



ACT Government

ACT GAMBLING AND RACING COMMISSION
ANNUAL REPORT

2003-2004



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Mr Ted Quinlan MLA
 Minister for Sport, Racing and Gaming
 ACT Legislative Assembly
 London Circuit
 CANBERRA ACT 2601

Dear Minister,

We have pleasure in submitting to you the ACT Gambling and Racing Commission's Annual Report for the financial year ended 30 June 2004.

This report has been prepared under paragraph 8(5)(a) of the *Annual Reports (Government Agencies) Act 1995* and in accordance with the requirements referred to in the Chief Minister's Annual Report Directions. It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report by the Commission.

We hereby certify that the attached Annual Report is an honest and accurate account and that all material information on the operations of the Commission during the period 1 July 2003 to 30 June 2004 has been included and that it complies with the Chief Minister's Annual Reports Directions.

Section 14 of the *Annual Reports (Government Agencies) Act 1995* requires that you cause a copy of the report to be laid before the Legislative Assembly within six sitting days of receiving the report.

Yours sincerely,

 A handwritten signature in black ink, appearing to read "Malcolm Gray".

Malcolm Gray
 Chairperson

5 August 2004

 A handwritten signature in black ink, appearing to read "Tony Curtis".

Tony Curtis
 Chief Executive

5 August 2004

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1. CHAIRPERSON REVIEW

1.1 Major Issues, Challenges and Achievements for the Reporting Year

The term of appointment of the inaugural Chairperson of the Commission, Mr John Broome, was completed in November 2003. I was appointed as Chairperson of the Commission in January 2004. It is appropriate that I should begin this review by acknowledging the contribution that John made during his tenure of the position. As inaugural Chairperson he provided leadership as the newly created Commission took up its responsibilities. John's views about the role of the Commission and particularly its responsibilities to the community of the ACT were clearly articulated and played an important part in shaping the Commission's early activities. Although much was accomplished during this period, it seems to me that there are two things that especially exemplify John's approach to the task: the Review of the *Gaming Machine Act 1987* and the foundation of the Centre for Gambling Research at the ANU.

The Gaming Machine Act is a key piece of legislation in respect of gambling in the ACT and John took this review very seriously. Earlier this year that work culminated in the passage of the new Act, incorporating many of the recommendations that the Review had made. The work of the Centre is, of course, on going. More details about the research that it is currently undertaking and has recently completed for the Commission are provided elsewhere in this Report. Many of the issues surrounding problem gambling are, as yet, poorly understood and the Commission is pleased to have the assistance of the research of the Centre in dealing with them.

For the Commission, 2003-2004 has largely been a year of consolidation when it has concentrated on improving the performance of its core functions. The Commission has worked to improve its own regulatory procedures and the skills of its staff in carrying them out. It has continued to develop and refine its strategic relationships with the industry in the ACT and to ensure that the wider community are aware of the risks inherent in gambling, including through work with community organisations. In addition the Commission has maintained its close relationships with other Australian and international gambling regulators. National cooperation is essential in dealing with many aspects of regulation of the industry and international relationships provide important opportunities to learn from the experience of others.

Passage of the *Gaming Machine Act 2004* towards the end of the financial year marked the final stage of a sustained period of work by the Commission stretching back almost to its inception. A number of staff has worked on this over the period and the final result is a tribute to their efforts. Towards the end of the financial year, officers of the Commission staff were working with industry to ensure that all were aware of their new responsibilities under the Act. The Commission's program of legislative reviews continued. During 2003-2004, substantial progress was made with the review of the *Casino Control Act 1988* and recommendations for the Minister's consideration should be provided later this year. The Commission launched its review of the gambling Code of Practice with the circulation of a discussion paper and progressed the development of a discussion paper for the review of the *Lotteries Act 1964* and the *Pool Betting Act 1964*.

The past year has seen a range of work funded by the Commission progressing at the Centre for Gambling Research at the ANU. By the end of the year the Commission had received draft reports on the study into the use of ATMs in ACT gambling venues and the detailed analysis of gaming machine access and use in the Tuggeranong Valley. After consideration by the Commission, these reports will be forwarded to the Minister in the coming months. The Commission is anticipating that further reports, on help-seeking and harm minimisation measures in the ACT, will be received in August 2004. In addition a project on adolescent gambling jointly funded by the Australian Research Council is nearing completion, with a report expected in October 2004. This work in the ACT has been complemented by the signing by all

States and Territories of the memorandum of understanding establishing the National Gambling Research Program and the preparation of the draft National Framework on Problem Gambling, which will be considered by Ministers in July 2004.

As detailed elsewhere in this Report, the Commission achieved its financial targets for 2003-2004 and has received an unqualified audit opinion from the Auditor General.

1.2 Overview of Agency Performance and Financial Results

The Commission has achieved all its objectives for 2003-2004 as outlined in its Statement of Performance (Section 4 of this report). Application of risk based audit methodology has been utilised to effectively audit the Territory's gambling providers. In undertaking audits, Commission staff have enhanced the compliance culture within the Territory's gambling industry by applying and maintaining a transparent and constructive approach to audit. Cognisant of the importance of educating gambling providers as to their legislated obligations and in order to assist them in developing and maintaining a culture of compliance, the Commission has developed and refined strategic relationships with industry. Equally, it has ensured that the users of gambling products, as well as the wider community, have been made aware of risks inherent in gambling and of information and measures available to product users, which might assist in reducing potential harm.

The Commission's investigation capability was enhanced during the reporting period as a result of extensive in-house training and the utilisation of external training providers. This capability was utilised in investigating any reported or identified breach of the Territory's gaming laws, including the determination of betting disputes involving the Territory's bookmakers.

The Commission has continued to develop strategic partnerships with other national and international gambling regulators and enforcement agencies to enhance its ability to effectively assess gambling providers' compliance with gaming laws. Through membership of key representative organisations such as the International Association of Gambling Regulators (IAGR) and the Australian Compliance Institute, Commission staff have access to forums that assist them in delivering an effective and efficient audit program.

A key achievement of the Commission in relation to its objective of reviewing gaming legislation for relevance and appropriateness was the passing of the new *Gaming Machine Act 2004*. Following the Gambling and Racing Commission's presentation to Government in October 2002 of its report on its comprehensive review of the *Gaming Machine Act 1987*, the Government announced in October 2003 its position on the Commission's recommendations. Of the 49 recommendations, 30 were supported, 7 were supported with some qualification and 12 were not supported.

A new Bill was drafted based on the Government's response to the Commission's recommendations and was tabled in the Legislative Assembly on 14 May 2004. The Bill was passed, with amendment, on 24 June 2004 and the new Act is expected to commence on 1 November 2004.

In achieving its objective to co-ordinate research and data collection projects, the Commission sponsored and funded an extensive research program undertaken by the ANU Centre for Gambling Research. These projects are discussed in more detail in Section 2 of this report.

Comprehensive information regarding the Commission's financial results is provided in its Financial Statements and Management Discussion and Analysis Report in Section 4 of this report. In summary, the Commission achieved an Operating Surplus of \$418,387, which was \$176,387 better than Budget. Total expenditure on Supplies and Services was \$1,074, 892 or \$8,108 less than budget.

1.3 Outlook for the Coming Year

As outlined in the Commission's 2004-2005 Statement of Intent, a key priority for the Commission in the coming year will be to develop and enhance its relationships with gambling regulators and law enforcement agencies both nationally and internationally to ensure that it remains at the forefront of gambling regulation and that harm arising from the conduct of gambling activities is minimised. A key strategy in achieving this will be the Commission's ongoing participation in national and international forums examining issues associated with gambling regulation and responsible gambling. These forums include the IAGR, the Australasian Casino and Gaming Regulators Chief Executive Officers' Forum, the Regulators' Responsible Gambling Working Party, Australian Lottery Regulators Working Group, Gaming Machine National Standards Working Party and the National Gambling Research Working Party, established by the Ministerial Council on Gambling. The Commission's Chief Executive will attend the annual IAGR conference in the United States during September 2004 as well as the Global Gaming Expo the following month.

Participation in and contribution to these forums ensures that the Commission is kept abreast of initiatives being developed both nationally and internationally to enhance gambling regulation and promote responsible gambling. These forums also enable the Commission to benchmark its own regulatory practices and operations in striving for best practice.

During 2003-04 the Commission continued its involvement in the Cross-Border Betting Task Force established by Australian Racing Ministers during 2002-03, to examine cross-border betting issues related to wagering on Australian racing. Developments associated with cross-border betting and, importantly, proposals related to mergers or take-overs for the larger, state-based, privately owned TABs, are expected to require ongoing participation and involvement by the Commission.

The reports of specific research projects (referred to previously in this section and described in Section 2 of this report) will be examined by the Commission and the Government and publicly released. Additionally, further projects sponsored by the Commission relating to the social and economic impacts of gambling in the ACT will be progressed through its relationship with the Australian National University Centre for Gambling Research in the Research School of Social Sciences.

The activities of the Commission will continue to emphasise pro-active regulation of gambling activity in the Territory. It will concentrate its efforts on gaming machine licensees as well as the casino, lotteries, the racing industry and on-line gambling activities conducted in the Territory. Regular audits on compliance with the mandatory Code of Practice are conducted as part of the inspections undertaken on all gambling licensees.

The Commission's ongoing program of legislative review of ACT gaming laws will continue in 2004-05, including reviews of the *Gambling and Racing Control (Code of Practice) Regulations 2002*, the *Casino Control Act 1988* as well as the *Lotteries Act 1964* and the *Pool Betting Act 1964*. It is expected that these reviews will be completed and recommendations forwarded to the Minister during this period.

