



Government of **Western Australia**
Gaming and Wagering Commission of Western Australia

Gaming and Wagering Commission of Western Australia

2020-21 Annual Report



Foreword

I am pleased to present the Gaming and Wagering Commission of Western Australia's (the Commission's) Annual Report for 2020-21. The Annual Report describes outcomes achieved by the Commission relating to the administration of the law relating to gaming and wagering in Western Australia (WA), in what has been a dynamic year.

On 4 September 2019, Parliament passed the *TAB (Disposal) Bill 2019*, providing the establishment of a new wagering licensing regime for a private TAB operator and the corresponding disposal of the wagering business operated by Racing and Wagering WA (RWWA). The sale process was well progressed prior to the onset of COVID-19, but was suspended due the pandemic. In anticipation of the recommencement of the sale process, the Commission and staff from the Department of Local Government, Sport and Cultural Industries (DLGSC) continued to consider legislative amendments relative to the proposed sale of the WA TAB.

The Australian casino industry has come under close scrutiny during the 2020-21 reporting period with the establishment of Inquiries and/or Royal Commissions in New South Wales (NSW), Victoria and WA.

The findings of the NSW Casino Inquiry, tabled in parliament on the 9 February 2021, have informed the Commission's consideration of a range of reforms to its regulatory frameworks to improve the effectiveness of its regulatory operations relative to gambling regulation matters highlighted by the NSW Casino Inquiry. Similarly, the Commission has carefully followed the Victorian Royal Commission into the Casino Operator and Licence that was underway during the reporting period.

In February 2021, the WA Government initiated a review into the operations of the Crown Perth Casino and the WA casino regulatory framework. On 12 March 2021, the Perth Casino Royal Commission (PCRC) was established to inquire into the affairs of the Crown Casino Perth and the suitability of the WA regulatory framework. On 30 June 2021, the PCRC delivered its Interim Report and the Commission consequently began to progress recommended governance initiatives.

DLGSC has implemented a new interim structure to strengthen governance arrangements and enhance the senior leadership team, through the establishment of two Deputy Director General roles; the introduction of a dedicated Executive Director for Racing, Gaming and Liquor Regulation, to oversee and enhance DLGSC's regulation of these sectors; and a General Manager to support the Commission, with a focus on establishing contemporary governance and supporting delivery frameworks. On 2 June 2021, the Commission met to develop a strategic plan for reform regarding its governance and work program.

During the reporting period the Commission continued to regulate gaming and wagering in Western Australia by issuing a significant number of licences and permits and undertaking an audit, investigation and inspection program.

The Problem Gambling Support Services Committee agreed to develop a contemporary harm minimisation policy model and to fund a research project into the extent and nature of problem gambling in WA.

I would like to take this opportunity to thank all members, including the Commission's outgoing chairperson Mr Duncan Ord OAM, and member Ms Colleen Hayward for their

contribution to the operation of the Commission throughout the year, as well as DLGSC staff for their ongoing support.

The Commission anticipates that next year will be dedicated to giving effect to the recommendations of the PCRC, and will involve a number of significant reforms to ensure that the regulation of gaming and wagering in WA is best practice.

Lanie Chopping
Chairperson

Table of Contents

Foreword.....	1
Table of Contents	3
Contacts.....	4
Statement of Compliance.....	5
Overview of the Commission	6
Executive Summary.....	6
Operational Structure.....	7
Report on Operations.....	12
Licensing Program.....	13
Compliance Program	19
Significant Issues Impacting the Commission.....	22
Activities of the Gaming Community Trust.....	25
Activities of the Problem Gambling Support Services Committee.....	27
Disclosures and Legal Compliance.....	33
Financial Statements	33
Ministerial Directives	65
Governance Disclosures.....	65
Other Financial Disclosures	65
Other Legal and Government Policy Requirements.....	68

Contacts

Office location: Gordon Stephenson House
140 William Street, 2nd Floor Reception
Perth WA 6000

Postal address: PO Box 8349
Perth Business Centre WA 6849

Telephone: (08) 6551 4888
Toll free: 1800 634 541 (WA country callers only)

Internet: www.dlgsc.wa.gov.au
Email: rgl@dlgsc.wa.gov.au

Availability in other formats

This publication can be made available in alternative formats. The report is available in PDF format at www.dlgsc.wa.gov.au.

People who have a hearing or speech impairment may call the National Relay Service on 133 677 and quote telephone number (08) 6551 4888.

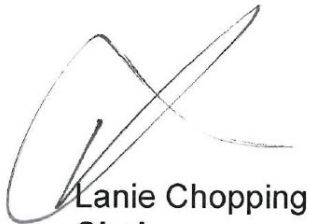
Statement of Compliance

Hon. Reece Whitby, MLA

**Minister for Emergency Services; Racing and Gaming; Small Business;
Volunteering**

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 2021.

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



Lanie Chopping
Chair

18 November 2021



Jodie Meadows
Board member

18 November 2021

Overview of the Commission

Executive Summary

The Gaming and Wagering Commission of WA (the Commission) met on 12 occasions during the reporting period to consider a range of issues relative to the racing and wagering, community gaming, and casino operations and gaming.

Over 1,800 community gaming permits were issued resulting in a gross amount of more than \$103.8 million being raised by permit holders. Following the deduction of event expenses, a net amount of approximately \$52.9 million was returned to beneficiary organisations.

During the year, more than 6,000 inspection or audits were conducted on behalf of the Commission across the regulated areas. Audits and inspections are an important opportunity to assess licensee or permit holder compliance with the conditions applicable to their particular permit or licence, and provide education as required.

The audits and inspections continued to show a high level of compliance with permit and licence conditions with only 55 cautions and 18 infringements issued over the reporting period.

On behalf of the WA racing industry, the Commission collects a product fee from wagering operators nationally who use WA race fields as part of their operations. This product fee is remitted to Racing and Wagering WA (RWWA) on a monthly basis for distribution to registered WA racing clubs. Betting on racing for the reporting period resulted in an increase to levy paid of \$31.2 million. In total, the Commission has remitted \$659 million in racing bets levy to RWWA.

Operational Structure

Enabling Legislation

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

Responsible Minister

As at 30 June 2021, the Minister responsible for the Racing and Gaming portfolio was the Honourable Reece Whitby, MLA, Minister for Emergency Services; Racing and Gaming; Small Business; Volunteering.

Responsibilities of the Gaming and Wagering Commission

The *Gaming and Wagering Commission Act 1987* establishes the Commission to control and regulate gambling, and provides the regulatory framework enabling permitted gambling. Permitted gambling includes the parameters under which general gambling is permitted to occur, as well as social gambling, permitted two up, gambling machines and devices, permitted Bingo, lotteries and amusements with prizes.

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 wagering.

Online gambling in Australia is currently subject to the requirements of the *Interactive Gambling Act 2001* (Cth). The Commission is aware of concerns regarding the availability of online gambling and is exploring the extent to which it has a role in regulating online gambling.

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 WA 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;*
- *Long Service Leave Act 1958;*
- *Minimum Conditions of Employment Act 1993;*
- *Occupational Safety and Health Act 1984;*
- *Procurement Act 2000;*
- *Public Sector Management Act 1994;*
- *Salaries and Allowances Act 1975; and*
- *State Records Act 2000*

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 WA	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 WA 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 DLGSC 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 DLGSC 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 WA were:

Ms Lanie Chopping - Chairperson

Lanie Chopping is interim Director General of the Department of Local Government, Sport and Cultural Industries. She has extensive experience in regulatory and citizen-focused roles across WA's public sector. Lanie was formally the Commissioner for Consumer Protection and the Acting Executive Director for Consumer Protection at the Department of Mines, Industry Regulation and Safety. Lanie has also held senior positions at the Department of the Premier and Cabinet, the Economic Regulation Authority, and the West Australian Council of Social Service.

Ms Katie Hodson-Thomas - Member

Ms Katie Hodson-Thomas currently works as a Director of FTI Consulting and is a registered lobbyist in WA. Katie has been a state member of WA 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 and is a Graduate of the Australian Institute of Company Directors (AICD).

Ms Jodie Meadows – Member

Ms Meadows has been a member of the Gaming & Wagering Commission of WA since August 2018. She has over 30 years of experience in corporate and financial governance. She is a Graduate of the Australian Institute of Company Directors (AICD) as well as a member of the AICD's 2018 Director Pipeline Program. Ms Meadows currently sits on the Boards of GolfWA, 1ICT Pty Ltd and G10 Consulting Pty Ltd and the General Council of HBF Inc. Ms Meadows holds a Bachelor of Commerce from UWA, has 18 years of experience as a Chief Financial Officer and has been a member of Chartered Accountants Australia and New Zealand for almost 30 years. She has a comprehensive working knowledge of the rules of gaming and wagering, and is deeply committed to addressing the issue of problem gambling.

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 board of Fremantle Port Authority, 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 is a graduate of the Australian Institute of Company Directors (AICD).

Ms Matilda Prowse - Member

Ms Matilda Prowse currently works for the Australian Red Cross. Matilda has over 25 years experience working in the public and not-for-profit sectors in Australia and the United Kingdom. She also runs her own consultancy business. Matilda is a graduate of the Australian Institute of Company Directors (AICD).

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 Chairperson of the Commission. Barry has over 25 years experience in regulation of the liquor and gambling industries in WA.

Mr Steve Dobson - Member

Mr Steve Dobson is a Director of a Financial Planning business, Chair of the Small Business Development Corporation of WA, and holds Board Member positions with several community groups. A former Police Officer, his qualifications include an MBA from Murdoch University, a Bachelor of Business, and graduate membership of the Australian Institute of Company Directors (AICD).

