm. The following counselling and support services are funded by the PGSSC:

- 24/7 Problem Gambling Helpline;
- Gambling Help WA (face-to-face counselling); and
- Gambling Help Online (online counselling).

The PGSSC also funds research, awareness campaigns, Responsible Gambling Awareness Week and the Gambleaware website.

A total of \$938,607 was allocated to fund research and to promote and provide counselling and support services in 2019-20.

Problem Gambling Helpline

The Problem Gambling Helpline is a free specialist telephone counselling and information service for Western Australians who have experienced gambling related harm. The Helpline, which is funded by the PGSSC, is available around the clock to provide immediate assistance. It is operated by Medibank which also offers interpreter assisted counselling and bilingual counsellors on request.

A Memorandum of Understanding between all states and territories formalises arrangements for the national 1800 858 858 number.

For those people who are unable or unwilling to access face-to-face counselling, the helpline provides ongoing telephone counselling. This is particularly beneficial for people in regional and remote parts of the State.

The Department of Local Government, Sport and Cultural Industries, on behalf of the Gaming and Wagering Commission, is responsible for managing the helpline contract and its services, including:

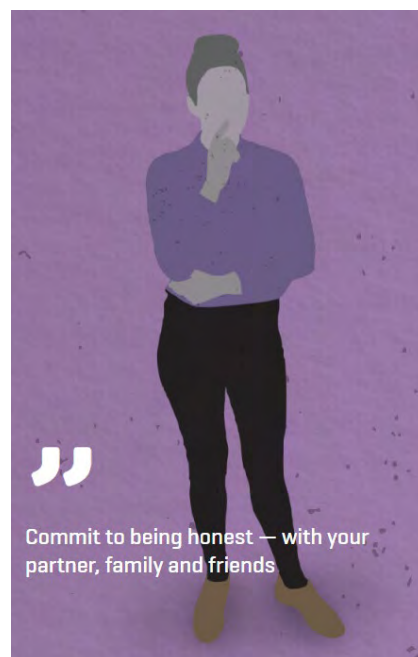
- ensuring adequate qualified counselling staff are provided;
- providing continued improvements to service delivery;
- providing on-going analysis of reports and statistics;
- reporting to the PGSSC on the service delivery; and
- handling the procurement process at the completion of each contract.

The contract with Medibank to provide the telephone counselling service expires on 31 July 2022.

The following table provides a three-year summary of the total number of target telephone calls received from people affected by problem gambling.

	2017-18	2018-19	2019-20
Calls to the Helpline	569	615	514

Of the 514 calls handled by the Helpline over the reporting period, 81 per cent were from male callers with the majority aged between 30 and 39.



Gambling Help WA

Gambling Help WA (GHWA) is a free face-to-face counselling service funded by the PGSSC for Western Australians affected by gambling, their partners, families or friends. GHWA is operated by Centrecare, a not-for-profit social services agency which provides counselling in a number of different areas.

Centrecare has been operating the GHWA counselling service for more than 20 years. In 2016, Centrecare was awarded preferred service provider status to operate the service and the current agreement expires on 30 June 2021. The contract is monitored by the Department of Local Government, Sport and Cultural Industries and reports are provided to the PGSSC.



Counselling is available in a number of metropolitan and regional areas. Appointments can be made by calling (08) 9325 6644.

Notable achievements by GHWA in the delivery of help services throughout this reporting period include:

- hosted the Responsible Gambling Awareness Week Forum in October 2019 which included key note speakers Dr Sally Gainsbury and Dr Daniel King; and
- continued service delivery (via online/tele appointments) during the COVID-19 pandemic.

The following table provides a three-year summary of the total number of counselling sessions held by Centrecare.

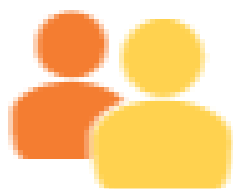
	2017-18	2018-19	2019-20
Gambling Help WA Sessions	2,791	1,851	1,738

Centrecare registered 328 new clients within the reporting period; 65 per cent were male clients with majority aged 25 and over.

National Online Counselling Service

Gambling Help Online provides an immediate response via online counselling to anyone affected by gambling. The service was launched on 31 August 2009 and is operated by Turning Point. The cost of operating the service is shared between the states and territories.

Gambling Help Online can be accessed at gamblinghelponline.org.au and is the first service worldwide to provide:



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

The online service complements the range of services available in responding to gambling related harm. It provides Australians with an opportunity to access counselling and information services when they are unable or reluctant to access face-to-face services in each jurisdiction.

During the reporting period the service was put to Tender with the successful respondent to be announced in due course.

A summary of the clients who visited the webpage between 1 July 2019 and 30 June 2020 is shown below:

ONLINE COUNSELLING BY STATE								
	NSW	VIC	QLD	SA	WA	ACT	TAS	NT
Online Requests	3012	1703	1165	382	347	145	76	31
Visits to Website (%)	37	29.2	18.6	6.5	5.9	1.5	1.0	0.3

Of the 347 service requests originating from Western Australia, 341 people went on to participate in live counselling in 2019-20 compared with 488 in 2018-19. Of the 341 clients who undertook live counselling, 73.9 per cent were male clients and 22.9 per cent female clients, with the majority aged between 20 and 39.

Education and Awareness

Throughout 2019-20, the 'Show Gambling Who's Boss' problem gambling awareness campaign continued to be advertised on social and online media and in gambling venues across Western Australia.

Advertising directed users to the Gamble Aware website (www.gambleaware.com.au) where information relating to the free help services could be located. The campaign continues to be effective in attracting users to the website which is supported by an 85% increase in the number of people visiting the site.



Responsible Gambling Awareness Week (RGAW) is held annually to raise awareness about ways to recognise if gambling is causing an individual, family members or friends harm and the importance of knowing the risks and gambling responsibly. The free help services are also promoted for those people affected by gambling related harm.

The 2019 RGAW was held between 7 and 13 of October 2019 and aligned with Gambling Harm Awareness Week in Victoria.

On 10 October 2019, gambling help service provider Centrecare, with the support of the PGSSC, presented a forum on the intersection between online gaming and gambling. Dr Sally Gainsbury and Dr Daniel King presented at the forum and spoke about emerging issues to raise awareness and explore strategies to minimise the risks involved. The event was attended by industry representatives, academics and help service providers.