The Commission anticipates being in a position to complete its delayed review of the *Interactive Gambling Act 1998* in 2004-05. The Commonwealth's review of its *Interactive Gambling Act 2001* has been completed and a report delivered to the Commonwealth Government. It was considered prudent that completion of the Commission's review be delayed in order that the outcomes and impacts of the Commonwealth review might be taken into account.

The extensive research, conducted by the ANU Centre for Gambling Research (referred to above) and community consultation will provide significant contributions to the legislative review process. The reviews will ensure that the control and regulatory framework of the ACT's gaming laws are appropriate to protect community interests and to effectively deal with technological developments and changes in the gambling industry.

The commencement of the new *Gaming Machine Act 2004*, following a comprehensive review with public consultation, will occur during this period. The Commission will conduct detailed information sessions for licensees to ensure a smooth transition to the new Act.

2. AGENCY ROLE AND OVERALL PERFORMANCE

2.1 Overview of the Agency

The ACT Gambling and Racing Commission (the Commission) is an independent body established under section 5 of the *Gambling and Racing Control Act 1999*. The Act provides for the continued administration of certain Acts relating to gambling and racing and establishes the powers, functions and activities of the Commission.

Membership of the Commission

Section 12 of the *Gambling and Racing Control Act 1999* provides that the Commission shall consist of a Chief Executive and four members. The membership at 30 June 2004 was:

Chairperson:	Mr Malcolm Gray
Members:	Ms Judy Sullivan (Deputy Chairperson) Dr Mark Doverty Ms Joan Perry
Chief Executive:	Mr Tony Curtis PSM

Functions and Powers of the Commission

The Commission's functions and powers are specified in sections 6 through 9 of the *Gambling and Racing Control Act 1999*, as follows:

Section 6(1) states that the functions of the Commission are:

- a) to administer gaming laws;
- b) to control, supervise and regulate gaming in the Territory; and
- c) to perform functions and exercise powers given to the Commission by this or any other Act.

Section 6(2) provides that the functions of the Commission include:

- a) regulating:
 - i. the activities of casinos;
 - ii. machine gaming;
 - iii. lotteries;
 - iv. racing, as provided in the *Racing Act 1999*;
 - v. betting; and
 - vi. interactive gambling.
- b) approving gaming and racing activities;
- c) monitoring and researching the social effects of gambling and of problem gambling;
- d) providing education and counselling services;
- e) engaging in community consultation, as appropriate, on matters related to its functions;
- f) reviewing legislation and policies related to gaming and racing and making recommendations to the Minister on those matters;
- g) monitoring, researching and funding activities related to gaming and racing;
- h) investigating and conducting inquiries into:
 - i. issues relating to gaming and racing; and

- ii. activities of persons in relation to gaming and racing, for the purpose of performing functions or exercising powers under a gaming law; and
- i) collecting taxes, fees and charges imposed or authorised by or under gaming laws.

Section 6(3) allows the Minister to direct the Commission to perform its functions in a particular way.

Sections 6(4) and (5) provide that any directions or guidelines given by the Minister are disallowable instruments and are to be published in the Commission's annual report.

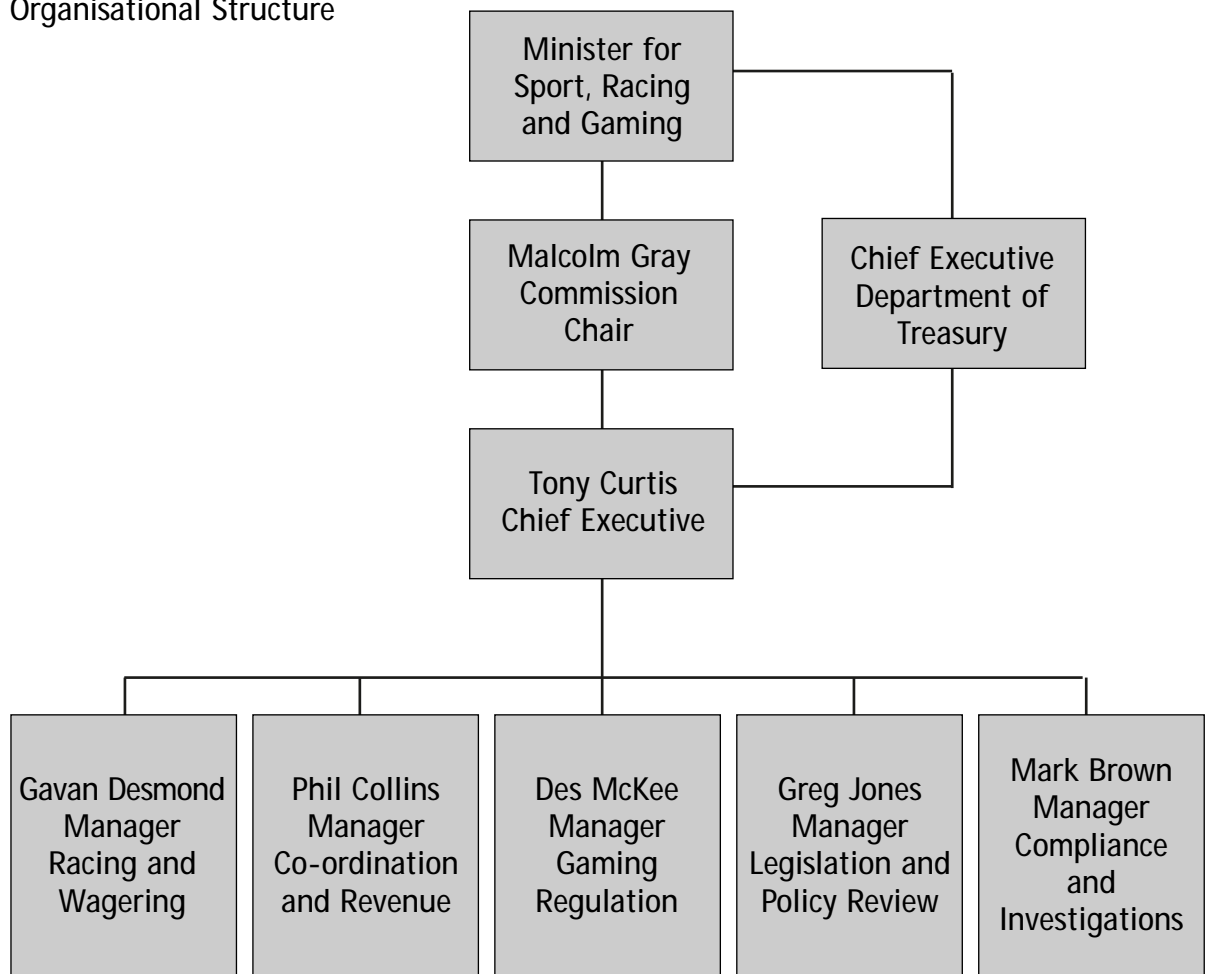
Section 7 states that the Commission must perform its functions in a way that best promotes the public interest, and in particular, as far as practicable:

- promotes consumer protection;
- minimises the possibility of the criminal or unethical activity; and
- reduces the risks and costs, to the community and individuals concerned, of problem gambling.

Section 8 requires the Commission to engage in community consultation when reviewing legislation and policies in providing recommendations to the Minister. The Commission's annual report must describe the processes of community consultation used by the Commission.

Section 9 states that the Commission has power to do all things necessary or convenient to be done for or in connection with the performance of its functions.

Organisational Structure



2.2 Report on Overall Agency Performance

Gaming Regulation

Regulatory activities undertaken by the Commission focus on casino operations, gaming machines, lotteries, interactive gaming and illegal gaming.

Casino Regulation

The Commission's primary objectives in respect of casino regulation are:

- to ensure that gaming activity is conducted fairly and in accordance with approved rules and operating procedures;
- to ensure that the operation of the casino is conducted in accordance with the provisions of the *Casino Control Act 1988*; and
- to administer the Voluntary Exclusion Scheme provided for by the *Casino Control Act 1988*.

In addition to the general monitoring of casino operations, the following specific regulatory activities were undertaken during the reporting period:

- *Employee licensing* – this ensures that persons employed in relation to the operation of the casino are fit and proper in accordance with the provisions of the *Casino Control Act 1988*. A table summary of licensing activities undertaken during the reporting period follows:

Licences Processed	Numbers
New Employees	52
Renewals	204
Variations	11
Total	267

- *Approval of casino layout* – this ensures that there is adequate camera and lighting coverage for the monitoring of tables games. A number of minor changes were approved in 2003-2004.
- *Approval of gaming equipment and chips* – this ensures that gaming equipment is of a high standard and does not contain any bias, and that chips are not counterfeit. After a successful trial in 2003-2004 the 'one2six' multi deck continuous shuffling machine was approved for use in the casino. Similarly, "Touchbet", an electronic supplement to roulette was also approved.
- *Approval of rules of games* – this ensures that casino games are fair and that the rate of return to players is reasonable. In 2003-2004, additional rules relating to roulette to accompany the introduction of "Touchbet" were approved.
- *Approval of operating times* – this ensures adherence to approved trading hours so that patrons are not disadvantaged by modification of those trading hours based on patron winning or losing activity.
- *Approval of operating procedures* – this ensures that gaming and associated support activities are conducted in an honest, accountable and transparent manner, consistent with the best practice in casino operations; and further ensures consistency across table games and strict adherence to reporting requirements.