Outgoing members**Mr Duncan Ord OAM – Chairperson (until 30 May 2021)**

Duncan Ord was the Director General of the Department of Local Government, Sport and Cultural Industries until his retirement in 2021. 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 (until 31 December 2020)

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.

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)	4,621,938 ⁴	5,163,681 ¹	541,742
Net cost of services (sourced from Statement of Comprehensive Income)	(105,768) ⁴	(720,486) ²	(614,718)
Total equity (sourced from Statement of Financial Position)	8,814,756	7,232,748	(1,582,008)
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	(114,571) ⁴	(911,632) ³	797,061
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	0.81%	1.19%	0.38%
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	\$481	\$448	(\$33)
Cost per Casino Employee Licence issued	\$1,264	\$1,126	(\$138)
Cost of monitoring the integrity of casino gaming operations over one year	\$924,281	\$1,426,474	\$502,193
Cost per instance of unlawful gambling detected	\$46,214	\$29,311	(\$16,903)
Cost per casino submission received	\$895	\$878	(\$17)

¹ Excludes \$136,362,312 (expenses) related to restricted cash and special purpose accounts as identified in the Statement of Comprehensive Income presented later in this report.

² Excludes \$136,362,312 (expenses) and \$130,860,112 (revenue) related to special purpose accounts and restricted cash and \$4,531,784 of Income from State Government as identified in the Statement of Comprehensive Income presented later in this report

³ Excludes \$4,275,626 of Cash Flows from State Government and (\$5,495,692) 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 DLGSC.

*** 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 DLGSC 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 2020-21, a total of 1,830 community gaming permits were approved, while 148 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	2017-18	2018-19	2019-20	2020-21
Bingo	181	214	187	160
Continuing Lottery	171	168	121	128
Gaming Functions	531	692	377	354
Standard Lottery	1,012	925	674	730
Calcutta	47	49	34	40
Two-up	70	75	44	49
Video Lottery Terminals (VLTs)	332	338	237	288
Total	2,344	2,461	1,674*	1,830
Class of Gaming Equipment	6	6	0	7
Item of Gaming Equipment	0	0	2	0
Approval of Premises	107	177	88	95
Gaming Operator's Certificate	37	40	18	38
Supplier's Certificate	8	19	8	1
Total	158	242	116*	148

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

A gross amount of approximately \$103.8 million was raised by permit holders during the reporting period.

A large increase in net revenue raised via standard lotteries (raffles) for the reporting period is noted. This can be attributed to a change to legislation in September 2019 allowing organisers of raffles operated from other Australian jurisdictions to apply for a permit to offer raffles to WA residents.

Following the deduction of expenses associated with running events, an approximate net amount of \$53 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 WA community.

Comparison of Gross and Net Revenue Raised by Gaming Permit Holders						
	2018-19		2019-20		2020-21	
	Gross	Net	Gross	Net	Gross	Net
Bingo	\$6,633,774	\$823,507	\$5,858,399	\$673,654	\$6,195,657	\$1,437,681
Continuing Lottery	\$4,410,990	\$919,597	\$3,638,016	\$783,462	\$3,259,365	\$745,983
Gaming Functions	\$6,173,759	\$409,930	\$8,567,045	\$480,860	\$6,254,186	\$518,439
Standard Lottery	\$52,075,930	\$25,817,813	\$44,669,836	\$24,292,628	\$83,083,557	\$49,675,226
Calcutta	\$416,923	\$41,885	\$468,382	\$76,497	\$445,727	\$95,119
Two-up	\$76,967	\$20,111	\$51,888	\$16,821	\$52,304	\$18,808
VLTs	\$4,428,000	\$442,800	\$4,659,043	\$465,904	\$3,622,566	\$362,256
Total	\$74,216,343	\$28,475,643	\$67,912,609	\$26,789,826	\$103,753,031	\$52,973,479

The following table provides a four-year summary of revenue raised from gaming-related fees charged by the Gaming and Wagering Commission.

Revenue Raised by Fees	2017-18	2018-19	2019-20	2020-21
Bingo	\$61,619	\$79,014	\$56,798	\$60,410
Continuing Lottery	\$43,588	\$43,819	\$47,811	\$45,220
Gaming	\$453,655	\$519,068	\$366,069	\$413,115
Class/Item of Gaming Equipment	\$690	\$702	0	\$830
Standard Lottery (including Calcutta)	\$106,848	\$88,332	\$75,695	\$77,075
Two-up	\$28,813	\$32,695	\$21,697	\$23,380
Operator's Certificate	\$7,842	\$9,099	\$4,296	\$10,484
Supplier's Certificate	\$2,780	\$5,357	\$2,318*	\$2,510
Video Lottery Terminals	\$58,128	\$54,725	\$51,619	\$45,978
Approved Premises	\$6,435	\$11,267	\$6,350	\$6,413
Bookmaker/Totalisator	\$20,312	\$18,937	\$17,532	\$18,314
Bookmaker Manager/Employee	\$852	\$808	\$599	\$498
RWWA Director / Key Employee	\$6,449	\$8,294	\$4,455	\$7,954
Casino Key Employee	\$40,126	\$60,745	\$38,803	\$49,072
Casino Non Key Employee	\$78,854	\$107,396	\$89,928	\$87,734
Total	\$916,991	\$1,040,258	\$783,970*	\$848,987

*Figure corrected since 2019-20 report.

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	2017-18	2018-19	2019-20	2020-21
Casino Key Employee	457	515	516	515
Casino Employee	1,518	1,685	1,632	1,594
Total	1,975	2,200	2,148	2,109

Casino Revenue

In 2020-2021, gross casino gaming revenue of \$480 million was generated, producing casino tax revenue of approximately \$54.6 million for the State representing a \$14.9 million increase in casino tax.

The increase in gaming revenue and casino tax has direct correlation with patron preference for Electronic Gaming Machines (EGMs) gaming activity which saw an increase by \$99.2 million from the previous financial year.

Electronic Gaming Machines were the largest generator of gross casino revenue for 2020-21, representing approximately 64 per cent of the total gross revenue, while Baccarat represented approximately 10 per cent of total gross revenue.

Gross Casino Revenue by Game Type and Total Tax Payable		
	2019-20	2020-21
EGMs	\$206,499,174	\$305,744,305
Fully Automated Table Games	\$7,887,018	\$10,210,417
Roulette Games	\$40,934,767	\$45,129,869
Baccarat Games	\$83,258,529	\$48,007,506
Blackjack	\$23,114,631	\$29,598,481
Other table games	\$29,239,911	\$41,392,724
Total Gross Casino Revenue	\$390,934,031	\$480,083,302
Casino Tax Payable	\$39,741,968	\$54,672,902

Crown Perth has approval to operate a maximum of 350 table games, and 2,500 electronic gaming machines. As at 30 June 2021, 235 table games and 1,515 EGMs were enabled for operation.

Casino Attendance

Casino attendance figures for the reporting period continue to be impacted by capacity restrictions as a result of the WA State Emergency Direction (due to the COVID-19 pandemic).

Casino Attendance Figures			
2017-18	2018-19	2019-20	2020-21
7,993,133	8,138,594	6,115,345	6,227,655

Wagering

Licensing of Racing and Wagering WA (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	2017-18	2018-19	2019-20	2020-21
Directors	11	11	11	11
Key Employee	86	83	81	82
Total	97	94	92	93

Licensing of Bookmaker Operations

Bookmakers' managers and 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, the number of bookmakers operating in WA continue to decline.

	2017-18	2018-19	2019-20	2020-21
Bookmaker Licences				
Active	28	26	25	23
Bookmaker's Manager Licences				
Issued	2	1	0	1
Expired	0	2	0	3
Bookmaker's Employee Licences				
Issued	19	14	18	6
Expired	0	30	17	16

Racing Bets Levy Returns

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

During the reporting period, \$119.7 million in racing bets levy was generated from racing conducted in WA.

Since the introduction of the racing bets levy scheme, more than \$659 million in racing bets levy has been generated for distribution by RWWA.

Compliance Program

The Commission utilises inspectors from DLGSC 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	2017-18	2018-19	2019-20	2020-21
Racing	451	430	444	378
Lotterywest	1,095	1,057	1,036	1,046
Community Gaming	300	271	380	423
Casino	4,456	4,980	6,746	4,196 ¹
Total	6,302	6,738	8,606	6,043

¹ The number of audits and inspections was less than previous years, due to the resourcing impact of the PCRC and movement of staff within the division.

This table provides a four-year summary of the number and nature of compliance activities undertaken by DLGSC.

Inspectorate Program	2017-18	2018-19	2019-20	2020-21
Wagering				
Bookmaker telephone betting inspections	7	0	36	7
Bookmaker licensing and equipment checks	18	11	6	3
Bookmaker betting operations inspections	8	4	9	3
TABtouch agency inspections and cash counts	381	387	358	340
On course tote inspections and audits	0	8	7	3
Racing bets levy return audits	5	3	0	0
Racing Audits - Other	0	17	21	1
Racing industry GST reimbursement claims received	130	127	132	92
Lotterywest				
Verification of Cash 3, Lotto/Soccer Pools, Promotional Draws and GST Claims.	1105	1057	1048	1046
Community Gaming				
Gaming inspections performed	175	178	183	221
Gaming investigations conducted	42	71	58	113
Gaming audits conducted	83	22	139	89
Casino				
EGM software and seal checks	517	3260	3848	3086
Revenue Audits	0	582	9	11
Illegal activity detected	3	0	0	0
Casino audits and inspections completed	3855	1138	2882	1099
Casino GST reimbursement claims received	0	0	0	0
Submissions to the Gaming and Wagering Commission				
Racing industry	18	10	12	1
Racing and Wagering WA	34	41	29	37
Gaming	37	47	38	39
Casino	46	58	21	39
Gaming Compliance issues	24	15	45	52

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

Non Compliance with Legislative Requirements	2017-18	2018-19	2019-20	2020-21
Community Gaming and Casino Infringements Issued	19	16	18	18
Gaming Cautions Issued	14	14	33	55
Violation reports against the casino operation (relating to breaches of game rules, procedures or directions)	3	1	0	0
Racing Prosecutions/Cautions Issued	0	3	15	0
Community Gaming Prosecutions	0	4	0	0
Total	36	38	66	73

Significant Issues Impacting the Commission

Perth Casino Royal Commission

On 5 March 2021, the Honourable Neville Owen (AO), the Honourable Lindy Jenkins and Mr Colin Murphy (PSM), were appointed Royal Commissioners to enquire into the suitability of Crown Perth to continue holding a casino gaming licence and to also examine the State's regulatory framework, including any actual or perceived conflicts of interest by officers involved in casino regulation, and any matters that might enhance the Gaming and Wagering Commission's (the Commission) future capability and effectiveness.