Gambling Research Australia

Gambling Research Australia (GRA) is a national gambling research program funded by all State, Territory and Commonwealth Governments through a Memorandum of Understanding (MOU).

The most recent MOU commenced on 1 July 2017 and was recommended by the Illegal Offshore Wagering Taskforce to build on, and fill gaps in, the evidence relevant to the nature and impact of gambling activities and policy interventions in Australia, with a focus on informing government policies, programs and regulatory decisions.

The MOU expires on 30 June 2023.

The Problem Gambling Support Services Committee provide annual funding based on Western Australia's most recently published portion of gambling expenditure.

The newly refreshed GRA website, contains a full catalogue of reports published by GRA and can be found at www.gamblingresearch.org.au.



Disclosures and Legal Compliance

Financial Statements

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

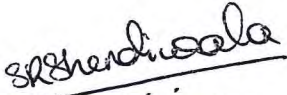
Gaming and Wagering Commission of Western Australia

Certification of financial statements

For the year ended 30 June 2020

The accompanying financial statements of the Gaming and Wagering Commission of Western Australia have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2020 and the financial position as at 30 June 2020.

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



Shanaeya Sherdiwala
Director and Portfolio Chief
Financial Officer

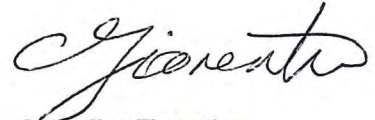
3 September 2020



Duncan Ord OAM
Chairperson

Gaming and Wagering Commission
of Western Australia

3 September 2020



Carmelina Fiorentino
Member

Gaming and Wagering Commission
of Western Australia

3 September 2020



Gaming and Wagering Commission of Western Australia

Statement of comprehensive income

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
COST OF SERVICES			
Expenses			
Board members expenses	2.1	118,749	123,605
Expenses related to restricted cash and special purpose accounts	2.3	94,329,764	82,805,093
Services and contract fees	2.2	<u>4,204,805</u>	<u>4,195,142</u>
Total cost of services		<u>98,653,318</u>	<u>87,123,840</u>
Revenue and Income			
User charges and fees	3.2	4,263,999	4,571,017
Revenues related to restricted cash and special purpose accounts	3.3	90,308,333	81,817,991
Interest revenue	3.4	<u>10,081</u>	<u>13,234</u>
Total revenue		<u>94,582,413</u>	<u>86,402,242</u>
NET COST OF SERVICES		<u>4,070,905</u>	<u>721,598</u>
Income from State Government			
Sports Wagering Account	3.1	5,700,000	-
Problem Gambling Support Fund	3.1	<u>629,000</u>	<u>-</u>
Total income from State Government		<u>6,329,000</u>	<u>-</u>
SURPLUS/(DEFICIT) FOR THE PERIOD		<u>2,258,095</u>	<u>(721,598)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>2,258,095</u>	<u>(721,598)</u>

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



Gaming and Wagering Commission of Western Australia

Statement of financial position

As at 30 June 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5.1	2,173,889	1,624,114
Restricted cash and cash equivalents	5.1, 7.7	7,100,890	4,699,011
Receivables	4.1	20,025	41,426
Inventories	4.2	5,883	5,883
Contract assets	4.3	745,203	-
Total Current Assets		10,045,890	6,370,434
TOTAL ASSETS		10,045,890	6,370,434
LIABILITIES			
Current Liabilities			
Payables	4.4	1,125,366	440,939
Total Current Liabilities		1,125,366	440,939
TOTAL LIABILITIES		1,125,366	440,939
NET ASSETS		8,920,524	5,929,495
EQUITY			
Accumulated surplus/(deficit)	7.9	8,920,524	5,929,495
TOTAL EQUITY		8,920,524	5,929,495

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



Gaming and Wagering Commission of Western Australia

Statement of changes in equity

For the year ended 30 June 2020

	Notes	Accumulated surplus/ (deficit) \$	Total equity \$
Balance at 1 July 2018		6,651,093	6,651,093
Surplus/(deficit)	7.9	(721,598)	(721,598)
Other comprehensive income		-	-
Total comprehensive income for the period		<u>(721,598)</u>	<u>(721,598)</u>
Balance at 30 June 2019		<u>5,929,495</u>	<u>5,929,495</u>
Balance at 1 July 2019		5,929,495	5,929,495
Initial application of AASB 15/1058	7.9	732,934	732,934
Restated balance at 1 July 2019		<u>6,662,429</u>	<u>6,662,429</u>
Surplus/(deficit)	7.9	2,258,095	2,258,095
Other comprehensive income		-	-
Total comprehensive income for the period		<u>2,258,095</u>	<u>2,258,095</u>
Balance at 30 June 2020		<u>8,920,524</u>	<u>8,920,524</u>

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

Gaming and Wagering Commission of Western Australia

Statement of cash flows

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
CASH FLOWS FROM STATE GOVERNMENT			
Sports Wagering Account		5,700,000	-
Problem Gambling Support Fund		629,000	-
Net cash provided by State Government		6,329,000	-
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Board members fees		(117,982)	(123,814)
Payments related to restricted cash and special purpose accounts		(94,329,764)	(82,805,093)
Services and contract fees		(4,189,126)	(4,194,259)
GST payments on purchases		(767,047)	(788,808)
GST payments to taxation authority		(8,441,767)	(7,827,304)
Receipts			
User charges and fees		4,251,777	4,570,350
Receipts related to restricted cash and special purpose accounts		90,326,642	81,821,941
Interest received		13,477	12,708
GST receipts on sales		9,096,897	7,935,379
GST receipts from taxation authority		779,547	761,071
Net cash provided by/(used in) operating activities		(3,377,346)	(637,829)
Net increase/(decrease) in cash and cash equivalents		2,951,654	(637,829)
Cash and cash equivalents at the beginning of the period		6,323,125	6,960,954
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.1	9,274,779	6,323,125

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

Gaming and Wagering Commission of Western Australia

Statement of consolidated account appropriations

For the year ended 30 June 2020

	2020 Budget Estimate \$	2020 Supplementary Funding \$	Revised Budget \$	2020 Actual \$	2020 Variance \$
<u>Delivery of Services</u>					
Item 34 Net amount appropriated through the Department of Treasury	5,200,000	-	5,200,000	5,200,000	-
Total appropriations provided to deliver services	5,200,000	-	5,200,000	5,200,000	-
GRAND TOTAL	5,200,000	-	5,200,000	5,200,000	-

No supplementary income was received by the Commission.