- *Random audit program* – this utilises risk management methodology to examine all facets of casino operations to ensure that the casino is conducted appropriately with regard to the provisions of the *Casino Control Act 1988*, including the payment of licence fees and government tax.
- Exclusion of patrons at their own request – this ensures that patrons are able to exclude themselves from Casino Canberra in accordance with the provisions of the *Casino Control Act 1988*. In 2003-2004, 38 patrons availed themselves of the self-exclusion process. A further 24 exclusions were initiated by the casino.

Compliance Audits of Casino

A total of **157** audits of the casino were conducted during the reporting period. The Commission continued to develop and refine its risk based audit methodology to ensure that compliance and investigation functions are independent of casino operations. Throughout the reporting period, a number of breaches of rules and procedures were investigated and resolved, with no breach of a serious nature being detected.

Breaches Detected

A total of **859** minor breaches of the approved rules and procedures were identified and addressed during the reporting period. These breaches consisted of

- **851** related to the failure to comply with the approved gaming procedures.
- **4** related to the failure to comply with the approved cash desk procedures.
- **4** related to the failure to comply with the approved security procedures.

Contact Officer: Mr Des McKee, telephone 62070359.

Gaming Machine Regulation

The Commission's principal objectives with gaming machine regulation and control are to:

- ensure that gaming machine operations are conducted in accordance with the provisions of the *Gaming Machine Act 1987* and associated regulations;
- ensure that gaming machine operations in the ACT are of a high standard, are conducted fairly and without corruption, and reflect the desires of the community and the ACT Government;
- collect ACT Government imposed taxes and fees in an effective, accurate and cost efficient way, as far as possible minimising the effort required by licensed bodies in complying with controls without compromising the effectiveness of those controls; and
- ensure that gaming machines and all associated technical equipment approved for installation in the ACT are of a high standard.

The following table summarises the number of licensed gaming machine venues and gaming machines allocated to these venues in the ACT as at 30 June 2004:

Clubs		Hotels/Taverns		Total	
Licensed Venues	No. of Machines	Licensed Venues	No. of Machines	Licensed Venues	No. of Machines
64	4930	7	70	71	5000

Licence Cancellations

The Commission cancelled the gaming machine licence issued to the following organisation:

- Canberra Royals Rugby Football Club (Griffith premises) Voluntary surrender/Administrator appointed.

Applications for Additional Machines

During the reporting period the Commission considered applications for additional gaming machines from three clubs. Following extensive investigations including current machine usage and the need for additional machines, the Commission approved variations to the gaming machine licences of each club authorising additional machines to be installed. In all cases the number of additional machines approved was less than the number of additional machines requested, as the following table illustrates:

Applicant	Number of Machines Sought	Number of Machines Approved
Ginninderra Labor Club	45	20
Lanyon Sports Club	40	30
Vikings Capital Golf Club	80	15

Machine Access

To ensure the integrity of gaming machine operations is maintained, only authorised personnel are permitted to access gaming machines. In this regard, the Commission issues Approved Attendant Certificates to suitable persons who are nominated by licensees and also issues Approved Technician Certificates to suitable persons who are employed by gaming machine suppliers.

The following table summarises the Commission's Gaming Machine Attendant and Technician Certificate assessment activity during the reporting period:

Type of Commission Activity	Number
New and renewed Gaming Machine Attendant applications processed	421
New and renewed Gaming Machine Technician applications processed	12
Refusals to grant an Attendant or Technician Certificate	0
Refusals to renew an Attendant or Technician Certificate	2
Cancellations of an Attendant or Technician Certificate	0
Total current Approved Attendants	718
Total current Approved Technicians	35

Machine Variations - Technical

The Commission approves technical variations to gaming machines to ensure that the integrity of the machines is maintained. Such variations may include changes to a machine's denomination, movement of a machine to/from a linked jackpot arrangement, an upgrade of game software, changes to the artwork or the trade-in of old games for more modern games.

The following table summarises gaming machine variation activity (including the installation of additional machines) during the reporting period:

Type of Commission Activity	Number/Value
Applications processed	698
Machine variations (numbers) approved	3183
Total value of new (replacement) machines approved	\$10.9m

Compliance Audits of Licensed Premises

The following table summarises compliance audit activity undertaken during the reporting period and includes specific audits of gaming machine licensees in relation to compliance with the mandatory Code of Practice:

Nature of Commission Activity	Number of Venues
Comprehensive audits conducted on licensees	281
Partial audits conducted on licensees	0

Breaches Detected

Audit detected a total of **3,350** breaches of the *Gaming Machine Act 1987*. These breaches included:

- **1,018** related to the failure to correctly record gaming machine opening particulars in the repair book in accordance with section 33 of the Act.
- **1,916** related to the failure to display percentage pay-out signage of machine as required by section 49 of the Act.
- **65** related to the failure to display correct linked jackpot signage on machines as required by section 45A of the Act.
- **268** related to the failure to display gambling warning notices either on the machine or near the entrance of the gaming area in accordance with section 51B of the Act.
- **21** related to the failure to maintain satisfactory accounts as required by section 54 of the Act.

Disciplinary Action Taken

In the event of a breach of the legislation being identified by the Commission, an initial warning is issued to the offending licensee and advice provided that any further breaches may result in formal disciplinary action being commenced. However, in the case of more serious breaches or repeat offences, where a warning has been issued, the Commission considers taking disciplinary action against the licensee in accordance with section 24 of the *Gaming Machine Act 1987*. Disciplinary action may take the form of a censure, monetary penalty up to \$10,000 or the suspension or cancellation of a gaming machine licence. Disciplinary action is only taken against a licensee following the issue of a "show cause" notice seeking reasons why such action should not be taken.

The Commission undertook disciplinary action against **11** licensees for breaches of the legislation during the reporting period.

The following table summarises this action:

Licensee	Particulars of Breaches	Disciplinary Action Taken
Australian Croatian Club Ltd	Section 59 Failure to lodge monthly return by due date. Section 60D Failure to lodge community contributions report by due date.	Issue of Censure
Canberra Services Club Ltd	Section 21 Failure to comply with various provisions under the <i>Gambling and Racing Control (Code of Practice) Regulations 2002</i> . Section 30E Failure to maintain records associated with club elections. Section 31 Failure to maintain Rules for the Operation of Gaming Machines. Section 33 Multiple failings to correctly maintain gaming machine repair book. Section 46 Opening of machines by unauthorised persons. Section 54 Failure to maintain required records. Section 60C Failure to maintain detailed records of community contributions records. Section 56 Failure to prepare/submit audited income and expenditure statement in respect of gaming machine operations.	Suspension of licence for 48 hours
Eastern Suburbs Rugby Union and Amateur Sports Club Inc.	Section 59 Failure to lodge monthly return by due date.	Issue of Censure
	Section 59 Failure to lodge monthly return by due date. Section 60D Failure to lodge community contributions report by due date.	\$700 Penalty
	Section 59 Failure to lodge monthly return by due date.	\$800 Penalty
Hockey Centre (Club) Inc.	Section 59 Failure to lodge monthly return by due date.	Issue of Censure
Kambah Inn	Section 58 Failure to pay monthly tax by due date. Section 59 Failure to lodge monthly return by due date.	Issue of Censure
Olims Canberra Hotel	Section 58 Failure to pay monthly tax by due date. Section 59 Failure to lodge monthly return by due date.	\$200 Penalty
Serbian Cultural Club "St Sava"	Section 58 Failure to pay monthly tax by due date. Section 59 Failure to lodge monthly return by due date. Section 60D Failure to lodge community contributions report by due date.	Issue of Censure
	Section 59 Failure to lodge monthly return by due date.	\$400 Penalty
South Pacific Rugby Club Ltd	Section 58 Failure to pay monthly tax by due date. Section 59 Failure to lodge monthly return by due date.	Issue of Censure
Statesman Hotel Motel	Section 58 Failure to pay monthly tax by due date. Section 59 Failure to lodge monthly return by due date.	Issue of Censure
Symonston Tavern	Section 58 Failure to pay monthly tax by due date.	\$500 Penalty
White Eagle Club Inc.	Section 59 Failure to lodge monthly return by due date.	Issue of Censure

Gaming Machine Related Complaints Received by the Commission

During the reporting period, the Commission received 21 written and/or telephone complaints regarding gaming machine issues. Remedial action was taken in each instance and where the identity of complainants was known, advice of the Commission's actions provided.

GST Credit and Refund Scheme

Following the introduction of GST, the ACT Government implemented legislative and administrative arrangements that resulted in the implementation of GST being effectively cost neutral for clubs by way of a credit refund scheme.

In essence, the *Gaming Machine Act 1987* was amended to provide that clubs receive a credit against their gaming machine tax liability for GST paid on gaming machine revenue. However, to assist the viability of smaller clubs, the club industry, through ClubsACT, agreed to all clubs accepting a discount of the credit equal to the refundable credit amount payable to smaller clubs.

The Commission is charged with the responsibility of administering this initiative and during the reporting period, the total value of refunds processed by the Commission was \$268,979. The credit refund scheme was intended as a transitional arrangement designed to support small clubs and give them time to fully adapt to the GST. Following the review of the *Gaming Machine Act 1987*, the scheme has been discontinued with effect 1 November 2004.

Community Contributions

In June 2001, amendments to the *Gaming Machine Act 1987* introduced a requirement that clubs make a minimum level of community contribution from net gaming machine revenue. The changes to the legislation allowed a broader range of community contributions to be accepted as eligible contributions.

Guidelines were approved by the then Minister to assist clubs and the Commission in deciding eligible contributions.