The Perth Casino Royal Commission (PCRC) was established through the publishing of the Terms of Reference in the WA Government Gazette on Friday, 12 March 2021.

To date, the PCRC has sought evidence from:

- Two former DLGSC Directors General and Commission chairs;
- 5 Commission members; and
- a number of former Commission members and current and former DLGSC staff.

The Commission and DLGSC continue to work cooperatively with the PCRC.

On 30 June 2021, the Commission delivered its Interim Report to the Governor, the Hon Kim Beazley AC, and the office of the Premier, the Hon Mark McGowan MLA. The tabling of the report occurred in August 2021. The PCRC is expected to deliver its final report by 4 March 2022.

A significant amount of time and resources have been committed by members of the Commission and the DLGSC to attend PCRC hearings and in response to notices to produce information.

Inquiry under section 143 of the *Casino Control Act 1992* (NSW) - NSW Casino Inquiry

The Independent Liquor and Gaming Authority (ILGA) established an Inquiry under section 143 of the *Casino Control Act 1992* (NSW) on 14 August 2019.

The Hon PA Bergin SC (the Commissioner) was appointed to conduct the Inquiry. The Commissioner delivered a report to the ILGA on 1 February 2021. On 9 February 2021 the report was tabled in Parliament and is available via this [link](#).

Royal Commission into the Casino Operator and Licence (Victoria)

On 22 February 2021, Her Excellency, the Hon. Linda Dessau AC, Governor of Victoria, signed letters patent appointing the Hon. Ray Finkelstein AO QC as Commissioner and Chairperson of the Royal Commission into the Casino Operator and Licence.

The Victorian Royal Commission was established to inquire into, and report on, the suitability of Crown Melbourne Limited to hold a casino licence. The Commissioner delivered his report to the Governor in October 2021.

The the outcomes of both the New South Wales Casino Inquiry and Victorian Casino Royal Commission will play an important role in shaping the reforms that the Commission and DLGSC will implement in the coming year. Actions already taken include the establishment of a General Manager for the Commission Secretariat, and the appointment of a new Deputy Director General and Executive Director for Racing Gaming and Liquor.

Amendments to Regulations

The *Racing and Wagering Western Australia Regulations 2003* were amended on 5 September 2020 to:

- a) remove reference to the Avon Valley Greyhound Racing Association as a prescribed body in Regulation 71 of the *Racing and Wagering Western Australia Regulations 2003* (RWWA Regulations); and
- b) include reference to the WA Professional Trainers' Association Greyhounds as a prescribed body in Regulation 71 of the RWWA Regulations.

The *Racing Bets Levy Amendment Regulation 2021* came into effect from 1 May 2021 to amend the rate and method for calculating Racing Bets Levy (RBL) for operators of a betting exchange as follows:

- Below \$3m in turnover - 1 per cent of turnover (no change)
- Above \$3M in turnover - 31.8 per cent of gross revenue (for all race meetings, standard or premium).

The change of rate and methodology takes into consideration the unique business model of a betting exchange and the manner in which it generates income (from commission it charges winning clients). It is significantly different to traditional betting operators which derive gross revenue by the total value of bets taken less the payouts it makes on those bets.

Attendances at Conferences

Due to travel restrictions related to the effects of COVID-19 senior officers from the DLGSC did not personally attended conferences in 2020-21. The A/Deputy Director General participated in the Australasian Casino and Gaming Regulators Forum and CEO's Forum hosted by Tasmania on 1 June 2021

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, and messaging to be delayed until late 2021, whilst the implementation of a self-exclusion register has been delayed to mid-2022.

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 membership of the Trust as at 30 June 2021 is as follows:

- Ms Lanie Chopping (Chairperson)
- Ms Katie Hodson-Thomas (Member)
- Ms Maxine Connolly (Member)
- Ms Madison Tran (Member)

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

Shire of Shark Bay

On 5 September 2020, the Minister approved a grant of \$110,287 (GST excluded) to fund the purchase and installation of a shed for use by local community groups including the Shark Bay Community Men's Shed, War on Waste Group – Shark Bay Op Shop, Shark Bay Playgroup and the Shark Bay Community Garden Group.

Yawuru Jarndu Aboriginal Corporation (YJAC)

On 5 September 2020, the Minister approved a grant of \$15,078.14 (GST excluded) to undertake the fit out of YJAC's workshop and art studio. YJAC aims to empower Aboriginal and Torres Strait Island women in Broome and surrounding areas by coming together to work with textiles and art to promote healing within a safe space. The fit-out funded by the GCT will provide a space to display art for sale and appropriate storage of art supplies.

Broome Basketball Association (BBAI)



On 5 September 2020, the Minister for Racing and Gaming approved a grant of \$29,992 (GST excluded) towards the construction and fit-out of a storage shed with equipment. The purpose of the storage shed is to support the BBAI's operations and basketball programs that are aimed at engaging Aboriginal and Torres Strait Islander people. This project is currently ongoing and will provide adequate storage of basketball equipment once completed.

Family Planning Association of WA

On 3 December 2020, the Minister for Racing and Gaming approved a grant of \$496,605 (GST excluded) to fund the Family Planning Association of WA's (FPAWA) 'Safe to Tell' program. The FPAWA (also known as Sexual Health Quarters or SHQ) will conduct a comprehensive education and training program on family and domestic violence to primary health professionals in Perth.

The purpose of the training is to upskill the health workforce to better identify, respond to and refer cases of family and domestic violence to obtain assistance in overcoming abuse.

Clubs WA

On 3 December 2020, the Minister for Racing and Gaming approved a grant of \$180,000 (GST excluded) for Clubs WA to undertake the first year of the 'Club Kickstarter Recovery Program'. The program will provide training, mentoring and information to regional clubs to assist them to recover from the negative impacts of COVID-19 economically and on its volunteer base. The program will be delivered in person at a range of regional clubs and also made available online for clubs in remote areas.

Starick

On 3 December 2020, the Minister for Racing and Gaming approved a grant of \$210,000 (GST excluded) for Starick to undertake its 'Early Intervention Project for Children Impacted by Family and Domestic Violence'. Starick is a specialist family and domestic violence (FDV) service supporting women and children. The 'Early Intervention Project for Children Impacted by Family and Domestic Violence' program will develop an early intervention service delivery model that incorporates occupational therapy and speech pathology services. This tool will be used at Starick's refuges to make sure children who have suffered FDV can access vital therapy services.

Activities of the Problem Gambling Support Services Committee

The Problem Gambling Support Services Committee (PGSSC) aims to consider and address the social and economic issues associated with problem gambling in WA. The PGSSC 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 DLGSC.

As at 30 June 2021, the membership of the PGSSC was:

- Emma Thomas, A/Director Strategic Regulation, DLGSC (Chairperson);

Representatives from:

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

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 \$794,000 was allocated to fund research and to promote and provide counselling and support services in 2020-21.

Forward works programs

The PGSSC has endorsed a range of forward works programs during the reporting period including the development of a harm minimisation policy model, new Terms of Reference and support for a scope of works to research into the extent and nature of problem gambling in WA.

The proposed research will consider the extent, nature and prevalence of harm across gaming types, demographic cohorts and distribution in the WA context. The research will also inform the data collection and analysis for ongoing monitoring of problem gambling in the State, and identify areas for focus to protect vulnerable people and reduce harm.

Problem Gambling Helpline

The Problem Gambling Helpline is a free 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 to those people who are unable or unwilling to access face to face counselling. This is particularly beneficial for people in regional and remote parts of the State.

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

DLGSC, on behalf of the Commission, is responsible for managing the helpline contract and its services, including:

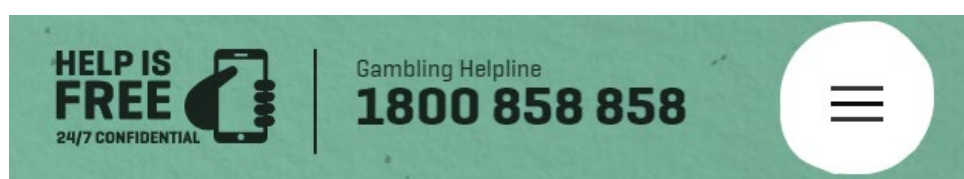
- ensuring adequate qualified counselling staff are provided;
- providing continued improvements to service delivery;
- providing on-going analysis of reports and statistics;
- reporting to the PGSSC on the service delivery; and
- handling the procurement process at the completion of each contract.

Medibank have been contracted to provide the telephone counselling service.