Gaming and Wagering Commission of Western Australia
Notes to the Financial Statements
for the year ended 30 June 2020

1. Basis of preparation

The Gaming and Wagering Commission of Western Australia (the "Commission") is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Commission is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Commission on 3 September 2020.

Statement of compliance

These general purpose financial statements are prepared in accordance with:

- 1) The *Financial Management Act 2006 (FMA)*
- 2) The Treasurer's Instructions (TIs)
- 3) Australian Accounting Standards (AAS) - Reduced Disclosure Requirements
- 4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions take precedence over AASs. Several AASs are modified by TIs to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. All values are rounded to the nearest dollar.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Services Performed for the Gaming and Wagering Commission of Western Australia by the Department of Local Government, Sport and Cultural Industries

The Department of Local Government, Sports and Cultural Industries ("DLGSC") provides support to the Commission to enable the Commission to carry out its objectives. This support comprises most of the amount reported in the Statement of Comprehensive Income under 'Services and contract fees'. These charges are in the nature of salaries and administration costs in providing these support services.

Recoups from the Commission to DLGSC are made on a monthly basis under a net appropriation determination.

2. Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the Commission's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Commission in achieving its objectives and the relevant notes are:

	Notes	2020	2019
		\$	\$
Board members expenses	2.1	118,749	123,605
Services and contract fees	2.2	4,204,805	4,195,142
Expenses related to Restricted Cash and Special Purpose Accounts	2.3	94,329,764	82,805,093

2.1 Board members expenses

	2020	2019
	\$	\$
Board fees	108,446	112,958
Superannuation - defined contribution plans	10,303	10,647
Total board members expenses	118,749	123,605

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds.

2.2 Services and contract fees

	2020	2019
	\$	\$
Professional Services	4,140,575	4,140,575
External Audit Fees	17,633	15,500
Consumables	267	229
Conference/Seminar	8,369	22,713
Advertising-Government Gazette	448	3,162
Travel	1,600	3,701
Bank Fees and Charges	3,012	4,077
Other	32,901	5,185
Total services and contract fees	4,204,805	4,195,142

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

2.3 Expenses related to restricted cash and special purpose accounts

	2020	2019
	\$	\$
Grants and subsidies		
Problem Gambling	484,998	477,972
Gaming Community Trust	303,260	600,618
Sports Wagering	4,520,878	2,560,922
Total grant payments	5,309,136	3,639,512
Racing Bets Levy payment to RWWA	88,516,425	78,716,544
Other services and contract fees ^(a) - relates to restricted cash and special purpose accounts	504,203	449,037
Total expenses related to restricted cash and special purpose accounts	94,329,764	82,805,093

Transactions in which the Commission provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant expenses'. Grants can either be operating or capital in nature. Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use. Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

(a): Other services and contract fees include professional services, and other operating expenses related to the Problem Gambling Support Services (2020: \$453,609; 2019: \$358,513), Gaming Community Trust Fund (2020: \$933; 2019: \$1,165), and Racing Bets Levy Account (2020: \$49,661; 2019: \$89,359).

3. Our funding sources

How we obtain our funding

This section provides additional information about how the Commission obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Commission and the relevant notes are:

	Notes	2020	2019
		\$	\$
Income from State Government	3.1	6,329,000	-
User charges and fees	3.2	4,263,999	4,571,017
Revenues related to restricted cash and special purpose accounts	3.3	90,308,333	81,817,991
Interest revenue	3.4	10,081	13,234

3.1 Income from State Government

	2020	2019
	\$	\$
Sports Wagering Account	5,700,000	-
Problem Gambling Support Fund	629,000	-
Total income from State Government	6,329,000	-

The Sports Wagering Account received appropriation from the Department of Treasury (\$5.2 million) and a grant from Healthway (\$500,000). Both are recognised when the Commission gains control of the funds.

The Problem Gambling Support Fund received contributions from Lotterywest (\$341,000) and Racing and Wagering WA (\$288,000). The contributions are recognised when the funds are received.

3.2 User charges and fees

	2020	2019
	\$	\$
User charges and fees		
- Casino gaming licence fee	2,980,812	2,918,173
- Applications/Licences/Permits	584,454	878,107
- Returns/Levies	142,164	151,669
- Other	3,906	2,861
- Recoups for services provided ^(a)	552,663	620,207
	4,263,999	4,571,017

(a) Recoups for services provided include services provided to Racing and Wagering Western Australia (2020: \$434,065; 2019: \$503,706), and Lotteries Commission of Western Australia (2020: \$118,598; 2019: \$116,501).

Until 30 June 2019, revenue was recognised and measured at the fair value of consideration received or receivable.

From 1 July 2019, revenue is recognised at the transaction price when the Commission transfers control of the services to customers. Revenue is recognised for the major activities as follows:

Revenue for the casino gaming licence fee is recognised at a point-in-time. The Commission satisfies their performance obligation when the licence has been issued. The "right to perform" gambling activities has been transferred at the point of licence issuance. As this is a continuous license with no end date, revenue will be recognised as soon as the annual license renewal fee amount is identified.

Revenue is recognised at a point-in-time for applications/licences/permits [for gaming and racing activities]. In accordance with AASB 15 (paragraph Aus8.3), these low value and short term licences are exempt from paragraphs 9 - 90 with the revenue recognised when the licence is issued.

Revenue is recognised at a point-in-time for returns/levies [for gaming activities]. Fees are collected for which no service is provided by the Commission and therefore are recognised under AASB 1058 when the payments are received.

Revenue is recognised at a point-in-time for other revenue [refund of overpaid prior year bank fees, fines, penalties and infringements] when the fees are received.

Revenue is recognised at a point-in-time for Recoups for services provided [regulation of RWWA operations, verification and audit of Lotterywest products]. The Commission typically satisfies its performance obligations in relation to these user fees and charges when the services have been rendered [at the completion of the financial year].