The level of contributions for the 2002-2003 financial year was set at 7% of net gaming machine revenue. The 2002-2003 report indicated a total of \$15.8 million in club community contributions from \$110 million in net gaming machine revenue. Almost 60% of the total contributions were for the category of *Sport and Recreation*

Clubs have an obligation to submit their 2003-2004 community contribution information to the Commission by 31 July 2004. The Commission's 2003-2004 community contribution report must be submitted to the Minister for Sport, Racing and Gaming by 30 September 2004.

Lotteries Regulation

The Commission regulates lottery activity to ensure that they are properly conducted and that subscribers' interests are adequately protected.

Major Interstate Lotteries

The *Lotteries Act 1964* and the *Pool Betting Act 1964* allow for the sale of interstate lottery and lotto type products in the Territory. Lotteries, Lottos and Soccer Pools are currently marketed in the Territory through the NSW Lotteries Corporation and Tattersall's Sweeps Pty Ltd. The ACT Government has revenue sharing arrangements with NSW Lotteries and with the Victorian Government in relation to the value of sales in the ACT.

The sale of lottery products in the ACT is approved by the Commission under the *Lotteries Act 1964* and the *Pool Betting Act 1964*. Any variation to these approvals also requires the approval of the Commission.

Trade Promotions, Raffles and other Lotteries

The *Lotteries Act 1964* also provides for a wide range of lottery-type activities such as trade promotions, raffles, silver circles and Housie. Persons wishing to conduct a lottery in the ACT must apply in writing for approval. Application fees are applicable and are calculated on the total prize value of the lottery. A total of 6,055 permits were issued in 2003-2004, as the table below indicates:

Type of Approval	Amount
Trade Promotions	5559
Raffles	428
Housie	54
Other	14
Total	6055

The Commission undertakes an audit program that covers lotteries conducted in the ACT. The audit program includes investigations as to whether a lottery is conducted with the appropriate approval, whether the approved terms and conditions have been followed and whether approved prizes are forwarded to winners. Where breaches are detected the Commission issues a warning to the lottery organiser outlining the appropriate responsibilities under the legislation or approval conditions.

Compliance Audits of Lottery Providers

A total of **395** audits of lottery and pool betting providers was conducted during the reporting period.

Breaches Detected

The Commission's audit program detected a total of **369** breaches of the *Lotteries Act 1964*. These breaches included:

- **75** related to the conduct of a lottery other than an approved or exempt lottery which breaches section 8(1) of the Act.
- **219** related to the failure to comply with the approved conditions of the lottery, pursuant to section 8(2) of the Act.
- **75** related to the advertising of a private lottery in breach of section 9 of the Act.

The majority of breaches were of a minor and/or technical nature and appropriate remedial action was taken. No prosecutions were commenced. However, formal warning letters were issued to a number of operators.

Lotteries Related Complaints Received by the Commission

During the reporting period, the Commission received 31 written or telephone complaints regarding lotteries issues. The Commission fully investigated all matters and in all but one case, were resolved to the satisfaction of the complainants and the Commission.

Interactive Gaming Regulation

In 2003-2004 (as in 2002-2003) there were no interactive gaming service providers licensed in the Territory.

Illegal Gaming

No incidents of illegal gaming were reported to, or detected by, the Commission during the reporting period.

Racing and Wagering Regulation

The Commission's principal objectives with respect to Racing and Wagering are to

- ensure the suitability of persons engaged in gambling operations associated with the race and sports bookmaking industries;
- ensure that bookmaking is conducted at appropriate venues in accordance with legislative requirements;
- resolve betting disputes; and
- regulate racing as provided in the *Racing Act 1999*.

Race Bookmaking

During the 2003–2004 reporting period the number of licensed race bookmakers operating from racecourses in the ACT further increased from 21 during 2002–2003 year to 25 as at 30 June 2004. The increase reverses the fall in race bookmaker numbers that has been the national long-term trend in the racing industry and appears to be related to inter-State bookmakers acquiring ACT race bookmaking licenses to field on important ACT race meetings such as the Canberra Cup and the Black Opal Stakes.

In September 2003 the rate of taxation on race bookmaker turnover tax was abolished to harmonise race bookmaker conditions in the ACT with those prevailing in NSW.

Cross-border Betting Issues

Product Fee

During the reporting period Commission staff continued to participate in a Cross-border Betting Task Force established by the Conference of Australasian Racing Ministers to examine cross-border betting by bookmakers and related impacts on the Australian racing industry. The formal response of the Australian racing industry to the report of the Task Force was considered by Ministers in October 2003. The industry response focussed heavily on the concept of an off-course bookmaker product fee payable to industry and the means by which such a scheme might be implemented. Industry representatives indicated at that time their preference for a negotiated outcome with respect to industry/bookmaker commercial arrangements. However, industry representatives subsequently advised that negotiations had reached an impasse when Ministers next met in conference in March 2004 in Canberra. Ministers unanimously recognised the entitlements of the national racing industry, as the supplier of the racing product, to introduce a national product fee scheme and to implement and enforce such a scheme, including an approach by industry to the Australian Competition and Consumer Commission for exemption of the product fee proposal from any Trade Practices Act limitations.

Betting Exchanges

The inter-jurisdictional task force examining the emergence of Internet-based betting exchanges and related regulatory and licensing arrangements in which Commission staff also participated, reported to the Conference of Australasian Racing Ministers in July 2003. The Betting Exchange Task Force recommended that no license be granted in Australia for the conduct of a betting exchange on either racing or sport. This recommendation has been adopted by the majority of Australian racing ministers, including the ACT Minister for Sport, Racing and Gaming.

Sports Bookmaking Operations

During the 2003–2004 year the Commission processed one new sports bookmaking licence application. The application was, however, subsequently withdrawn prior to the finalisation of probity checks associated with an assessment against the suitability requirements of the *Race and Sports Bookmaking Act 2001*. The licence application by IASbet.com Pty Ltd, the Northern Territory based sports bookmaking entity previously given conditional approval by the Commission in 2002–2003, was also withdrawn by the applicant late in the 2003–2004 financial year. The number of sports bookmaking licences on issue remains static at six with two of these inactive at the end of 2003–2004.

Sports Bookmaking licensee Networks Pty Ltd, formerly known as Megasports (ACT) Pty Ltd until acquired by Euraust Ltd from American Wagering Inc in 2002–2003, ceased trading during the year under review. The Commission conducted an inquiry into the possible need to take action against Networks Pty Ltd under the provisions of the Race and Sports Bookmaking Act. The Commission also suspended the Networks licence until the inquiry was concluded. The inquiry made no adverse finding against the licensee and the suspension of the licence was lifted following certain undertakings relating to consumer protection issues being provided to the Commission by the proprietors of Networks. However, the Networks licence has remained dormant since the conclusion of the inquiry.

As mentioned in the report for 2002–2003, the Canbet Sports Bookmakers Pty Ltd licence has remained inactive since the relocation of its Internet wagering business to the United Kingdom in April 2003. Nevertheless, Canbet Sports Bookmakers Pty Ltd has maintained its licence and premises in the ACT.

Licensee Capital Sports Pty Ltd, which was restructured during 2003–2004 following its acquisition by new owners and the completion of associated due diligence processes, commenced full time operations during the year under review. The Commission is yet to finalise its specific investigation in respect of the licensee or to approve the proposed ownership structure.

Ownership of Sports Acumen Pty Ltd changed hands during 2003–2004 when Ebet Ltd divested itself of its interest in the sports bookmaking licensee. Changes in directors, shareholdings and related restructuring of the ownership arrangements are currently being investigated by the Commission in accordance with the requirements of relevant legislation and are not anticipated to be finalised to the Commission's satisfaction until early in 2004–2005.

During the course of 2003–2004 the Commission completed its examination of the nature and scope of sports bookmakers' security guarantees and revised arrangements were implemented during the year under review. The review of the rules for sports bookmaking, anticipated to be completed during 2003–2004, was delayed chiefly in consequence of fundamental changes in the inter-jurisdictional relationships in Australia relative to cross-border betting, together with associated threats to racing and wagering interests in the ACT. These circumstances have created a high degree of uncertainty with respect to the sports bookmaking industry. While issues relating to cross-border betting and the Australian racing industry are by no means settled from a national perspective, the Commission considered it appropriate to move forward with its review and to this end approved exposure draft sports bookmaking rules and a related discussion paper at its June 2004 meeting. The exposure draft sports bookmaking rules and discussion paper will provide an important component in the second stage of public consultations leading to finalisation of the review during 2004–2005.

The Commission also commenced its examination and review of sports bookmaking events, sports bookmaking venues and associated directions for the operation of sports bookmaking venues during 2003–2004. A revised schedule of approved sports bookmaking events was determined by the Commission in August 2003.

The Commission also intends, in conjunction with ACT racing clubs and other key stakeholders, to examine procedures and telecommunications equipment associated with telephone wagering by race bookmakers during 2004–2005.

Compliance Audits of Racing and Wagering Providers

Commission personnel undertook a total of 65 audits of the providers of racing and wagering products during the reporting period.

Breaches Detected

The Commission's audit program detected a total of 6 breaches of the *Race and Sports Bookmaking Act 2001*. These breaches included:

- 5 related to Sports Bookmakers accepting bets on unapproved events in contravention section 22 of the Act.

- 1 related to a racing club not providing the Commission with details of the race bookmakers that fielded at an event which breaches section 79 of the Act.

No formal disciplinary action was taken in respect of any of the breaches identified.

Betting Disputes

During the reporting period, the Commission dealt with ten betting disputes and issued seven related directions. One betting dispute was withdrawn at the request of the consumer who had originally lodged the dispute. Another dispute was formally rejected by the Commission in accordance with the provisions of the relevant legislation when the initiator of the betting dispute failed to provide the information required by the Commission within the specified time period. One dispute is still being investigated.