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

	2018-19	2019-20	2020-21
Calls to the Helpline	615	514	609

Of the 609 calls handled by the Helpline over the reporting period, 75.5 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 2022. The contract is monitored by DLGSC 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.

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

	2018-19	2019-20	2020-21
Gambling Help WA Sessions	1,851	1,738	2,173

Centrecare registered 445 new clients within the reporting period; 62 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.

A summary of the clients who visited the webpage between 1 July 2020 and 30 June 2021 is shown below:

ONLINE COUNSELLING BY STATE								
	NSW	VIC	QLD	SA	WA	ACT	TAS	NT
Online Requests for assistance	2741	1401	1170	304	315	101	102	53
Percentage of total requests	40.7	26.8	16.9	6.2	6.7	1.5	1.0	0.2

Of the 315 service requests originating from WA, 309 people went on to participate in live counselling in 2020-21 compared with 341 in 2019-20. Of the 309 clients who undertook live counselling, 63 per cent were male clients and 31 per cent female clients, with the majority aged between 20 and 39.

Education and Awareness

Throughout 2020-21, the 'Show Gambling Who's Boss' problem gambling awareness campaign continued to be advertised in gambling venues across WA.

Advertising directed users to the Gamble Aware website (www.gambleaware.com.au) where information relating to the free help services could be located.



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.

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 PGSSC provide annual funding based on WA'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.



GRA is a partnership between the Commonwealth, State and Territory Governments to initiate and manage a national gambling research program

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 WA 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 2021

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 2021 and the financial position as at 30 June 2021.

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.



Liam Carren
Executive Director, Finance and
Procurement

18 November 2021



Lanie Chopping
Chairperson

Gaming and Wagering Commission
of Western Australia

18 November 2021



Jodie Meadows
Member

Gaming and Wagering Commission
of Western Australia

18 November 2021

Gaming and Wagering Commission of Western Australia

Statement of comprehensive income

For the year ended 30 June 2021

	Notes	2021 \$	2020 Restated * \$
COST OF SERVICES			
Expenses			
Board members expenses	2.1	109,131	118,749
Expenses related to restricted cash and special purpose accounts	2.3	136,362,312	104,589,849
Services and contract fees	2.2	5,054,549	4,204,805
Total cost of services		141,525,992	108,913,403
Revenue and Income			
User charges and fees	3.2	4,443,195	4,263,999
Revenues related to restricted cash and special purpose accounts	3.3	130,860,112	100,568,418
Total income		135,303,307	104,832,417
NET COST OF SERVICES		6,222,685	4,080,986
Income from State Government			
Sports Wagering Account	3.1	3,800,000	5,700,000
Problem Gambling Support Fund	3.1	471,750	629,000
Resources received free of charge	3.1	260,034	-
Interest revenue	3.1	3,125	10,081
Total income from State Government		4,534,909	6,339,081
SURPLUS/(DEFICIT) FOR THE PERIOD		(1,687,776)	2,258,095
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(1,687,776)	2,258,095

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

* Refer Note 7.1 for details regarding the restatement of comparatives

Gaming and Wagering Commission of Western Australia

Statement of financial position

As at 30 June 2021

	Notes	2021 \$	2020 Restated * \$	2019 Restated * \$
ASSETS				
Current Assets				
Cash and cash equivalents	5.1	1,209,134	2,173,889	1,624,114
Restricted cash and cash equivalents	5.1, 7.7	5,933,947	7,100,890	4,699,011
Receivables	4.1	9,897,992	10,280,110	7,054,092
Inventories	4.2	5,883	5,883	5,883
Contract assets	4.3	750,369	745,203	732,934
Total Current Assets		17,797,325	20,305,975	14,116,034
TOTAL ASSETS		17,797,325	20,305,975	14,116,034
LIABILITIES				
Current Liabilities				
Payables	4.4	10,564,419	11,385,451	7,453,605
Contract liabilities	4.5	158	-	-
Total Current Liabilities		10,564,577	11,385,451	7,453,605
TOTAL LIABILITIES		10,564,577	11,385,451	7,453,605
NET ASSETS		7,232,748	8,920,524	6,662,429
EQUITY				
Accumulated surplus	7.9	7,232,748	8,920,524	6,662,429
TOTAL EQUITY		7,232,748	8,920,524	6,662,429

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

* Refer Note 7.1 for details regarding the restatement of comparatives

Gaming and Wagering Commission of Western Australia

Statement of changes in equity

For the year ended 30 June 2021

	Notes	Accumulated surplus \$	Total equity \$
Balance at 1 July 2019, as reported		6,662,429	6,662,429
Correction of prior period errors	7.1	-	-
Balance at 1 July 2019, as restated		6,662,429	6,662,429
Surplus	7.9	2,258,095	2,258,095
Other comprehensive income		-	-
Total comprehensive income for the period		2,258,095	2,258,095
Restated balance at 30 June 2020		8,920,524	8,920,524
Balance at 1 July 2020, restated		8,920,524	8,920,524
Surplus	7.9	(1,687,776)	(1,687,776)
Other comprehensive income		-	-
Total comprehensive income for the period		7,232,748	7,232,748
Balance at 30 June 2021		7,232,748	7,232,748

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 2021

	Notes	2021 \$	2020 \$
Cash Flows from State Government			
Sports Wagering Account		3,800,000	5,700,000
Problem Gambling Support Fund		471,750	629,000
Interest received		3,876	13,477
Net cash provided by State Government		4,275,626	6,342,477
Utilised as follows:			
Cash flows from operating activities			
Payments			
Board members fees		(108,351)	(117,982)
Payments related to restricted cash and special purpose accounts		(126,477,981)	(94,329,764)
Services and contract fees		(4,809,810)	(4,189,126)
GST payments on purchases		(1,072,455)	(767,047)
GST payments to taxation authority		(12,366,475)	(8,441,767)
Receipts			
User charges and fees		4,445,126	4,251,777
Receipts related to restricted cash and special purpose accounts		120,982,289	90,326,642
GST receipts on sales		12,083,097	9,096,897
GST receipts from taxation authority		917,236	779,547
Net cash (used in) operating activities		(6,407,324)	(3,390,823)
Net increase/(decrease) in cash and cash equivalents		(2,131,698)	2,951,654
Cash and cash equivalents at the beginning of the period		9,274,779	6,323,125
Cash and cash equivalents at the end of the period	5.1	7,143,081	9,274,779

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 2021

	2021 Budget Estimate \$	2021 Supplementary Funding \$	Revised Budget \$	2021 Actual \$	2021 Variance \$
<u>Delivery of Services</u>					
Item 28 Net amount appropriated through the Department of Treasury	3,800,000	-	3,800,000	3,800,000	-
Total appropriations provided to deliver services	3,800,000	-	3,800,000	3,800,000	-
GRAND TOTAL	3,800,000	-	3,800,000	3,800,000	-

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 2021

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 18 November 2021.

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 FMA and TIs 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	
Board members expenses	2.1	
Services and contract fees	2.2	
Expenses related to restricted cash and special purpose accounts	2.3	
2.1 Board members expenses		
	2021	2020
	\$	\$
Board fees	99,663	108,446
Superannuation - defined contribution plans	9,468	10,303
Total board members expenses	109,131	118,749

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

2.2 Services and contract fees

	2021 \$	2020 \$
Professional Services	4,347,808	4,140,575
Expenses related to Perth Casino Royal Commission	860,590	-
External Audit Fees	18,333	17,633
Consumables	365	267
Conference/Seminar	326	8,369
Advertising	913	448
Travel	-	1,600
Bank Fees and Charges	3,294	3,012
Other	23,102	32,901
Total services and contract fees	5,054,549	4,204,805

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.

Professional Services relate to the services provided by DLGSC.

2.3 Expenses related to restricted cash and special purpose accounts

	2021 \$	2020 \$ Restated *
Grants and subsidies		
Problem Gambling	501,213	484,998
Gaming Community Trust	814,311	303,260
Sports Wagering	5,085,137	4,520,878
Total grant payments	6,200,661	5,309,136
Racing Bets Levy payment to Racing and Wagering Western Australia (RWAA) (a)	129,915,781	99,776,510
Other services and contract fees (b) - relates to restricted cash and special purpose accounts	245,870	504,203
Total expenses related to restricted cash and special purpose accounts	136,362,312	104,589,849

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.

* Refer Note 7.1 for details regarding the restatement of comparatives

(a): 2019-20 has increased by \$10,260,085 from \$88,516,425 to \$98,776,510 for Racing Bets Levy due to RWAA. This is an accrual accounting entry.

(b): Other services and contract fees include professional services, and other operating expenses related to the Problem Gambling Support Services (2021: \$224,894; 2020: \$453,609), Gaming Community Trust Fund (2021: \$777; 2020: \$553), and Racing Bets Levy Account (2021: \$20,199; 2020: \$49,661).

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
Income from State Government	3.1
User charges and fees	3.2
Revenues related to restricted cash and special purpose accounts	3.3

3.1 Income from State Government

	2021 \$	2020 \$
- Sports Wagering Account	3,800,000	5,700,000
- Problem Gambling Support Fund	471,750	629,000
- Services received free of charge	260,034	-
- Interest revenue	3,125	10,081
Total income from State Government	4,534,909	6,339,081

The Sports Wagering Account received appropriation from the Department of Treasury (\$3.8 million) which is recognised when the Commission gains control of the funds.

The Problem Gambling Support Fund received contributions from Lotterywest (\$255,750) and Racing and Wagering WA (\$216,000). The contributions are recognised when the funds are received.

Resources received from other public sector entities are recognised as income (and assets or expenses) equivalent to the fair value of the assets, or the fair value of those services that can be reliably determined and which would have been purchased if not donated. 2020-21 relates to services received from the State Solicitor's Office for the Perth Casino Royal Commission.