3.3 Revenues related to Restricted Cash and Special Purpose Accounts

	2020	2019
	\$	\$
Contributions ^(a)	1,265,493	2,894,050
Racing Bets Levy	88,929,835	78,705,889
Interest revenue - relates to restricted cash and special purpose accounts	113,005	218,052
	90,308,333	81,817,991

(a): Contributions include funding from the Problem Gambling Support Services (2020: \$352,364; 2019: \$0), Gaming Community Trust Fund (2020: \$174,658; 2019: \$234,968), Sports Wagering Account (2020: \$737,899; 2019: \$2,618,531) and Racing Bets Levy (2020: \$572, 2019: \$0).

Revenue is received for contributions to the Problem Gambling Support Fund, Gaming Community Trust, Sports Wagering Account and the Racing Bets Levy Account (refer to Note 7.7). The amounts are recognised at the point in time when it is received.

Revenue received from the Racing Bets Levy (refer to Note 7.7) is recognised when the funds are received by the Commission.

3.4 Interest revenue

	2020	2019
	\$	\$
Interest revenue from Commonwealth Bank of Australia	10,081	13,234
	10,081	13,234

4. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Commission's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2020	2019
		\$	\$
Receivables	4.1	20,025	41,426
Inventories	4.2	5,883	5,883
Contract assets	4.3	745,203	-
Payables	4.4	1,125,366	440,939

4.1 Receivables

<u>Current</u>
Receivables
Accrued revenue
Total current
Total receivables

2020	2019
\$	\$
3,324	-
16,701	41,426
20,025	41,426
20,025	41,426

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net receivables is equivalent to fair value as it is due for settlement within 30 days.

4.2 Inventories

<u>Current</u>
Betting tickets
Betting ledgers
Total current inventories
Total Inventories

2020	2019
\$	\$
1,551	1,551
4,332	4,332
5,883	5,883
5,883	5,883

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

4.3 Contract assets

Opening balance at the beginning of the period
Additions
Revenue recognised in the reporting period
Closing balance at the end of the period
Current
Non-current

2020	2019
\$	\$
732,934	-
745,203	-
(732,934)	-
745,203	-
745,203	-
-	-

The Commission's contract assets relate to the final quarterly payment of the Casino gaming licence fee yet to be received at the end of the reporting period.

4.4 Payables

<u>Current</u>
Trade payables
Other payables
GST payable
Total current
Balance at end of period

2020	2019
\$	\$
6,992	2,396
13,434	1,653
1,104,940	436,890
1,125,366	440,939
1,125,366	440,939

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

5. Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the Commission.

	Note
Cash and cash equivalents	5.1

5.1 Cash and cash equivalents

	Note	2020	2019
		\$	\$
Cash and cash equivalents		2,173,889	1,624,114
Restricted cash and cash equivalents	7.7	7,100,890	4,699,011
Balance at end of period		9,274,779	6,323,125

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

6. Financial Instruments and Contingencies

	Note
Financial instruments	6.1
Contingent assets and Contingent liabilities	6.2

6.1 Financial instruments

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

	2020	2019
	\$	\$
Financial assets		
Cash and cash equivalents	2,173,889	1,624,114
Restricted cash and cash equivalents	7,100,890	4,699,011
Financial assets at amortised cost	765,228	41,426
Total financial assets	10,040,007	6,364,551
Financial liabilities		
Financial liabilities at amortised cost ^(a)	20,426	4,049
Total financial liability	20,426	4,049

(a) The amount of Financial liabilities at amortised cost excludes GST payable to the ATO (statutory payable).

6.2 Contingent assets and liabilities

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

7. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	7.1
Initial application of Australian Accounting Standards	7.2
Key management personnel	7.3
Related party transactions	7.4
Related bodies	7.5
Affiliated bodies	7.6
Special purpose accounts	7.7
Remuneration of auditors	7.8
Equity	7.9
Administered transactions	7.10
Explanatory statement	7.11

7.1 Events occurring after the end of the reporting period

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

7.2 Initial application of Australian Accounting Standards

(a) AASB 15 Revenue from Contract with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 Revenue from Contracts with Customers replaces AASB 118 Revenue and AASB 111 Construction Contracts for annual reporting periods on or after 1 July 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers
- Identifying separate performance obligations
- Determining the transaction price of the contract
- Allocating the transaction price to each of the performance obligations
- Recognising revenue as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 *Income of Not-for-Profit Entities*. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Commission.

The Commission adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information will be restated under this approach, and the Commission recognises the cumulative effect of initially applying the Standards as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Under this transition method, the Commission elects to not to apply the standards retrospectively to non-completed contracts at the date of initial application.

Refer to Note 3.2 for the revenue and income accounting policies adopted from 1 July 2019.

The effect of adopting AASB 15 and AASB 1058 as at 1 July 2019 was as follows:

	30 June 2020	Adjustments	30 June 2020 under AASB 118 and 1004
User charges and fees	4,263,999	(12,269)	4,251,730
Revenues related to restricted cash and special purpose accounts	90,308,333	-	90,308,333
Interest revenue	10,081	-	10,081
Net result	94,582,413	(12,269)	94,570,144

7.3 Key management personnel

The Commission has determined key management personnel to include cabinet ministers and senior officers of the Commission. The Commission does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for members and senior officers of the Commission for the reporting period are presented within the following bands:

Compensation band (\$)	2020	2019
0 - 10,000	3	2
10,001 - 20,000	6	7
Total compensation of members of the Commission	117,982	123,879
	\$	\$
Compensation band (\$)	2020	2019
0 - 10,000	1	1
	\$	\$
	-	-
Total compensation of senior officers		

Total compensation includes the superannuation expense incurred by the Commission in respect of members and senior officers.

7.4 Related party transactions

The Commission is a wholly owned public sector entity that is controlled by of the State of Western Australia.