A further direction relating to a betting dispute lodged with the Commission in 2002-2003 was also issued.

Contact Officer: Mr G. Desmond, telephone 6207 0359.

Code of Practice

The Commission conducted a total of 204 audits of gambling providers to assess compliance with the Code of Practice. A total of 47 breaches were detected and appropriate advice/warnings issued to licensees. No formal disciplinary action was commenced.

Complaints Concerning Gambling Providers

During the reporting period the Commission received a total of 78* complaints concerning the activity of gambling providers in the Territory. All of these complaints have been investigated and resolved, or are in the process of being investigated. Pursuant to Section 31(3) of the *Gambling and Racing Control Act 1999* the following table provides a statistical summary of those complaints and the results.

Gambling Area	Number of Complaints	Substantiated	Unsubstantiated	Not Yet Finalised
Casino	9	0	9	0
Gaming Machine	21	5	15	1
Lotteries	31	8	23	0
Racing/Race Bookmakers/ACTTAB	1	0	1	0
Sports Bookmakers*	10	0	9	1
Code of Practice	3	1	2	0
Unclassified/other	3	0	3	0
Total	78	14	62	2

***Note:** The matters involving sports bookmakers are referred to the Commission as betting disputes pursuant to the *Race and Sports Bookmaking Act 2001*. They have been incorporated in this section not as a requirement of section 31 of the *Gambling and Racing Control Act 1999*, but to ensure an accurate account of the Commission's investigation activity is provided.

Contact Officer: Mr M. Brown, telephone 6207 0359

Legislative Reviews

During the reporting period the Commission undertook reviews associated with the following pieces of legislation:

Gaming Machine Act 1987

Following the Commission's presentation to Government in October 2002 of its report on its comprehensive review of the *Gaming Machine Act 1987*, the Government announced in October 2003 its position on the Commission's recommendations. Of the 49 recommendations, 30 were supported, 7 were supported with some qualification and 12 were not supported.

A new Bill was drafted based on the Government's response to the Commission's recommendations and was tabled in the Legislative Assembly on 14 May 2004. The Bill was passed, with amendment, on 24 June 2004.

The *Gaming Machine Act 2004* is expected to commence on 1 November 2004 following the conduct by the Commission of extensive information sessions for licensees. The new legislation significantly modernises the old Act and increases the accountability and transparency of gaming machine operations.

Regulations to accompany the new Act are currently being drafted and are expected to be tabled in time to allow for the 1 November 2004 commencement of the Act.

Casino Control Act 1988

A full review of this Act has commenced with the Commission circulating a Discussion Paper for public comment in April 2003. Taking into account the submissions received, the Commission developed a comprehensive Options Paper that was circulated for public comment on 17 April 2004.

The Commission is currently analysing submissions received from the Options Paper with a view to developing final policy positions on significant matters later in 2004. The Commission's views will be outlined in a Policy Paper that will also contain recommendations for the Minister's consideration for the drafting of amendments to the *Casino Control Act 1988*.

Lotteries Act 1964 and Pool Betting Act 1964

The Commission is currently finalising a Discussion Paper for public circulation to assist in the development of a Policy Paper and recommendations to the Minister for legislative amendments. It is expected that the Discussion Paper will be circulated for public comment prior to the end of 2004.

Gambling and Racing Control (Code of Practice) Regulations 2002

The Commission undertook to review the gambling Code of Practice after 12 months of operations. The mandatory Code of Practice commenced in December 2002 with some provisions commencing in May 2003. A Discussion Paper was circulated for public comment on 28 February 2004 to seek input for this review.

The Commission analysed all submissions received and developed a Policy Paper containing recommendations to the Minister for suggested amendments to the Regulations. Formal agreement to the Commission's recommendations is expected early in the new financial year with the drafting of amendments soon afterwards.

Interactive Gambling Act 1988

The review of the *Interactive Gambling Act 1998*, which commenced during the previous reporting period, was placed on hiatus due to the Commonwealth undertaking a review of its *Interactive Gambling Act 2001*. The result of that review will affect the capacity of the Territory to regulate interactive gambling, and thus affect the nature and scope of the review of its own legislation.

The Commonwealth's *Interactive Gambling Act 2001* was enacted on 11 July 2001. The Act is the Federal Government's response to its expressed concerns that the Internet would exacerbate Australia's level of problem gambling, and the associated social and economic costs.

The Act purports to protect Australians by restricting access to interactive gambling services by prohibiting Australian based interactive gambling service providers from having customers in Australia. Except for the 'offending content' complaints mechanism, which may result in an overseas based Internet gaming provider's website being disabled, Australians can access overseas gaming providers.

It is anticipated that, subject to the impacts of changes to the Commonwealth statute, the Territory's review will recommence around mid-2004.

Legislative Amendments

The ACT Legislative Assembly passed an amendment to the *Gaming Machine Act 1987* in March 2004 that will, amongst other things, allow taverns in the ACT access to two Class B (draw poker) gaming machines. The legislation also formalised the requirement for a social impact assessment to be included as part of an application for a gaming machine licence.

Contact Officer: Mr G. Jones, telephone 6207 0359.

Monitoring, Research and Education

In accordance with subsection 6(2) of the *Gambling and Racing Control Act 1999* the Commission is required to monitor and research the social effects of gambling and problem gambling.

The Commission complied with this requirement through a range of activities and strategies including the sponsoring and funding of a number of gambling research projects through its strategic alliance with the Centre for Gambling Research at the Australian National University (ANU).

Research Projects

During the reporting period the Commission sponsored and funded a number of research projects with the ANU Centre for Gambling Research. The projects outlined below were initiated following a request by the Minister for Sport, Racing and Gaming to the Commission to undertake further research into a number of recommendations it made to the Government in its review of the *Gaming Machine Act 1987*. The projects are as follows:

The use of ATMs in ACT gaming venues: An Empirical Study

This project was the first empirical study of the use of ATMs and other cash outlets in ACT gaming venues. Its findings will be examined in regard to implications for problem gambling, recreational gambling and non-gambling residents. As well as analysis of relevant baseline data, this project conducted interviews and a survey of 755 ACT residents to identify and analyse the self-reported experiences of gamblers themselves, as well as other non-gambling citizens.

Specifically the project was designed to assess the demands on and need for ATM and cash facilities in gaming venues in the ACT, as well as attitudes towards existing and potential policies. The purpose for gathering such information is to ascertain the extent to which the use of ATMs in licensed facilities is an accepted activity in the ACT and whether there are any identifiable patterns of use, which might impact on problem gambling and have policy implications. Such information has specific application for policy development in the ACT and perhaps in other jurisdictions.

A draft report on this project was provided to the Commission on 30 June 2004. It will be examined by the Commission in the coming months and forwarded to the Minister.

Gaming Machine Accessibility and use in Suburban Canberra: A detailed analysis of the Tuggeranong Valley.

This project extended upon the 2001 *ACT Gambling Survey* and examined in detail the accessibility of Electronic Gaming Machines (EGMs) for a sample population in a particular area of suburban Canberra

(Tuggeranong) and patterns of EGM usage by local residents. The purpose was to gather information, which can assist in policy decisions regarding possible increases in the number of EGMs. To achieve this, information about the use of EGM and non-EGM licensed premises was obtained through a population survey in the Tuggeranong Valley. The survey explored the use of, and travel to, EGM and non-EGM licensed venues, use of gaming machines, attitudes towards a possible increase in EGMs and other relevant policy issues. Survey responses were analysed in the context of data on the spatial and social characteristics of the Tuggeranong area.

A geographically stratified sample of residents was obtained in a door-to-door format. Approximately 15-20 surveys were obtained from residents in each of the 117 Australian Bureau of Statistics (ABS) Collection Districts (CDs) in the region. This enabled detailed mapping and geo-statistical analysis of EGM use in the region at a suburb and CD level. Because a door-to-door format was employed, accurate spatial variables could be integrated into the data analysis for interrogation with Geographical Information Systems (GIS). A GIS specialist was recruited for this procedure.

This project surveyed approximately 2,000 residents and resulted in the detailed mapping of gaming and non-gaming facility use in the Tuggeranong Valley area. The draft report on this project was provided to the Commission on 30 June 2004. It will be examined by the Commission in the coming months and forwarded to the Minister.

Help-seeking by Gamblers, Friends and Families in the ACT: A focus on Cultural and Gender Issues

This study seeks to identify how and where problem gamblers and their families and friends seek help. It also aims to identify any barriers they encounter and suggest measures to overcome these barriers. The project further explores the recommendations of both the 2001 ACT Needs Analysis and the 2002 ACT Legislative Assembly Select Committee Report on The Status of the Women in the ACT. Both reports state that cultural groups and women are not sufficiently supported when seeking help for gambling related problems. The research aims to be a first step towards hypothesis generation and testing, and will guide future research, problem prevention and intervention strategies in the area of multicultural gambling and the family.

The draft report on this project will be provided to the Commission in August 2004.

Review of the ACT Government's Harm Minimisation Measures

This study is currently:

- examining the background to the implementation of three measures:
 - y three-hour shutdown (associated with the restriction on liquor sale);
 - y restriction on total stake amount (currently \$10); and
 - y maximum payout on stand-alone gaming machines and progressive jackpots.
- clarifying the objectives of three of the ACT Government's harm minimisation measures;
- analysing the likely effect of the harm minimisation measures on problem and 'at risk' gamblers and their family and friends, recreational gamblers, non-gamblers, venues, and the general community; and
- assessing and balance the costs and benefits of the harm minimisation measures.