Due to a change in account classification, Income from State Government is restated as \$6,339,081 for the prior year. In 2019-20, it was published as \$6,329,000.

3.2 User charges and fees

	2021 \$	2020 \$
User charges and fees		
- Casino gaming licence fee	3,001,476	2,980,812
- Applications/Licences/Permits	863,877	584,454
- Returns/Levies	133,058	142,164
- Other	2,050	3,906
- Recoups for services provided ^(a)	842,736	552,683
	4,443,196	4,263,999

(a) Recoups for services provided include services provided to Racing and Wagering Western Australia (2021: \$522,003; 2020: \$434,065), and Lotteries Commission of Western Australia (2021: \$120,733; 2020: \$118,598).

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]

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 1059 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

	2021 \$	2020 \$ Restated *
Contributions ^(a)	893,223	1,265,493
Racing Bets Levy ^(b)	129,822,493	99,189,920
Interest revenue - relates to restricted cash and special purpose accounts	44,396	113,005
	130,860,112	100,568,418

* Refer Note 7.1 for details regarding the restatement of comparatives

(a) Contributions include funding from the Problem Gambling Support Services (2021: \$263,250; 2020: \$352,364), Gaming Community Trust Fund (2021: \$245,525; 2020: \$174,658), Sports Wagering Account (2021: \$384,448; 2020: \$737,899) and Racing Bets Levy (2021: \$0; 2020: \$572).

(b) 2019-20 has increased by \$10,260,085, from \$89,929,835 to \$99,189,920 for Racing Bets Levy due to the Commission. This is an accrual accounting adjustment.

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.

Refer Note 7.7 for revenue in relation to the Racing Bets Levy received under section 14A of the Betting Control Act 1954.

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
Receivables	4.1
Inventories	4.2
Contract assets	4.3
Payables	4.4
Contract liabilities	4.5

4.1 Receivables

	2021 \$	2020 \$ Restated *
Current		
Trade receivables	1,499	3,324
Other receivables (a)	9,895,453	10,260,085
Accrued revenue	11,100	16,701
Total current	9,897,992	10,280,110
Total receivables	9,897,992	10,280,110

* Refer Note 7.1 for details regarding the restatement of comparatives

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.

(a): 2019-20 has increased by \$10,260,085, from \$0 to \$10,260,085 for Racing Bets Levy due to the Commission. This is an accrual accounting adjustment.

4.2 Inventories

	2021 \$	2020 \$
Current		
Betting tickets	1,551	1,551
Betting ledgers	4,332	4,332
Total current inventories	5,883	5,883
Total inventories	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

	2021 \$	2020 \$
Reconciliation of changes in contract assets		
Opening balance	745,203	732,934
Additions	750,369	745,203
Revenue recognised in the reporting period	(745,203)	(732,934)
Balance at end of period	750,369	745,203
Current	750,369	745,203
Non-current	-	-

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

	2021 \$	2020 \$ Restated *
Current		
Trade payables	1,114	6,992
Other payables (a)	9,897,181	10,273,519
GST payable	666,124	1,104,940
Balance at end of period	10,564,419	11,385,451

* Refer Note 7.1 for details regarding the restatement of comparatives

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.

(a): 2019-20 has increased by \$10,260,085, from \$13,434 to \$10,273,519 for Racing Bets Levy due to RWWA. This is an accrual accounting adjustment.

4.5 Contract liabilities

	2021 \$	2020 \$
Reconciliation of changes in contract liabilities		
Opening balance	-	-
Additions	158	-
Revenue recognised in the reporting period	-	-
Balance at end of period	158	-
Current	158	-
Non-current	-	-

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		
	Notes	2021 \$
Cash and cash equivalents		2,173,889
Restricted cash and cash equivalents	7.7	7,100,890
Balance at end of period		9,274,779

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 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:

	2021 \$	2020 \$
Financial assets		
Cash and cash equivalents	2,173,889	2,173,889
Restricted cash and cash equivalents	7,100,890	7,100,890
Financial assets at amortised cost	10,280,110	10,280,110
Total financial assets	17,041,073	19,554,889
Financial liabilities		
Financial liabilities at amortised cost ^(a)	9,898,295	10,280,511
Total financial liability	9,898,295	10,280,511

(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.

	Note
Correction of prior period errors	7.1
Events occurring after the end of the reporting period	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 Correction of prior period errors

It has been identified that the accrual for the income received for the Racing Bets Levy and the accrual for the payment to the RWWA had not been recognised at 30 June 2020 or 30 June 2019. This has the effect of understating the revenue and expenditure for the relevant periods, though has a nil impact on the Statement of Financial Position.

The correction of the prior period error has been applied retrospectively and the amount of the adjustment relating to each of the prior periods is presented below.

	As previously reported	Adjustment	Restated
Statement of Financial Position			
As at 30 June 2020			
Receivables	20,025	10,260,085	10,280,110
Payables	1,125,366	10,260,085	11,385,451
Equity	8,920,524	-	8,920,524
As at 1 July 2019			
Receivables	41,426	7,012,666	7,054,092
Payables	440,939	7,012,666	7,453,605
Equity	6,662,429	-	6,662,429
Statement of Comprehensive Income			
For the year ended 30 June 2020			
Expenses related to restricted cash and special purpose accounts	94,329,764	10,260,085	104,589,849
Revenues related to restricted cash and special purpose accounts	90,308,333	10,260,085	100,568,418

7.2 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.

7.3 Key management personnel

The Commission has determined key management personnel to include 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 (\$)	2021	2020
0 - 10,000	5	3
10,001 - 20,000	5	6
	2021	2020
	\$	\$
Total compensation of members of the Commission	109,131	118,749
Compensation band (\$)	2021	2020
0 - 10,000	1	1
	2021	2020
	\$	\$
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);
- appropriation from the Department of Treasury (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);
- resources received free of charge from the State Solicitor's Office (Note 3.1);
- 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);
- 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.

	2021 \$	2020 \$
Balance at start of period	533,484	409,914
Receipts	794,143	1,062,177
Payments	(726,107)	(938,607)
Balance at end of period	601,520	533,484

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.

	2021 \$	2020 \$
Balance at start of period	1,385,088	1,495,391
Receipts	250,543	193,880
Payments	(815,088)	(304,193)
Balance at end of period	1,020,543	1,385,088

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.

	2021 \$	2020 \$
Balance at start of period	4,530,092	2,554,733
Receipts	4,208,211	6,496,237
Payments	(5,085,137)	(4,520,678)
Balance at end of period	3,653,166	4,530,092

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.

	2021 \$	2020 \$
Balance at start of period	652,226	238,974
Receipts	120,058,142	88,979,338
Payments	(120,051,650)	(88,566,086)
Balance at end of period	658,718	652,226

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

5,933,947 **7,100,890**

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.

	2021 \$	2020 \$
Balance at start of period	938,211	4,478,869
Receipts	1,208,548	200,998
Payments	(511,027)	(3,741,656)
Balance at end of period	1,635,733	938,211

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:

	2021 \$	2020 \$
Auditing the accounts, financial statements, controls, and key performance indicators	18,000	15,733

7.9 Equity

	2021 \$	2020 \$ Restated *
Accumulated surplus/(deficit)		
Balance at start of period	8,920,524	6,662,429
Correction of prior period error (a)	-	-
Restated balance at the start of the period	8,920,524	6,662,429
Result for the period	(1,687,776)	2,258,095
Balance at end of period	7,232,748	8,920,524

(a) Refer Note 7.1 for details regarding the restatement of comparatives

7.10 Administered transactions

	2021 \$	2020 \$
7.10.1 Video lottery terminals	99,929	104,828

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	90,707	99,171
---------------------------------------	---------------	---------------

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 annual estimates (original budget) and actual results for 2021, and between the actual results for 2021 and 2020 are shown below. Narratives are provided for key major variances which are greater than 10% and 1% of Total Cost of Services for the Statements of Comprehensive Income and Statement of Cash Flows (i.e. 1% of \$4,621,938), and are greater than 10% and 1% of Total Assets for the Statement of Financial Position (i.e. 1% of \$9,984,968).

7.11.1 Statement of Comprehensive Income Variances

	Variance note	Estimate 2021 \$	Actual 2021 \$	Actual 2020 \$	Restated \$	Variance between estimate and actual \$	Variance between actual results for 2021 and 2020 Restated *
Expenses							
Board members expenses		109,132	109,131	119,749		(1)	(9,618)
Expenses related to restricted cash and special purpose accounts	1, a	-	136,362,312	104,569,849		136,362,312	31,772,463
Services and contract fees	2, b	4,512,806	5,054,549	4,204,805		541,743	849,744
Total cost of services		4,621,938	141,525,992	108,913,403		136,904,054	32,612,590
Income							
User charges and fees		4,510,170	4,443,195	4,263,999		(66,975)	179,196
Revenues related to restricted cash and special purpose accounts	3, c	-	130,860,112	100,568,418		130,860,112	30,291,694
Total income other than income from State Government		4,510,170	135,303,307	104,832,417		130,793,138	30,470,892
NET COST OF SERVICES		111,768	6,222,685	4,080,986		6,110,916	2,141,698
Income from State Government							
Sports Wagering Account	4, d	-	3,800,000	5,700,000		3,800,000	(1,900,000)
Problem Gambling Support Fund	5, e	-	471,750	629,000		471,750	(157,250)
Resources received free of charge	6, f	-	260,034	-		260,034	260,034
Interest revenue		6,000	3,125	10,081		(2,875)	(6,956)
Total income from State Government		6,000	4,534,909	6,339,081		4,528,909	(1,804,172)
SURPLUS/(DEFICIT) FOR THE PERIOD		(105,768)	(1,687,776)	2,258,095		(1,582,007)	(3,945,871)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(105,768)	(1,687,776)	2,258,095		(1,582,007)	(3,945,871)

* Refer Note 7.1 for details regarding the restatement of comparatives

Major Estimate and Actual (2021) Variance Narratives

- 1) No budget estimates are prepared for the Expenses related to restricted cash and special purpose accounts since their business activities are mainly driven from external sources.
- 2) Services and contract fees exceeded the budget estimates by 12% as expenses related to the Perth Casino Royal Commission of \$0.6 million were not foreseen.
- 3) 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.
- 4) No budget estimates are prepared for the Sports Wagering Account.
- 5) No budget estimates are prepared for the Problem Gambling Support Fund.
- 6) The budget estimates did not include resources received free of charge.