Related parties of the Commission include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other agencies and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Significant transactions with Government-related entities

In conducting its activities, the Commission is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

- annual services fees payments to the Department of Local Government, Sport and Cultural Industries for services received (Note 2.2);
- payments of racing bets levy to Racing and Wagering Western Australia (Note 2.3), and (Note 7.7);
- grant provided to Lotteries Commission of Western Australia (Note 2.3), and (Note 7.7);
- appropriation from the Department of Treasury (Note 3.1), and (Note 7.7);
- grant received from Healthway (Note 3.1), and (Note 7.7);
- contributions received from Lotteries Commission of Western Australia, and Racing and Wagering Western Australia (Note 3.1), and (Note 7.7);
- recoups for services provided to Lotteries Commission of Western Australia, and Racing and Wagering Western Australia (Note 3.2);
- receipts of unclaimed dividends from Racing and Wagering Western Australia (Note 3.3), and (Note 7.7);
- return of unspent grants received from the Department of Local Government, Sport and Cultural Industries (Note 3.3), and (Note 7.7);
- receipts of racing bets levy from Racing and Wagering Western Australia (Note 3.3), and (Note 7.7);
- audit fee payments to the Office of the Auditor General (Note 7.8); and
- payments of video lottery terminals and continuing lottery levy to the Department of Treasury (Note 7.10.1), and (Note 7.10.2).

Significant transactions with other related entities

- superannuation payments to GESB (Note 2.1).

Material transactions with other related parties

Outside of normal citizen type transactions with the Commission, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

7.5 Related bodies

The Commission had no related bodies during the financial year.

7.6 Affiliated bodies

The Commission had no affiliated bodies during the financial year.

7.7 Special purpose accounts

Problem Gambling Support Services

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

	2020	2019
	\$	\$
Balance at start of period	409,914	1,224,936
Receipts	1,062,177	21,463
Payments	(938,607)	(836,485)
Balance at end of period	533,484	409,914

Gaming Community Trust Fund ^(a)

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

	2020	2019
	\$	\$
Balance at start of period	1,495,391	1,819,530
Receipts	193,890	277,644
Payments	(304,193)	(601,783)
Balance at end of period	1,385,088	1,495,391

Sports Wagering Account ^(a)

The Sports Wagering Account holds monies paid by Racing and Wagering Western Australia under section 104 of the Racing and Wagering Western Australia Act, 2003 and monies appropriated by the Department of Treasury collected from the Point of Consumption Tax introduced in 2019. These monies are held in trust until distributed as directed by the Minister for Sport and Recreation, pursuant to section 110A of the Gaming and Wagering Commission Act 1987.

	2020	2019
	\$	\$
Balance at start of period	2,554,733	2,388,069
Receipts	6,496,237	2,727,586
Payments	(4,520,878)	(2,560,922)
Balance at end of period	4,530,092	2,554,733

Racing Bets Levy Account ^(a)

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

	2020	2019
	\$	\$
Balance at start of period	238,974	249,629
Receipts	88,979,338	78,795,248
Payments	(88,566,086)	(78,805,903)
Balance at end of period	652,226	238,974

Total restricted cash and cash equivalents as per Statement of Financial Position

7,100,890 4,699,011

Security Deposits ^(b)

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

	2020	2019
	\$	\$
Balance at start of period	4,478,869	1,456,294
Receipts	200,998	4,109,416
Payments	(3,741,656)	(1,086,841)
Balance at end of period	938,211	4,478,869

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

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

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

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

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

7.8 Remuneration of auditors

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

	2020	2019
	\$	\$
Auditing the accounts, financial statements, controls, and key performance indicators	15,733	17,633

7.9 Equity

Accumulated surplus/(deficit)

	2020	2019
	\$	\$
Balance at start of period	5,929,495	6,651,093
Initial application of AASB 15	732,934	-
Result for the period	2,258,095	(721,598)
Balance at end of period	8,920,524	5,929,495

7.10 Administered transactions

7.10.1 Video lottery terminals

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

7.10.2 Continuing lottery levy

	2020	2019
	\$	\$
	104,828	99,614
	99,171	88,899

The Commission collects a levy of 3.25% of the face value of Continuing Lottery tickets sold by licensed suppliers. The Commission retains 1% as controlled revenue and remits the remaining 2.25% to the Consolidated Fund. The amount reported here as administered revenue represents Government's 2.25% share of this income.

7.11 Explanatory statement (Controlled Operations)

All variances between estimates (original budget) and actual results for 2020, and between the actual results for 2020 and 2019 are shown below. Narratives are provided for key major variances, which are greater than 10% and \$1 million for the Statements of Comprehensive Income, Cash Flows and the Statement of Financial Position.

7.11.1 Statement of Comprehensive Income Variances

	Variance note	Estimate 2020 \$	Actual 2020 \$	Actual 2019 \$	Variance between estimate and actual \$	Variance between actual results for 2020 and 2019 \$
Expenses						
Board members expenses		127,492	118,749	123,605	(8,743)	(4,856)
Expenses related to restricted cash and special purpose accounts	1, a	-	94,329,764	82,805,093	94,329,764	11,524,671
Services and contract fees		4,251,872	4,204,805	4,195,142	(47,067)	9,663
Total cost of services		4,379,364	98,653,318	87,123,840	94,273,954	11,529,478
Income						
Revenue						
User charges and fees		4,566,472	4,263,999	4,571,017	(302,473)	(307,018)
Revenues related to restricted cash and special purpose accounts	2, b	-	90,308,333	81,817,991	90,308,333	8,490,342
Interest revenue		11,000	10,081	13,234	(919)	(3,153)
Total Revenue		4,577,472	94,582,413	86,402,242	90,004,941	8,180,171
Income from State Government						
Sports Wagering Account	3, c	-	5,700,000	-	5,700,000	5,700,000
Problem Gambling Support Fund		-	629,000	-	629,000	629,000
Total income from State Government		-	6,329,000	-	6,329,000	6,329,000
NET COST OF SERVICES		198,108	2,258,095	(721,598)	2,059,987	2,979,693
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		198,108	2,258,095	(721,598)	2,059,987	2,979,693

Major Estimate and Actual (2020) Variance Narratives

- 1) Budget estimates are only prepared for the Sports Wagering Account grants. No budget estimates are prepared for the Expenses related to restricted cash and special purpose accounts since they are mainly driven from external sources.
- 2) No budget estimates are prepared for the Revenues related to restricted cash and special purpose accounts since their business activities are mainly driven from external sources.
- 3) Mid Year review adjustment resulted in further funding which was not in the original budget.