For each of the measures the review will consider:

- the extent to which the Government's measures have helped minimise harm from problem gambling;
- what have been the impacts on recreational gamblers;
- what have been the impacts on gaming venues; and
- what have been the impacts on the community.

The draft report on this project will be provided to the Commission in August 2004.

An additional project sponsored by the Commission during the reporting period was *Adolescent Gambling: Prevalence, Risk Factors and Opportunity for Controls and Interventions*. The project is jointly funded by the Commission and a grant to the ANU Centre for Gambling Research from the Australian Research Council Industry Partnership Agreement scheme. Based on a survey of secondary school students in the ACT, the research will provide fundamental baseline data on the prevalence of gambling and problem gambling, identify risk factors for adolescent problem gambling, identify co-morbidity of gambling and other problems, students' exposure to gambling advertising, their cognitive perceptions of gambling, and their awareness of help for problem gamblers. Eighteen schools from the Government, Independent and Catholic education systems have participated in the survey, involving a sample of 975 students. The project will also identify risk factors for problem gambling, and protective factors and policy opportunities for the reduction of problem gambling. It will also contribute to methodological knowledge by assessing the validity of multiple measures of problem gambling.

The draft report on this project will be provided to the Commission in October 2004.

Inter-Jurisdictional Collaboration

The Commission has continued to participate in collaborative national forums and working parties that focus on gambling and problem gambling, including: the Australasian Casino and Gaming Chief Executive Officers Forum, the Regulators' Responsible Gambling Working Party and the National Gambling Research Program.

The Chief Executive Officers of the gambling regulatory agencies in Australia and New Zealand meet twice yearly to discuss issues of mutual interest. Meetings are generally held in conjunction with the Australasian Casino and Gaming Regulators Conference, which brings together Commissioners and senior executives from regulatory agencies and their governing boards. In 2003 the Commission's Chief Executive chaired this forum and the ACT hosted the regulators conference from 3-5 September 2003. The Minister for Sport, Racing and Gaming officially opened the conference with a welcoming address to all attendees on 3 September 2003. The Commission's Chief Executive and a Commissioner attended the 2004 conference in Melbourne between 26-28 May 2004.

The Regulators' Responsible Gambling Working Party (RRGWP) was established by the Australasian Casino and Gaming Chief Executive Officers (CEOs) in April 2000. Membership of the RRGWP consists of senior officers from gambling regulatory agencies within each jurisdiction as well as New Zealand. The RRGWP establishes networks and links across all jurisdictions with the objective of providing collective advice and information to the Australasian Casino and Gaming CEOs on regulatory responses regarding responsible gambling. In undertaking its role the Working Party has examined a number of gambling and problem gambling related issues and developed papers on topics such as:

- National Consumer Protection Guidelines and Advertising Standards for gaming machines,
- inducements, card-based gaming and player loyalty systems, and
- responsible gambling issues relating to gaming machines.

A Memorandum of Understanding establishing the National Gambling Research Program, was signed by all States and Territories and the Commonwealth on 27 October 2003. Since this time the Working Party has established a program of research projects to be undertaken over the next five years, as well as a peer review process that will apply to all projects to enhance the scientific credibility and integrity of the studies. Sixteen research projects within the program have been scoped and the initial project, *National Approach to Definitions of Problem Gambling and Consistent Data Collection*, has been placed for tender. A contract for this initial research project is expected to be signed in July 2004.

Ministerial Council on Gambling – (Draft) National Framework on Problem Gambling

The Ministerial Council on Gambling Officials' Working Party, on which the Commission is represented, has met on four occasions during the reporting period to develop a (Draft) National Framework on Problem Gambling 2004-2008. This draft framework is to be presented for final approval to the Ministerial Council on Gambling at its meeting on 2 July 2004.

The draft framework, the aim of which is to “minimise the negative consequences of problem gambling to the individual, their family and the community through a national approach”, outlines a range of strategies and objectives involving the responsibilities of the Australian Government and State and Territory governments. These strategies are identified within each of the four Key Focus Areas of:

- Public Awareness, Education and Training;
- Responsible Gambling Environments;
- Intervention, Counselling and Support Services; and
- National Research Data Collection.

The draft framework acknowledges that each jurisdiction is already implementing problem gambling measures, within varying legal and policy contexts. In addition, it also acknowledges that diversity in approach can aid the emergence of innovation and best practice national solutions to problem gambling.

The ACT Government and the Commission have addressed virtually all the strategies identified within the framework. The problem gambling and harm minimisation initiatives contained within the ACT's Code of Practice and the new *Gaming Machine Act 2004* comprehensively encapsulate the draft framework.

Anticipating approval of the draft framework at the Ministerial Council's meeting on 2 July 2004, the Commission has developed a comprehensive report against all key focus areas and strategies. This report is at Appendix 1 to this Annual Report.

Education and Public Awareness Initiatives

Since the introduction of the mandatory Code of Practice in December 2002, the Commission has continued to visit licensees to ensure compliance with the provision of information for patrons. The Commission ensures that its information brochures for each licensee as well as its generic patron information pamphlet to educate the community on the provisions of the Code are available in each gambling venue. These brochures and pamphlets are delivered free of charge to all licensees in the Territory.

Commission staff also attended various meetings and seminars to discuss compliance with the Code of Practice and to discuss the possible changes that could arise from the review of the Code.

Following an amendment in March 2004 to the *Gaming Machine Act 1987* to allow, amongst other things, two Class B (Draw Poker) gaming machines in taverns, the Commission conducted a detailed education seminar for prospective licensees. The seminar covered application details, including the completion of the newly required Social Impact Assessment, as well as operational and compliance aspects if a licence was issued.

Towards the end of this reporting period and following the passing of the *Gaming Machine Bill 2004* by the Legislative Assembly, Commission staff worked with industry to conduct comprehensive education and awareness seminars for licensees to ensure that the provisions of the new legislation were clearly understood and that all obligations and responsibilities were fully appreciated.

In conjunction with *Lifeline* and *Care Inc*, the Commission is assisting *Oz Help* (a building and construction industry based charitable organisation) in developing the “Budgeting and Responsible Gambling Module” of its Lifeskills Program. This is an important education and awareness initiative aimed predominately at males in the age group of 18-34, which represents a key group identified as being disproportionately represented amongst problem gamblers in the ACT, by the “Survey of the Nature and Extent of Gambling and Problem Gambling in the ACT” (Australian Institute for Gambling Research, University of Sydney, 2001).

On 15 June 2004 the Commission's Chairperson and Chief Executive met with a visiting delegation from Singapore, led by Ms Lim Soo Hoon, Permanent Secretary, Singapore Ministry of Community Development and Sports. The purpose of the delegation's visit, hosted by the Commonwealth Department of Family and Community Services, was to examine control and regulation of gaming and wagering activities in the ACT, relative to a proposal to establish a casino in Singapore.

Contact Officer: Mr Phil Collins, telephone 6207 0359.

3. CORPORATE GOVERNANCE ARRANGEMENTS

3.1 Internal Accountability Structures and Processes

The ACT Gambling and Racing Commission (governing board) consists of four non-executive members, Chairperson, Deputy Chairperson and two ordinary members, and one executive. Non-executive board members' appointments are approved by the Minister for Sport, Racing and Gaming, following recommendations from an interviewing panel of ACT Department of Treasury officials. The Standing Committee on Public Accounts is consulted on all appointments in accordance with section 228 (Consultation with appropriate Assembly Committee) of the *Legislation Act 2001*. The *Gambling and Racing Control Act 1999* prescribes that of the four non-executive members of the Commission "one shall have knowledge, experience or qualifications related to providing counselling services to problem gamblers". The appointment of Dr Mark Doverty has ensured that this criterion is complied with.

The Commission meets on a monthly basis for formal meetings where comprehensive briefing papers and recommendations regarding significant issues are prepared and presented to the board by Commission staff. Detailed minutes of these meetings are kept and decisions of the Commission are communicated in writing to relevant parties. These minutes are examined by ACT Auditor-General staff during their annual financial and performance audit of the Commission. The Commission members receive a monthly financial report at each meeting, which incorporates monthly and year-to-date financial information and explanations of variances between budget and actual.

The Commission has developed an Internal Audit Program in conjunction with the ACT Department of Treasury Internal Auditor. As part of this program, *Walter Turnbull* audited Commission licensing practices and procedures. The ACT Auditor General audited Commission operations in relation to travel arrangements and associated expenses and recreational leave management.

Additionally, the Commission reviewed its Risk Management Plan to identify ongoing or new areas of significant risk and has put in place arrangements to manage these risks.

Commission resources are made available to board members to assist them to carry out their duties and access to independent professional or legal advice is available as required. Legal advice in relation to Commission decisions is obtained from the ACT Government Solicitor.

The following table summarises Commission members' attendance at meetings during the reporting period.

ACT Gambling and Racing Commission Members' Attendance at Meetings July 2003 to June 2004

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
John Broome	X	X		X	X							
Malcolm Gray								X	X	X	X	X
Mark Doverty		X	X	X	X	X		X	X	X	X	X
Judy Sullivan	X	X	X	X	X	X		X		X	X	X
Joan Perry	X	X	X		X	X		X	X	X	X	X
Tony Curtis	X	X	X	X	X	X		X	X	X	X	X

NB: Mr John Broome's appointment ceased on 30 November 2003.

There was no meeting held in January 2004.

Mr Malcolm Gray was appointed Chairperson on 12 January 2004.

The ACT Remuneration Tribunal, in accordance with the *Remuneration Tribunal Act 1995*, determines the remuneration of the executive and non-executive Commission members.

The Commission has adopted the ACT Public Service Code of Ethics.