Major Actual (2021) and Comparative (2020) Variance Narratives

- a) Expenses related to restricted cash and special purpose accounts exceed 2020 by \$31.8 million (30%) mainly due to an increase in the amount remitted to RWWA for the racing bets levy (\$31.2 million) and grant payments for the Sports Wagering Account (\$0.5 million).
- b) An increase of 20% from 2020 in services and contract fees relate to the expenses associated with the Perth Casino Royal Commission (\$0.6 million) and increase to the professional services provided by DLGSC (\$0.2 million).
- c) Revenues related to restricted cash and special purpose accounts exceed 2020 by 30% mainly due to an increase of \$30.8 million in racing bets levy. The increase in racing bets levy receipts continues a trend which began during the COVID-19 pandemic. There was a large increase in spend on Australian racing generally, including the Western Australian racing product. Initially this was because of the close down of many sporting competitions throughout world and therefore a lack of wagering options and availability on sports.
- d) The 33% reduction in income from state government for the Sports Wagering Account for 2021 is a result of an initial \$1.5 million in appropriation carried over from 2019 to 2020.
- e) Contributions from the Lotteries Commission and RWWA to the Problem Gambling Support Fund for 2021 were reduced by 25% to further minimise the financial impact on members due to COVID-19.
- f) An increase of 100% is due to resources from the State Solicitor's Office received free of charge in 2021 for the Perth Casino Royal Commission.

7.11.2 Statement of Financial Position Variances

	Variance note	Estimate 2021 \$	Actual 2021 \$	Actual 2020 Restated \$	Variance between estimate and actual \$	Variance between actual results for 2021 and 2020 Restated * \$
ASSETS						
Current Assets						
Cash and cash equivalents	7, g	2,059,318	1,209,134	2,173,889	850,184	(964,755)
Restricted cash and cash equivalents	8, h	7,100,890	5,933,947	7,100,890	1,166,943	(1,166,942)
Receivables	9	68,508	9,897,992	10,280,110	(8,829,494)	(382,118)
Inventories		5,883	5,883	5,883	-	-
Contract assets		750,369	750,369	745,203	-	5,166
Total Current Assets		9,984,968	17,797,325	20,305,975	(7,812,358)	(2,508,649)
TOTAL ASSETS		9,984,968	17,797,325	20,305,975	(7,812,358)	(2,508,649)
LIABILITIES						
Current Liabilities						
Payables	10	1,170,212	10,564,419	11,385,451	(8,394,207)	(821,032)
Contract liabilities		-	159	0	(159)	159
Total Current Liabilities		1,170,212	10,564,577	11,385,451	(9,394,365)	(820,874)
TOTAL LIABILITIES		1,170,212	10,564,577	11,385,451	(9,394,365)	(820,874)
NET ASSETS		8,814,756	7,232,748	8,920,524	1,582,006	(1,687,775)
EQUITY						
Accumulated surplus		8,814,756	7,232,748	8,920,524	1,582,008	(1,687,776)
TOTAL EQUITY		8,814,756	7,232,748	8,920,524	1,582,008	(1,687,776)

* Refer Note 7.1 for details regarding the restatement of comparatives

Major Estimate and Actual (2021) Variance Narratives

- 7) Cash and cash equivalents for 2021 are less than 41% than estimates as GST (\$0.4 million) payments to the ATO for the Perth Casino Royal Commission were not in the budget.
- 8) Restricted cash and cash equivalents are less than estimates by 18% due to a higher than expected cash outflow from special purpose accounts from previous years.
- 9) Receivables have increased by over 100% from the 2021 estimate due to the revenue accrual for Racing Bets Levy of \$9.9 million.
- 10) Payables have increased by over 100% from the 2021 estimate due to the payable accrual to RWWA of \$9.9 million.

Major Actual (2021) and Comparative (2020) Variance Narratives

- g) Cash and cash equivalents have reduced by 44% since 2020 mainly as a result of increased cash outflow of GST (\$1.1 million).
- h) Restricted cash and cash equivalents have decreased in 2021 by 18% largely due to a reduction in appropriation for the Sports Wagering Account (\$1.4 million).

7.11.3 Statement of Cash Flows Variances

	Variance note	Estimate 2021 \$	Actual 2021 \$	Actual 2020 \$	Variance between estimate and actual \$	Variance between actual results for 2021 and 2020 \$
Cash Flows from State Government						
Sports Wagering Account	10, i	-	3,800,000	5,700,000	3,800,000	(1,900,000)
Problem Gambling Support Fund	11, j	-	471,750	629,000	471,750	(157,250)
Interest received		6,000	3,876	13,477	(2,124)	(9,601)
Net cash provided by State Government		6,000	4,275,626	6,342,477	4,269,626	(2,066,851)
Cash Flows from Operating Activities						
Payments						
Board members fees		(108,714)	(108,351)	(117,982)	363	9,631
Payments related to restricted cash and special purpose accounts	12, k	-	(126,477,981)	(94,329,764)	(126,477,981)	(32,148,217)
Services and contract fees	l	(4,516,861)	(4,809,810)	(4,189,126)	(292,949)	(620,684)
GST payments on purchases	13, m	-	(1,072,455)	(767,047)	(1,072,455)	(305,408)
GST payments to taxation authority	14, n	-	(12,366,475)	(8,441,767)	(12,366,475)	(3,924,708)
Receipts						
User charges and fees		4,505,004	4,445,126	4,251,777	(59,878)	193,349
Receipts related to restricted cash and special purpose accounts	15, o	-	120,982,289	90,326,642	120,982,289	30,655,647
GST receipts on sales	16, p	-	12,083,097	9,096,897	12,083,097	2,986,200
GST receipts from taxation authority	17, q	-	917,236	779,547	917,236	137,689
Net cash (used in) operating activities		(120,571)	(6,407,324)	(3,390,623)	(6,266,753)	(3,016,501)
Net increase/(decrease) in cash and cash equivalents		(114,571)	(2,131,697)	2,951,654	(2,017,126)	(5,083,352)
Cash and cash equivalents at the beginning of the period		9,274,779	9,274,779	6,323,125	-	2,951,654
Cash and cash equivalents at the end of the period		9,160,208	7,143,082	9,274,779	(2,017,126)	(2,131,697)

Major Estimate and Actual (2021) Variance Narratives

10) No budget estimates are prepared for the Sports Wagering Account.

11) No budget estimates are prepared for the Problem Gambling Support Fund.

12) No budget estimates are prepared for the Payments related to restricted cash and special purpose accounts since their business activities are mainly driven from external sources.

13) No budget estimates are prepared for GST payments on purchases.

14) No budget estimates are prepared for GST payments to taxation authority.

15) 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.

16) No budget estimates are prepared for GST receipts on sales.

17) No budget estimates are prepared for GST receipts from taxation authority.

Major Actual (2021) and Comparative (2020) Variance Narratives

i) 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.

j) Contributions from the Lotteries Commission and RWWA to the Problem Gambling Support Fund for 2021 were reduced by 25% to further minimise the financial impact on members due to COVID-19.

k) Payments related to restricted cash and special purpose accounts exceed 2020 by 34% mainly due to an increase in the amount remitted to RWWA for the racing bets levy (\$31 million).

l) An increase of 15% in Services and contract fees is mainly attributed to payments made in relation to the Perth Casino Royal Commission (\$0.4 million) and an increase to services provided by DLGSC (\$0.2 million).

m) Payments for the Perth Casino Royal Commission and increased payments for services provided by DLGSC, grants for Sports Wagering and Gaming Community Trust account for the majority of the increase (40%) in GST payments on purchases.

n) With more racing bets levies collected during 2021 as compared to 2020, the GST collected on those levies paid to the ATO was higher.

o) Receipts related to restricted cash and special purpose accounts exceed 2020 by 34% mainly due to an increase of \$3.1 million in racing bets levy. The increase in racing bets levy receipts continues a trend which began in the last quarter of 2019-20 during the COVID-19 pandemic. There was a large increase in spend on Australian racing generally, including the Western Australian racing product. Initially this was because of the close down of many sporting competitions throughout world and therefore a lack of wagering options and availability on sports.

p) GST receipts on sales increased by 33% from 2020 due to the higher racing bets levies received.

q) GST receipts from taxation authority in 2021 were 18% higher than 2020 as a result of refunds from more GST paid on purchases.



Government of **Western Australia**
Gaming and Wagering Commission of Western Australia

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 2021.

A handwritten signature in black ink, appearing to be 'Lanie Chopping'.

Lanie Chopping
Chairperson
Gaming and Wagering Commission of
Western Australia

18 November 2021

A handwritten signature in black ink, appearing to be 'Jodie Meadows'.