Major Actual (2020) and Comparative (2019) Variance Narratives

- a) Expenses related to restricted cash and special purpose accounts exceed 2019 by \$11.5 million (14%) mainly due to an increase in the amount remitted to RWWA for the racing bets levy (\$9.8 million) and a grant made to Lotteries Commission for the COVID-19 relief fund (\$2 million).
- b) Revenues related to restricted cash and special purpose accounts exceed 2019 by nearly \$8 million (10%) mainly due to an increase of \$10.2 million in racing bets levy. The racing industry was largely unaffected by the COVID-19 pandemic as a significant increase in activity during the months of April to June occurred. Whereas, contributions from RWWA to the Sports Wagering Account decreased by \$2 million as a result of the Point of Consumption Tax.
- c) Appropriation for the Sports Wagering Account commenced in 2020 due to the introduction of the Point of Consumption Tax which relieved RWWA of its obligation to contribute sports wagering revenue.

7.11.2 Statement of Financial Position Variances

	Variance note	Estimate 2020 \$	Actual 2020 \$	Actual 2019 \$	Variance between estimate and actual \$	Variance between actual results for 2020 and 2019 \$
ASSETS						
Current Assets						
Cash and cash equivalents		1,566,313	2,173,889	1,624,114	607,576	549,776
Restricted cash and cash equivalents	4, d	5,979,017	7,100,890	4,699,011	1,121,873	2,401,879
Receivables		97,931	20,025	41,426	(77,906)	(21,401)
Inventories		6,024	5,883	5,883	(141)	-
Contract assets		-	745,203	-	745,203	745,203
Total Current Assets		7,649,285	10,045,890	6,370,434	2,396,605	3,675,456
TOTAL ASSETS		7,649,285	10,045,890	6,370,434	2,396,605	3,675,456
LIABILITIES						
Current Liabilities						
Payables		1,097,623	1,125,366	440,939	27,743	684,427
Total Current Liabilities		1,097,623	1,125,366	440,939	27,743	684,427
TOTAL LIABILITIES		1,097,623	1,125,366	440,939	27,743	684,427
NET ASSETS		6,551,662	8,920,524	5,929,495	2,368,862	2,991,029
EQUITY						
Accumulated surplus/(deficit)		6,551,662	8,920,524	5,929,495	2,368,862	2,991,029
TOTAL EQUITY		6,551,662	8,920,524	5,929,495	2,368,862	2,991,029

Major Estimate and Actual (2020) Variance Narratives

- 4) Restricted cash and cash equivalents are greater than estimates by almost 19% due to a higher than expected cash inflow from special purpose accounts from previous years.

Major Actual (2020) and Comparative (2019) Variance Narratives

- d) Restricted cash and cash equivalents have increased in 2020 by more than \$2.4 million (51%) largely due to the increase in receipts for the Sports Wagering Account (\$3.8 million).

7.11.3 Statement of Cash Flows Variances

	Variance note	Estimate 2020 \$	Actual 2020 \$	Actual 2019 \$	Variance between estimate and actual \$	Variance between actual results for 2020 and 2019 \$
CASH FLOWS FROM STATE GOVERNMENT						
Sports Wagering Account	5, e	-	5,700,000	-	5,700,000	5,700,000
Problem Gambling Support Fund		-	629,000	-	629,000	629,000
Net cash provided by State Government		0	6,329,000	-	6,329,000	6,329,000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Board members fees		(127,492)	(117,982)	(123,814)	9,510	5,832
Payments related to restricted cash and special purpose accounts	6, f	-	(94,329,764)	(82,805,093)	(94,329,764)	(11,524,671)
Services and contract fees		(4,251,872)	(4,189,126)	(4,194,259)	62,746	5,133
GST payments on purchases		-	(767,047)	(788,808)	(767,047)	21,761
GST payments to taxation authority	7	-	(8,441,767)	(7,827,304)	(8,441,767)	(614,464)
Receipts						
User charges and fees		4,566,472	4,251,777	4,570,350	(314,695)	(318,573)
Receipts related to restricted cash and special purpose accounts	8, g	-	90,326,642	81,821,941	90,326,642	8,504,701
Interest received		11,000	13,477	12,708	2,477	769
GST receipts on sales	9, h	-	9,096,897	7,935,379	9,096,897	1,161,519
GST receipts from taxation authority		-	779,547	761,071	779,547	18,476
Net cash provided by/(used in) operating activities		198,108	(3,377,346)	(637,829)	-3,575,454	(2,739,516)
Net increase/(decrease) in cash and cash equivalents		198,108	2,951,654	(637,829)	2,753,546	3,589,484
Cash and cash equivalents at the beginning of the period		7,347,222	6,323,125	6,960,954	(1,024,097)	(637,829)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		7,545,330	9,274,779	6,323,125	1,729,449	2,951,654

Major Estimate and Actual (2020) Variance Narratives

- 5) Mid Year review adjustment resulted in further funding which was not in the original budget.
- 6) No budget estimates are prepared for the Payments related to restricted cash and special purpose accounts since they are mainly driven from external sources.
- 7) No budget estimates are prepared for GST payments to taxation authority.
- 8) No budget estimates are prepared for the Receipts related to restricted cash and special purpose accounts since their business activities are mainly driven from external sources.
- 9) No budget estimates are prepared for GST receipts on sales.

Major Actual (2020) and Comparative (2019) Variance Narratives

- e) Appropriation for the Sports Wagering Account commenced in 2020 due to the introduction of the Point of Consumption Tax which relieved RWWA of its obligation to contribute sports wagering revenue.
- f) Payments related to restricted cash and special purpose accounts exceed 2019 by \$11.5 million (14%) mainly due to an increase in the amount remitted to RWWA for the racing bets levy (\$9.8 million) and a grant made to Lotteries Commission for the COVID-19 relief fund (\$2 million).
- g) Receipts related to restricted cash and special purpose accounts exceed 2019 by nearly \$8 million (10%) mainly due to an increase of \$10.2 million in racing bets levy. The racing industry was largely unaffected by the COVID-19 pandemic as a significant increase in activity during the months of April to June occurred. Whereas, contributions from RWWA to the Sports Wagering Account decreased by \$2 million as a result of the Point of Consumption Tax.
- h) GST receipts on sales increased over \$1 million from 2019 due to the higher racing bets levies received.



CERTIFICATION OF KEY PERFORMANCE INDICATORS

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Gaming and Wagering Commission of Western Australia, and fairly represent the performance of the Gaming and Wagering Commission of Western Australia for the financial year ended 30 June 2020.