The personal details of Commissioners are as follows:

Name	Qualifications	Experience
Mr John Broome Chairperson (appointment ceased on 30 Nov 2003)	LLB	Mr Broome is a lawyer and consultant with extensive experience in Government, having held senior positions in the Federal Attorney-General's Department and with the Department of Prime Minister and Cabinet. Mr Broome has also held a number of national and international appointments.
Mr Malcolm Gray Chairperson (appointed on 12 January 2004)	BA, MA	Mr Gray has worked in academia in the UK, US and Australia, occupied senior positions in the Commonwealth Public Service, including a period in the Prime Minister's Office, and was Group Economist at CRA Ltd, now Rio Tinto Ltd, for two years. He has been involved in teaching and research in economics, the development of a wide range of public policies, and the strategic management of a large, transnational public company. In 1997 he founded Analytic Outcomes, an independent economic consultancy, which continues to form the base of his varied portfolio of activities. In 2001 he joined with Tony Beck in relaunching the Australian Emissions Trading Forum (AETF). In 2002, Malcolm was appointed to the board of the National Electricity Market Management Company (NEMMCO).
Ms Judy Sullivan Deputy Chairperson & Member	Bec/LLB, LLM, FTIA	Ms Sullivan is a Senior Associate with Mallesons Stephen Jaques in Canberra, specialising in taxation and commercial law. She previously worked as a Senior Associate with Gilbert & Tobin in Sydney and as a Principal with Ernst & Young in Canberra.
Ms Joan Perry Member	BBA	As Chief Executive Officer of ACTSPORT, Ms Perry works with government, the private sector and industry, promoting the economic, health and social benefits that sport and recreation provide. She has held several board and committee positions.
Dr Mark Doverly Member	Ph.D, M.Sc., B.Sc., BA, Grad Dip Marketing, Grad Dip Counselling	Dr Doverly has a range of postgraduate qualifications and has previously been employed at practitioner, manager and director levels in health and social services in Australia & overseas. He is currently the Director of A&D Services for SAHS in NSW.
Mr Tony Curtis PSM Chief Executive Member	Grad. Cert. App. Mgmt	Prior to his appointment Mr Curtis served with the Australian Federal Police and former ACT Police services for over 25 years. Within the AFP Mr Curtis served in a variety of senior management positions in the ACT and in 1991 was seconded to the Australian Parliament as its first non-civilian security controller. Mr Curtis also led Australia's first police detachment to East Timor in 1999. He was awarded the Public Service Medal in the 2003 Australia Day Honours.

The Commission has developed a Strategic Management Plan 2003-2008, as well as detailed section work plans. It produces a yearly Statement of Intent, which includes Business and Corporate Strategies together with a Statement of Performance incorporating targets and performance measures.

In terms of external scrutiny, the ACT Auditor General undertakes a comprehensive financial and performance audit of the Commission on a yearly basis and forms an audit opinion, which is published in this Annual Report (Section 8).

3.2 Corporate and Business Planning

The ACT Gambling and Racing Commission has endorsed a Strategic Management Plan 2003-2008 focusing on the following four key areas:

- Satisfying our stakeholders expectations
- Providing high quality products and services
- Using effective people, and
- Efficient and effective business framework.

The Strategic Management Plan articulates the Commission's vision, mission and values and identifies its key stakeholders and the key challenges confronting the Commission.

The Plan also states that the Commission will measure performance on an ongoing basis against the specific objectives articulated in its annual Statement of Intent.

Flowing from this Strategic Management Plan functional areas within the Commission have developed and documented Work Plans and Procedures, which specifically identify tasks and activities to be conducted within appropriate timeframes and/or at specific time intervals. These Work Plans are in turn linked to individual performance plans consistent with the Commission's Learning and Development Plan described under Section 5 of this Annual Report.

3.3 Risk Management and Internal Audit Arrangements

The Commission has adopted the Department of Treasury Fraud Control Plan and the ACT Government *Integrity Policy*. It has also developed a comprehensive risk management assessment of all its key processes and procedures and produced a Risk Management Plan in accordance with *AS/NZS 4360:1999*.

The Commission monitors this Risk Management Plan on a regular basis to ensure its currency and also to identify emerging risks.

During the reporting period, the Commission's internal audit program (administered by the Department of Treasury's Internal Audit Section) continued, with an audit of its licensing procedures undertaken by *Walter Turnbull*. The report concluded that the licensing practices currently in place at the Commission provides a "strong control framework" and "the Commission appears to be very diligent in its approach to the identification and management of risks faced by the organisation". All recommendations of the audit are being actioned.

Additionally, the Auditor-General's office conducted two performance audits on the Commission. The first was a compliance performance audit into the Commission's travel arrangements. The report concluded that "the Commission demonstrated a high level of compliance with relevant legislation, policy and guidelines, and that adequate controls exist and operate to ensure travel was valid and that travel records are accurate and complete". All recommendations of this audit will be implemented, consistent with the Whole of Government response, to the report.

The second performance audit was on the Commission's leave management arrangements. A report on this audit is yet to be received by the Commission.

3.4 Fraud Prevention Arrangements

During the reporting period the Commission adopted the Department of Treasury's Fraud Control Plan and the ACT Government *Integrity Policy*.

All Commission staff attended a Fraud Awareness and Prevention Seminar conducted by *Walter Turnbull* on behalf of the ACT Chief Minister's Department and the ACT Department of Treasury.

Fraud Prevention measures are built into the Commission's Risk Management Plan and work plans and procedures developed for all Commission functional areas. Fraud prevention measures and the processes in place for identifying and responding to new and emerging risks are formally discussed at Commission management and staff meetings.

3.5 Culture and Values

The Commission has formally adopted, through its Strategic Management Plan 2003-2008, the ACT Public Service Code of Conduct and various elements of the Code are regularly discussed and reinforced at management and staff meetings.

3.6 Procurement Contracting Principles and Processes

The Commission's processes used to select and manage contractors and consultants were consistent with the ACT Government Procurement Guidelines and Circulars and the Consultancy Guidelines: *Achieving the Effective Use of Consultants in the ACT Public Service*.

3.7 External Scrutiny

During the reporting period the Commission was not subject to formal external scrutiny in relation to judicial or administrative appeals tribunal decisions, a Legislative Assembly Committee or the ACT Ombudsman. As stated under Section 3.3, the travel and leave management arrangements of the Commission were audited by the ACT Auditor-General.

4. FINANCIAL PERFORMANCE

4.1 Financial Results and Analysis of Financial Performance

General Overview

Objectives

The principal objectives of the ACT Gambling and Racing Commission are to:

- regulate gambling and racing activities in accordance with ACT gaming laws;
- review gaming laws to ensure their continued relevance and appropriateness;
- manage research and data collection in regard to the social and economic impacts of gambling in the ACT;
- ensure compliance by gaming providers and individuals with payment of fee and tax liabilities; and
- manage its resources in an efficient and effective manner.

Gambling revenue incorporates the following categories:

- Gaming machine taxes and fees.
- Interstate lotteries taxes, (New South Wales and Victorian lotteries),
- Minor lottery fees (promotions and raffles),
- Casino tax and fees,
- ACTTAB Licence fees,
- Race Bookmakers licence fees, and
- Sports Bookmakers turnover tax and licence fees.

The amount of gambling revenue received by the Commission depends directly on the level of gambling undertaken in the Territory and it is not the role of the Commission to promote or develop gambling in the ACT.

Risk Management

The Commission is a major collector of taxation and fee revenue in the Territory. To manage the risk associated with revenue collection, verification and compliance, the Commission, in conjunction with the Senior Internal Auditor, Department of Treasury has developed a comprehensive Risk Management Plan and an internal audit program to review revenue collection systems, processes and procedures. The Risk Management Plan addresses all Commission's financially related risks, together with the risks associated with the approval and issue of licences for gambling providers and venue employees.

The Commission has also produced detailed section work plans and procedure manuals to document its internal procedures and process controls. These documents ensure consistency of operational activity and assist with the training of new staff members. Individual performance plans are in turn linked to section plans.

Financial Performance

The following financial information is based on the audited Financial Statements for 2002-03 and 2003-04, and the forward estimates contained in the 2004-2005 Budget Paper Number 4.

Operating Result

The operating profit for 2003-04 was **\$418,387**, an improvement of **\$176,387**, or **73%**, on the 2003-04 budget. The improvement was largely due to:

- an increase in bank interest income,
- reduced salary expenditure as a result of the absence of two staff members on long term sick leave without pay, and
- the reimbursement of salary from Comcare for one Commission staff member on graduated return-to-work programs following compensable injuries.

The operating profit for 2003-04 decreased by **\$211,735**, or **34%**, from the 2002-2003 actual result. The decrease in operating profit was mainly due to increased research expenses deferred from 2002-2003.