Jodie Meadows
Board Member
Gaming and Wagering Commission of
Western Australia

18 November 2021

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 of Western Australia (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 2020/21 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	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Target	2020-21 Actual
Percentage of unlawful gambling detected in relation to total audits	0.56%	0.49%	0.76%	0.81%	1.19%
Number of violation reports/ infringement notices issued in relation to casino gaming	3	1	0	1	0

The percentage of unlawful gambling detected is higher than targeted due to a higher number of unlawful gambling activities detected compared to the target.

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	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Target	2020-21 Actual
Cost per Gambling Certificate/Permit issued	\$316	\$310	\$310	\$481	\$448
Cost per Casino Employee Licence issued	\$1,083	\$850	\$623	\$1,264	\$1,126
Cost of monitoring the integrity of casino gaming operations over one year	\$1,110,759	\$1,118,682	\$1,334,236	\$924,281	\$1,426,474
Cost per instance of unlawful gambling detected	\$50,489	\$50,849	\$39,242	\$46,214	\$29,311
Cost per casino submission received	\$717	\$617	\$543	\$895	\$878

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 the decreased cost allocation to this activity even though 684 less certificates/permits were issued than what was budgeted.

Cost per Casino Employee Licence issued: This figure is derived by dividing the cost allocation for the activity by the number of licences issued. The difference between the target and actual can be attributed to the decreased cost allocation to this activity even though 150 less certificates/permits were issued than what was budgeted.

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 the total cost of services.

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 \$16,903. 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 as a higher number of submissions were received than targeted..

The table below provides a comparative snapshot of the target and actual costs allocated to activities over 2020-21.

	2020-21 Target		2020-21 Actual	
	Cost Allocated	Number Completed	Cost Allocated	Number Completed
Total Cost of Gambling Certificates/Permits issued	\$1,314,280	2,732	\$917,423	2,048
Total Cost of Casino Employee Licences issued	\$876,187	693	\$611,616	543
Total Cost of monitoring the integrity of casino gaming operations (casino violations)	\$924,281	1	\$1,426,474	0
Total Cost of unlawful gambling detected	\$1,386,421	30	\$2,139,712	73
Total Cost of processing casino submissions	\$44,769	50	\$68,456	78
Total Cost of Services	\$4,545,938	3,506	\$5,163,681	2,742

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 increase in the cost of monitoring the integrity of casino gaming operations compared to the target is due to an increase in the total cost of services. The total cost of services increased mainly due to the legal fees associated with the Royal Commission.
- 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 (73) of unlawful gambling activities being detected to the number targeted (30).

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	2020-21 Target	2020-21 Actual	Difference
Racing	391	378	-13
Lotterywest	1,061	1,046	-15
Gaming	318	423	105
Casino	1,913	4,196	2,283
Totals	3,683	6,043	2,360

Gaming: The increase in the number of actual gaming audits and inspections completed was due to an increased availability and focus of inspectorate resources particularly in regional areas of WA.

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. The number of casino audits and inspections are higher than targeted due to increased audits and inspections on Good Friday when the Casino was closed and a further three days when the Casino closed due to COVID19 restrictions. These additional audits and inspections related to EGMs, table games and various jackpot levels.

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

Operating Expenses	2020-21 Target	2020-21 Actual	Difference
Fees paid to board members	\$99,664	\$99,663	\$1
Superannuation expense to GESB	\$9,468	\$9,468	\$0
Services provided by DLGSC	\$4,347,606	\$4,347,606	\$0
Conference and Seminar fees	\$10,000	\$326	\$9,674
Legal fees associated with the Royal Commission	\$0	\$660,590	-\$660,590
Other operating expenses	\$79,200	\$46,028	\$33,172
Total Cost of Service	\$4,545,938	\$5,163,681	-\$617,743



Auditor General

INDEPENDENT AUDITOR'S OPINION 2021

Gaming and Wagering Commission of Western Australia

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Gaming and Wagering Commission of Western Australia (Commission) which comprise:

- the Statement of Financial Position at 30 June 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Consolidated Account Appropriations for the year then ended
- 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 2021 and the financial position at the end of that period
- 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 responsibilities 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Emphasis of Matter – Restatement of comparative balances

I draw attention to Note 7.1 to the financial statements which states that the amounts reported in the previously issued 30 June 2020 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Commission Members for the financial statements

The Commission Members are responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it 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 Members are responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- 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 responsibilities 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

Report on the audit of controls

Basis for Qualified Opinion

Controls established by the Commission over the Racing Bets Levy receipts were inadequate to ensure the requirements of Regulation 110 of the Betting Controls Regulations 1978 have been complied with. Controls were not adequate to ensure timely receipt of monthly returns nor annual Audited Returns from betting operators, or the information included in these Returns.

Without effective controls there is an increased risk of material misstatement of Racing Bets Levy due to fraud or error, although our substantive procedures did not identify any.

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 Members 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, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, 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 2021.

The Commission Member's responsibilities

The Commission Members are 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 involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an 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 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 audit of 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 2021. 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 Commission's performance and fairly represent indicated performance for the year ended 30 June 2021.

The Commission Member's responsibilities for the key performance indicators

The Commission Members are 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 it 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 Members are 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 responsibilities

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.

Other information

The Commission Members are responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial statements, key performance indicators and my auditor's report.

My opinions do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

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

This auditor's report relates to the financial statements, controls and key performance indicators of the Gaming and Wagering Commission of Western Australia for the year ended 30 June 2021 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, controls 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, controls or key performance indicators. If users of the financial statements, controls 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, controls and key performance indicators.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
18 November 2021

2021-2022 Annual Estimates



Department of Local Government, Sport and Cultural Industries
Gaming and Wagering Commission of Western Australia

TO:	HON REECE WHITBY, MLA	MIN REF:	N/A
FROM:	DUNCAN ORD OAM	FILE NO:	19-1323
SUBJECT:	GAMING AND WAGERING COMMISSION OF WESTERN AUSTRALIA ANNUAL ESTIMATES 2021-22	DATE:	25 March 2021

RECOMMENDATION

I recommend you approve the attached Budget Estimates for the 2021-22 financial year and return to the Department of Local Government, Sport and Cultural Industries (DLGSC).

2021-22 BUDGET ESTIMATES

In accordance with section 40 of *Financial Management Act 2006*, the attached annual budget estimates of Gaming and Wagering Commission of Western Australia (GWC) for 2021-22 financial year are submitted for your approval.

The Commission is projected to record a deficit of \$503,591 for the 2021-22 financial year.

Explanations of the significant variations between the 2020-21 Estimated Actual and the 2021-22 Annual Budget are detailed below.

1. STATEMENT OF COMPREHENSIVE INCOME

1.1 Operating expenses

Fees paid to board members and Superannuation expenses of \$108,714 from the 2021-22 Annual Budget is based on the current membership in 2020-21 of 6 members.

A review of the 2019-20 targeted and actual cost of services for the regulation activities attributable to GWC found compliance audits and inspections for casino and gaming have increased by 5%. Additionally, based on 2020-21 budgeted KPIs and Total Cost of Services (TCOS) for the regulation division, an increase of \$1.2 million (or 28%) was calculated. However, as this is significant increase, DLGSC is proposing to increase the fee for services provided by 5% to \$4,564,986 to support the Commission, consistent with 2020-21.

Conference and Seminar fees have remained at \$10,000 for 2021-22. This estimate is based on the possibility of senior officers required to travel, particularly casino related.

Expenses relating to the contribution to the Problem Gambling Support Fund has increased from \$57,000 in 2020-21 to \$100,000 for 2021-22. The increase is due to the increasing costs of services as well as to support the creation of a new Problem Gambling Awareness Campaign in 2022-23.

The GWC will likely contribute \$500,000 in 2021-22 towards a joint probity investigation associated with the acquisition of shares in Crown Resorts, noting that this funding will be recouped later, possibly within the 2021-22 financial year.

Funding of \$200,000 will be allocated in 2021-22 to obtain independent legal advice for GWC for the purpose of representation before the upcoming Royal Commission that will inquire into and report on the affairs of the Crown Casino Perth and related matters.

A budgeted amount of \$50,000 has been included in other operating expenses for casino and bookmaker probity checks.

1.2 Revenues from services

The Casino Gaming Licence Fee has increased by \$25,830 to \$3,027,306 is an estimate based on the Dec 2020 weighted average of 117.2.

An amount of \$122,846 (\$120,733 for 2020-21) has been included for work undertaken with Lotterywest in relation to verification of all lotto and promotional draws.

Services provided to Racing and Wagering Western Australia (RWVA) for the regulation of activities including audit and cash counts of TAB agencies and administering the Racing Bets Levy Scheme is budgeted at \$531,000 (\$522,003 for 2020-21).

Fees and charges, including Casino employee licence fees, has remained at \$865,958 for 2021-22. The impact of COVID-19 restrictions and the periods of lockdown were considered.

2. STATEMENT OF FINANCIAL POSITION

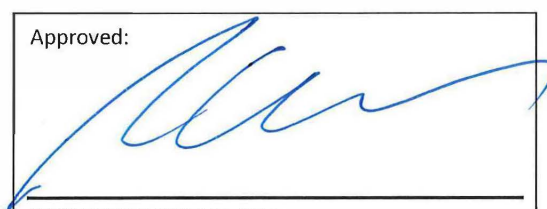
The estimated actual operational 'Cash Resources' at the end of 2021-22 is \$1.48 million, as compared with 2020-21 Estimated Actual of \$1.99 million.



DUNCAN ORD OAM
DIRECTOR GENERAL

Enc.