Duncan Ord OAM
Chairperson
Gaming and Wagering Commission of
Western Australia

3 September 2020

Carmelina Fiorentino
Member
Gaming and Wagering Commission of
Western Australia

3 September 2020

Detailed information in support of key performance indicators

Agency Level Government Desired Outcomes and Key Effectiveness Indicators

Government Goal: Sustainable Finances: Responsible financial management and better service delivery

Desired Outcome: To regulate and maintain the integrity of lawful gambling activities.

The Gaming and Wagering Commission (the Commission) administers the law relating to community and social gaming, wagering and casino gaming. The Commission formulates and implements policies for the scrutiny and control of gaming and wagering considering the requirements and interests of the community as a whole and the need to minimise harm caused by gambling.

The Commission has a significant focus on the responsible service of gaming and wagering products, harm minimisation and on the integrity of gaming and wagering activities and operators.

The Commission is responsible to the community for the provision of lawful gambling activities for the benefit of Western Australia and the delivery in 2019/20 of the Commission's service contributes to the Government's goal of responsible financial management and better service delivery.

A comprehensive legislative framework operates within the State with the aim of:

- preventing criminal interests from operating gaming and wagering activities; and
- maintaining the integrity of lawful gaming and wagering activities within a framework that minimises harm.

The Commission's licensing and compliance regimes verify the integrity of gambling operators through initial probity checks and ongoing licensing and audit and inspection requirements.

Key Effectiveness Indicator	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual
Percentage of unlawful gambling detected in relation to total audits	0.52%	0.56%	0.49%	0.49%	0.76%
Number of violation reports/ infringement notices issued in relation to casino gaming	3	3	1	1	0

The percentage of unlawful gambling detected is higher than targeted due to a higher number of compliance activities which identified a higher number of unlawful gambling activities being detected to the number targeted.

The table shows that there were less non-compliance issues at the Casino than targeted.

The specific licensing requirements imposed by the Commission provide increased certainty about the quality and integrity of the lawful gaming and wagering products.

The Commission approves game rules and associated procedures to ensure that the operators of gaming and wagering activities provide consistent and fair outcomes in accordance with the conditions of their approvals.

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

It is difficult to determine future trends in relation to the casino as business decisions made by the Casino Licensee determine the number of:

- submissions provided; and
- new staff employed by the casino that require a casino employee licence.

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

Key Efficiency Indicator	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual
Cost per Gambling Certificate/Permit issued	\$350	\$316	\$310	\$297	\$310
Cost per Casino Employee Licence issued	\$1,352	\$1,083	\$850	\$815	\$623
Cost of monitoring the integrity of casino gaming operations over one year	\$985,098	\$1,110,759	\$1,118,682	\$1,072,530	\$1,334,236
Cost per instance of unlawful gambling detected	\$64,245	\$50,489	\$50,849	\$48,751	\$39,242
Cost per casino submission received	\$818	\$717	\$617	\$591	\$543

Cost per Gambling Certificate/Permit issued: This figure is derived by dividing the cost allocation for the activity by the number of certificates and permits issued. The difference between the target and actual can be attributed to 968 less certificates/permits being issued so the cost per certificate/permit increased.

Cost per Casino Employee Licence issued: This figure is derived by dividing the cost allocation for the activity by the number of licences issued. Whilst there were 71 less licences issued, the decrease in average cost from the budgeted figure is due to a decrease of approximately \$169,000 in costs allocated.

Cost of monitoring the integrity of Casino Gaming Operations over one year: The efficiency indicator is higher than targeted as the number of violations by the Casino Licensee is less than targeted. The increase in the cost of monitoring the integrity of casino gaming operations compared to the prior year is due to an increase in activity level. A misapplication in the methodology used to calculate the key efficiency indicator for the 2016-17 and 2017-18 (Actual) was identified in the current period.

This affected the comparative figure for these years compared to the current year. Consequently, the figures for the period 2016-2017 and 2017-2018 (Actual) have been restated in accordance with the corrected methodology.

Cost per instance of unlawful gambling: This is derived from dividing the cost allocation by the number of breaches detected. The actual cost per instance of unlawful gambling has decreased from the targeted amount by \$9,509. This is due to an increase in the instances of unlawful gaming being detected, compared to the targeted number.

Cost per casino submission received: This is derived from dividing the cost allocation by the number of submissions received. The overall average cost is lower than the target due to less submissions being received during the year resulting in the allocated costs being less than target.

The table below provides a comparative snapshot of the target and actual costs allocated to activities over 2019-20.

	2019-20 Target		2019-20 Actual	
	Cost Allocated	Number Completed	Cost Allocated	Number Completed
Total Cost of Gambling Certificates/Permits issued	\$838,302	2825	\$574,872	1857
Total Cost of Casino Employee Licences issued	\$558,868	686	\$383,248	615
Total Cost of monitoring the integrity of casino gaming operations (casino violations)	\$1,072,530	1	\$1,334,236	0
Total Cost of unlawful gambling detected	\$48,751	33	\$39,242	51
Total Cost of processing casino submissions	\$62,079	105	\$29,844	55
Total Cost of Services	\$2,580,530	3,650	\$2,361,442	2,578

The table above highlights the following facts:

- Costs allocated are a percentage of the overall output (licensing or compliance) costs. The actual cost allocated for gambling certificate/permits are lower than targeted costs.
- The actual costs allocated to casino employee licences are lower than targeted costs.
- The actual cost allocated for monitoring the integrity of casino gaming operations are higher than budgeted costs due to a higher number of compliance activities which results in an increase to the costs allocated. The casino has approval for up to 2,500 electronic gaming machines that require regular inspections which accounts for some of the increase. Further, due to the COVID19 shutdown of casino operations on 23 March 2020, inspections were undertaken of the various jackpots attributed to electronic gaming machines and certain table games. These inspections were conducted to ensure that the jackpot amounts were reinstated correctly by the casino licensee prior to the reopening of casino operations.

The actual total cost of unlawful gambling detected is lower than budgeted costs due to a higher number of compliance activities which identified a higher number (51) of unlawful gambling activities being detected to the number targeted (33).

The table below details the number of actual audits, inspections, investigations and assessments completed during the year compared to the target amount.

Audits/Inspections/Investigations/Assessments	2019-20 Target	2019-20 Actual	Difference
Racing	430	444	+14
Lotterywest	1,057	1,036	-21
Gaming	271	380	+109
Casino	4,980	6,746	+1,766
Totals	6,738	8,606	+1,868

Racing and Gaming: The increase in the number of actual racing and gaming audits completed was due to an increased availability and focus of inspectorate resources.

Casino: The inspectorate continued to focus on the compliance program at the Casino conducting audits and inspections across the gaming activities. In addition, the inspectorate has a project management approach to conducting audits and inspections, predominately on electronic gaming machines (EGM's), on public holidays when the Casino is not open to patrons. Due to the COVID19 shutdown of casino operations on 23 March 2020, audits and inspections were undertaken of all the active EGM's on the licensed gaming floors. These also included inspections of the various jackpots levels attributed to both EGM's and certain table games. The gaming jackpot level inspections were conducted to ensure that the actual jackpot amounts attributed were reinstated correctly by the casino licensee prior to the reopening of casino operations. These additional audits and inspections of casino operations were a key factor for the increase.

A breakdown of costs, other than expenses related to restricted cash and special purpose accounts, is provided in the table below.

Operating Expenses	2019-20 Target	2019-20 Actual	Difference
Fees paid to board members	116,400	108,446	7,954
Superannuation expense to GESB	11,092	10,303	789
Services provided by DLGSC	4,140,575	4,140,575	-
Conference and Seminar fees	5,000	9,970	(4,970)
Capital expenditure	-	-	-
Other operating expenses	30,297	54,260	(23,963)
Total Cost of Service	4,303,364	4,323,554	(20,190)



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

GAMING AND WAGERING COMMISSION OF WESTERN AUSTRALIA

Report on the financial statements

Opinion

I have audited the financial statements of the Gaming and Wagering Commission of Western Australia which comprise the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Summary of Consolidated Account Appropriations for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including administered transactions and balances.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Gaming and Wagering Commission of Western Australia for the year ended 30 June 2020 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I am independent of the Commission in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Commission for the financial statements

The Commission is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Commission determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commission is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Commission.

Auditor's responsibility for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Gaming and Wagering Commission of Western Australia. The controls exercised by the Commission are those policies and procedures established by the Commission to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Gaming and Wagering Commission of Western Australia are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2020.

The Commission's responsibilities

The Commission is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Gaming and Wagering Commission of Western Australia for the year ended 30 June 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Gaming and Wagering Commission of Western Australia are relevant and appropriate to assist users to assess the agency's performance and fairly represent indicated performance for the year ended 30 June 2020.

The Commission's responsibility for the key performance indicators

The Commission is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Commission determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Commission is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My independence and quality control relating to the reports on controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements and key performance indicators of the Gaming and Wagering Commission of Western Australia for the year ended 30 June 2020 included on the Commission's website. The Commission's management is responsible for the integrity of the Commission's website. This audit does not provide assurance on the integrity of the Commission's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



KELLIE TONICH
SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia

8 September 2020

Ministerial Directives

Section 48 of the *Gaming and Wagering Commission Act 1987*, enables the Minister, in instances where there is a major sporting event or a special occasion, to direct the Commission to issue a permit for the conduct of a specified gaming activity.

As a consequence of COVID-19 related event restrictions, the annual applications for two-up on ANZAC Day that would normally be referred to the Minister for consideration were not submitted.

Governance Disclosures

Contracts with Senior Officers

At the date of reporting, other than normal contracts of employment of service, no senior officers, nor firms of which senior officers are members, or entities in which Senior officers have substantial interests had any interests in existing or proposed contracts with the Gaming and Wagering Commission of Western Australia and senior officers.

Unauthorised Use of Credit Cards

There have been no identified instances of unauthorised use of corporate credit cards.

Other Financial Disclosures

Pricing Policies of Service Provided

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

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

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

The Commission's fees and charges were last increased on 1 January 2019. The list of fees and charges are available on the department's Racing, Gaming and Liquor webpage at www.dlgsc.wa.gov.au

Remuneration of Members

During the reporting period, the following remuneration figures applied to Commission members:

Position	Name	Type of Remuneration	Period of Membership	(\$) Gross Remuneration	(\$) Super-annuation
Chairman	Duncan Ord OAM	n/a	12 months	Nil (<i>ex-officio</i>)	<i>Nil</i>
Member	Barry A Sargeant	Paid f/nightly	12 months	16,546.92	1571.96
Member	Andrew Duckworth	Paid f/nightly	12 months	16,546.92	1571.96
Member	Colleen Hayward AM	Paid f/nightly	12 months	16,546.92	1571.96
Member	Robert Bovell	Paid f/nightly	6 months	8464.39	804.12
Member	Katie Hodson- Thomas	Paid f/nightly	12 months	16,546.92	1571.96
Member	Carmelina Fiorentino	Paid f/nightly	12 months	16,546.92	1571.96
Member	Jodie Hede	Paid f/nightly	12 months	16,546.92	1571.96
Total				107,745.91	10,235.88

The following table outlines remuneration for members of the Gaming Community Trust:

Position	Name	Type of Remuneration	Period of Membership	(\$) Gross Remuneration	(\$) Super-annuation
Chairman	Duncan Ord	n/a	12 months	Nil (<i>ex-officio</i>)	Nil (<i>ex-officio</i>)
Member	Stephen Reynolds	Per meeting	6 months	142	13.49
Member	Joshua Preston	Per meeting	12 months	Nil*	Nil*
Member	Maxine Connolly	Per meeting	12 months	284	26.98
Member	Jan Cooper	Per meeting	12 months	284	26.98
Member	Katie Hodson- Thomas	Per meeting	5 months	142	13.49
Total				852	80.94

*Voluntarily elects to not be remunerated for attending meetings of the GCT.

Capital Works

There were no capital works undertaken by the Gaming and Wagering Commission during 2019-20.

Staff Profile

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

Other Legal and Government Policy Requirements

Advertising

In accordance with section 175ZE of the *Electoral Act 1907*, the Commission must report on any expenditure incurred for advertising, market research, polling, direct mail and media advertising. Total expenditure for 2019-20 was incurred in the following area:

	Total (exc. GST)
Government Agencies (<i>Government Gazette</i>)	\$447.72

Other Government Policy Requirements

The Commission meets its requirements through arrangements with the Department of Local Government, Sport and Cultural Industries. The department's Annual Report contains information on how the department meets the following requirements:

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