Approved:



HON REECE WHITBY, MLA
MINISTER FOR RACING AND GAMING

15/4/2021

Gaming & Wagering Commission of WA
Statement of Comprehensive Income
for the year ending 30 June 2022

	ANNUAL BUDGET 2019/20 \$	ACTUAL 2019/20 \$	ANNUAL BUDGET 2020/21 \$	ESTIMATED ACTUAL 2020/21 \$	ANNUAL BUDGET 2021/22 \$
COST OF SERVICES					
Operating expenses					
Fees paid to board members	116,400	108,446	99,664	97,578	99,282
Superannuation expense to GESB	11,092	10,303	9,468	9,270	9,432
Problem gambling expenditure	76,000	76,000	76,000	57,000	100,000
Services provided by DLGSC	4,140,575	4,140,575	4,347,606	4,347,606	4,564,986
Conference & Seminar fees	5,000	9,970	10,000	-	10,000
Probity Investigation Costs	-	-	-	-	500,000
Legal Fees associated with the Royal Commission	-	-	-	-	200,000
Other operating expenses	30,297	54,260	79,200	47,669	73,001
Total operating expenses	4,379,364	4,399,554	4,621,938	4,559,123	5,556,701
Revenues from services					
Casino gaming licence fee	2,976,034	2,980,812	3,001,476	3,001,476	3,027,306
Casino employee licence fee	95,052	127,816	96,768	104,741	96,768
Recoup from Lotterywest	118,598	118,598	120,733	120,733	122,846
Recoup of Probity Investigation Costs	-	-	-	-	500,000
Funding from Racing and Wagering WA	509,763	434,065	522,003	522,003	531,000
Fees and charges	867,025	602,708	769,190	628,956	769,190
Interest received	11,000	10,081	6,000	4,913	6,000
Total revenues from services	4,577,472	4,274,080	4,516,170	4,382,822	5,053,110
Net Cost of Services surplus/(deficit) ^{Note 1}	198,108	(125,474)	(105,768)	(176,301)	(503,591)
Net Movement to Special Purpose Accounts ^{Note 2}	-	2,383,569	-	1,670,267	-
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	198,108	2,258,095	(105,768)	1,493,966	(503,591)
Add Opening balance of accumulated surplus/(deficit)	6,353,556	5,929,495	8,920,524	8,920,524	10,414,490
Change in Accounting Policy/ Prior Period Adjustment	-	732,934	-	-	-
Closing balance of accumulated surplus/(deficit)	6,551,664	8,920,524	8,814,756	10,414,490	9,910,899
ADMINISTERED REVENUE					
Video Lottery Terminals/Continuing Lottery Levy	157,175	188,435	157,175	159,234	159,234

Note 1

The Net Cost of Services surplus/(deficit) excludes the impact of Special Purpose Accounts, and exactly presents the financial performance of the core activities of the Commission.

Note 2

Net Movement to Special Purpose Accounts has no impact on the core operational side of the Commission.

Gaming & Wagering Commission of WA
Statement of Financial Position
as at 30 June 2022

	ANNUAL BUDGET 2019/20 \$	ACTUAL 2019/20 \$	ANNUAL BUDGET 2020/21 \$	ESTIMATED ACTUAL 2020/21 \$	ANNUAL BUDGET 2021/22 \$
CURRENT ASSETS					
Cash resources	1,566,313	2,173,889	2,059,318	1,993,623	1,483,574
Restricted cash	5,979,017	7,100,890	7,100,890	8,784,846	8,784,846
Betting stationery	6,024	5,883	5,883	5,883	5,883
Accounts receivable	-	3,324	-	-	-
GST receivable	60,181	51,807	51,807	68,080	68,080
Accrued revenue	-	-	-	750,369	756,827
Interest receivable	37,750	16,701	16,701	6,887	6,887
Other receivable	-	745,203	750,369	-	-
Total assets	7,649,285	10,097,697	9,984,968	11,609,688	11,106,097
CURRENT LIABILITIES					
Accounts payable	-	6,992	-	-	-
Accrued board fees	-	1,146	1,527	1,527	1,527
Superannuation payable to GESB	-	109	145	145	145
Fees in advance	243,405	-	-	-	-
GST payable	849,637	1,156,748	1,156,748	1,190,820	1,190,820
Receipts in suspense	4,581	3,066	2,678	2,706	2,706
Other liabilities	-	9,114	9,114	-	-
Total liabilities	1,097,623	1,177,173	1,170,212	1,195,198	1,195,198
Net assets	6,551,662	8,920,524	8,814,756	10,414,490	9,910,899
EQUITY					
Accumulated surplus/(deficit)	6,551,664	8,920,524	8,814,756	10,414,490	9,910,899
Total equity/(equity deficit)	6,551,664	8,920,524	8,814,756	10,414,490	9,910,899

Gaming & Wagering Commission of WA
Statement of Cash Flows
for the year ending 30 June 2022

	ANNUAL BUDGET 2019/20 \$ Inflows (Outflows)	ACTUAL 2019/20 \$ Inflows (Outflows)	ANNUAL BUDGET 2020/21 \$ Inflows (Outflows)	ESTIMATED ACTUAL 2020/21 \$ Inflows (Outflows)	ANNUAL BUDGET 2021/22 \$ Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Payments to board members	(116,400)	(107,746)	(99,282)	(97,196)	(99,282)
Superannuation payments to GESB	(11,092)	(10,236)	(9,432)	(9,234)	(9,432)
Problem gambling payments	(76,000)	(76,000)	(76,000)	(57,000)	(100,000)
GST on purchases	-	(767,047)	-	(569,047)	-
GST paid to Taxation Authority	-	(8,441,767)	-	(8,376,396)	-
Services provided by DLGSC	(4,140,575)	(4,140,575)	(4,347,606)	(4,347,606)	(4,564,986)
Conference & Seminar payments	(5,000)	(9,970)	(10,000)	-	(10,000)
Probity Investigation Costs	-	-	-	-	(500,000)
Legal Fees associated with the Royal Commission	-	-	-	-	(200,000)
All other payments	(30,297)	(38,581)	(83,255)	(64,088)	(73,002)
Receipts					
Casino licence fee	2,976,034	2,968,542	2,996,310	2,996,310	3,020,849
Casino employee licence fee	95,052	127,816	96,768	104,741	96,768
Funding from Racing and Wagering WA	509,763	434,065	522,003	522,003	531,000
Recoup from Lotterywest	118,598	118,598	120,733	120,733	122,846
Recoup of Probity Investigation Costs	-	-	-	-	500,000
Fees and charges	867,025	602,756	769,190	628,956	769,190
GST receipts on sales	-	9,096,898	-	8,398,426	-
GST received from Taxation Authority	-	779,547	-	564,936	-
Interest received	11,000	13,477	6,000	4,195	6,000
Net cash from operating activities	198,108	549,777	(114,571)	(180,267)	(510,049)
Net cash from special purpose accounts	-	2,401,877	-	1,683,957	-
Adjusted net cash from operating activities	198,108	2,951,654	(114,571)	1,503,690	(510,049)
Cash at the beginning of the reporting period	7,347,222	6,323,125	9,274,779	9,274,779	10,778,469
Cash at the end of the reporting period	7,545,330	9,274,779	9,160,208	10,778,469	10,268,420
ADMINISTERED REVENUE					
Video Lottery Terminals/Continuing Lottery Levy	157,175	188,435	157,175	159,234	159,234

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.

Ministerial direction resulted in 43 ANZAC Day two up permits being issued in 2020-21.

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 DLGSC's Racing, Gaming and Liquor webpage at www.dlgsc.wa.gov.au or via this [link](#)

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
Chairperson	Lanie Chopping	n/a	1 month	Nil (<i>ex-officio</i>)	Nil
Former Chairperson	Duncan Ord OAM	n/a	11 months	Nil (<i>ex-officio</i>)	Nil
Member	Barry A Sargeant PSM	Paid f/nightly	12 months	\$16,546.93	\$1,571.96
Member	Katie Hodson-Thomas	Paid f/nightly	12 months	\$16,546.93	\$1,571.96
Member	Carmelina Fiorentino	Paid f/nightly	12 months	\$16,546.93	\$1,571.96
Member	Jodie Meadows	Paid f/nightly	12 months	\$16,546.93	\$1,571.96
Member	Matilda Prowse	Paid f/nightly	6 months	\$7,955.25	\$755.75
Member	Steve Dobson	Paid f/nightly	12 months	\$16,356.01	\$1553.82
Former Member	Colleen Hayward AM	Paid f/nightly	6 months	\$8,591.67	\$816.21
Total				\$99,090.64	\$9,413.62

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

Position	Name	Type of Remuneration	Period of Membership	(\$) Gross Remuneration	(\$) Super-annuation
Chairperson	Lanie Chopping	n/a	1 month	Nil (<i>ex-officio</i>)	Nil (<i>ex-officio</i>)
Former Chairperson	Duncan Ord	n/a	12 months	Nil (<i>ex-officio</i>)	Nil (<i>ex-officio</i>)
Member	Maxine Connolly	Per meeting	12 months	\$284.00	\$26.98
Member	Madison Tran	Per meeting	12 months	\$284.00	\$26.98
Member	Katie Hodson-Thomas	Per meeting	12 months	\$142.00	\$13.49
Former Member	Joshua Preston	Per meeting	6 months	Nil*	Nil*
Total				\$710.00	\$67.45

*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 2020-21.

Staff Profile

The Commission does not employ staff but has a net appropriation agreement with DLGSC that relates to functions carried out on behalf of the Commission by staff from DLGSC. Accordingly, the Commission does not report on compliance with these issues. The DLGSC's 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 2020-21 was incurred in the following area:

	Total (exc. GST)
Government Agencies (<i>Government Gazette</i>)	\$490.72

Other Government Policy Requirements

The Commission meets its requirements through arrangements with DLGSC. DLGSC's Annual Report contains information on how they meet 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.