Figure 1 - Statement of Financial Performance Trends

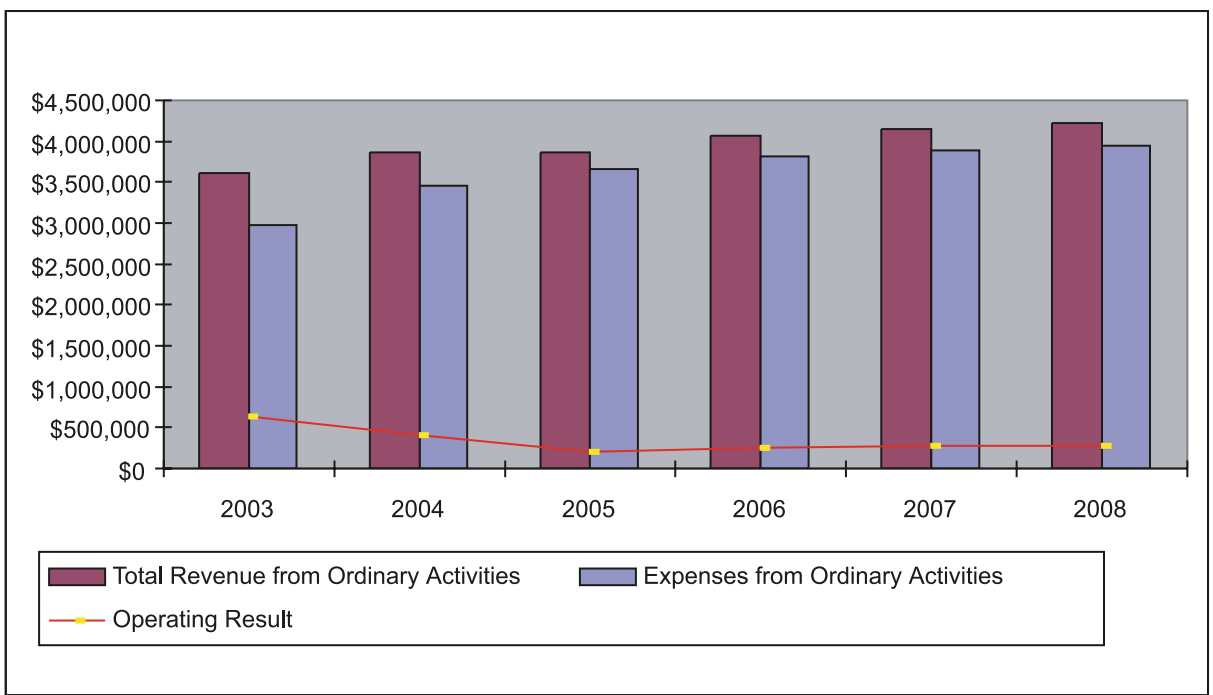


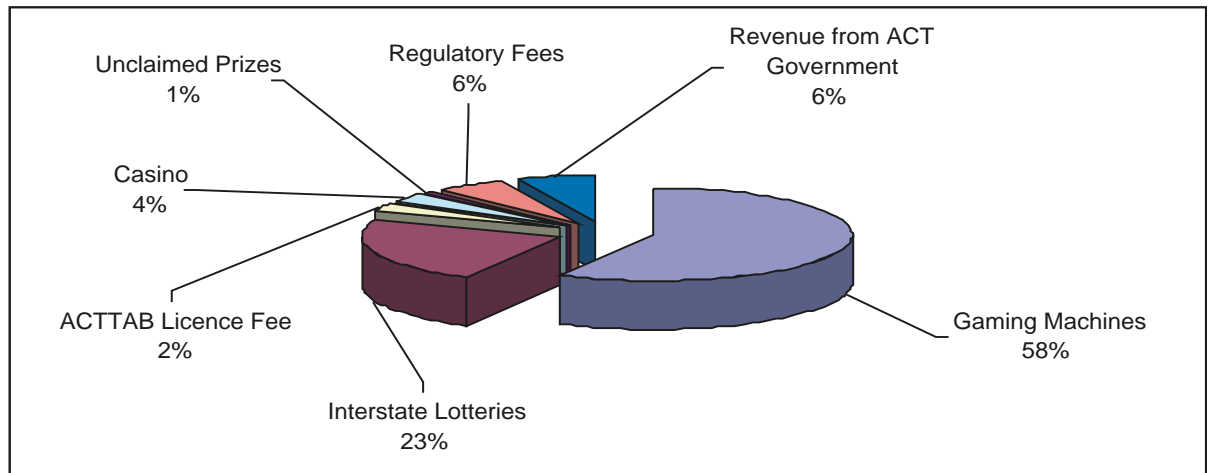
Figure 1 indicates that the Commission is anticipating operating profit from ordinary activities to stabilise in the forward years.

Total Revenue

Although the Commission collects revenue from gambling taxes, fees and fines, all such revenue is immediately transferred to the Department of Treasury's Central Financing Unit through nightly sweeps of the Commission's Taxation Account. The only revenue, which the Commission uses to fund its operating activities, is through appropriated revenue from the ACT Government and interest from its bank operating account. In 2003-04 payments from Government were **\$3.675m**. This was a decrease of **\$0.014m** from budget.

The main sources of gambling revenue for the Territory are illustrated in Figure 2. Gaming machine tax and interstate lotteries tax comprise **81%** of total revenue received.

Figure 2 - Components of Gambling Revenue 2003-04



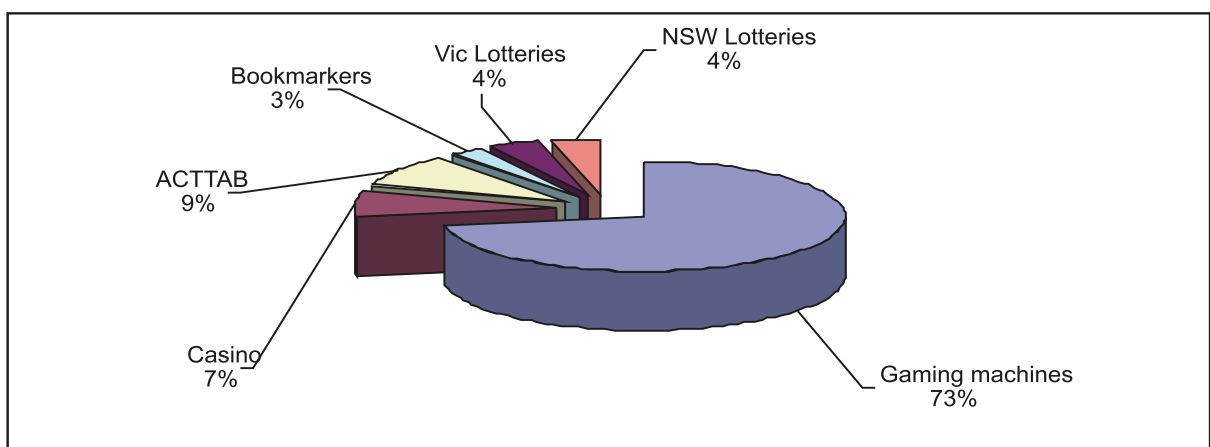
Total gambling revenue for the year ending 30 June 2004 was **\$1.856m** higher at **\$53.395m** than the original budget estimates of **\$51.539m**. This increase is primarily due to increased gaming machine revenue of **\$1.562m**.

Total gambling revenue in 2003-2004 was **\$3.694m** or **7.4%** higher than the 2002-2003 actual result. This increase is primarily due to an increase in the gaming machine marginal tax rate from 25% to 27% and increased overall gaming machine revenue.

Gambling revenue for 2004-2005 is budgeted to increase by **\$1.441m**.

Gambling providers also pay GST on their profits. GST is paid directly to the Australian Taxation Office and returned to the Territory through Commonwealth Grant Funding under *Guaranteed Minimum Amount* arrangements. Commonwealth Grant Funding is more fully explained in Budget Paper No. 4. Figure 3 shows the amount of GST paid on the various categories of gambling.

Figure 3 - Components of GST Gambling Revenue 2003-04



Figures 4 and 5 illustrate the trending of the two main components of gambling tax revenue in the Territory, gaming machine and major lotteries, over the last four years. It should be noted however, that approximately \$2m of the increase in gaming machine tax revenue in 2003-2004 (compared to earlier years) is due to the increase in the top marginal tax rate from 25% to 27%.

Note: The GST component of the 2000-01 gaming machine tax has been netted out for comparison purposes.

Figure 4 - Comparison of Gaming Machine Tax Revenue 2000-01 to 2003-04

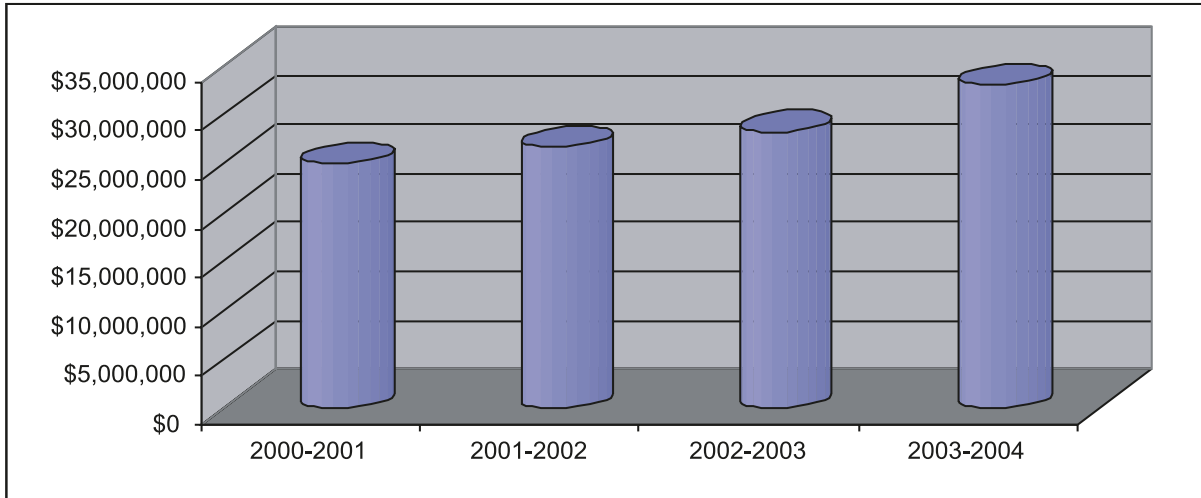
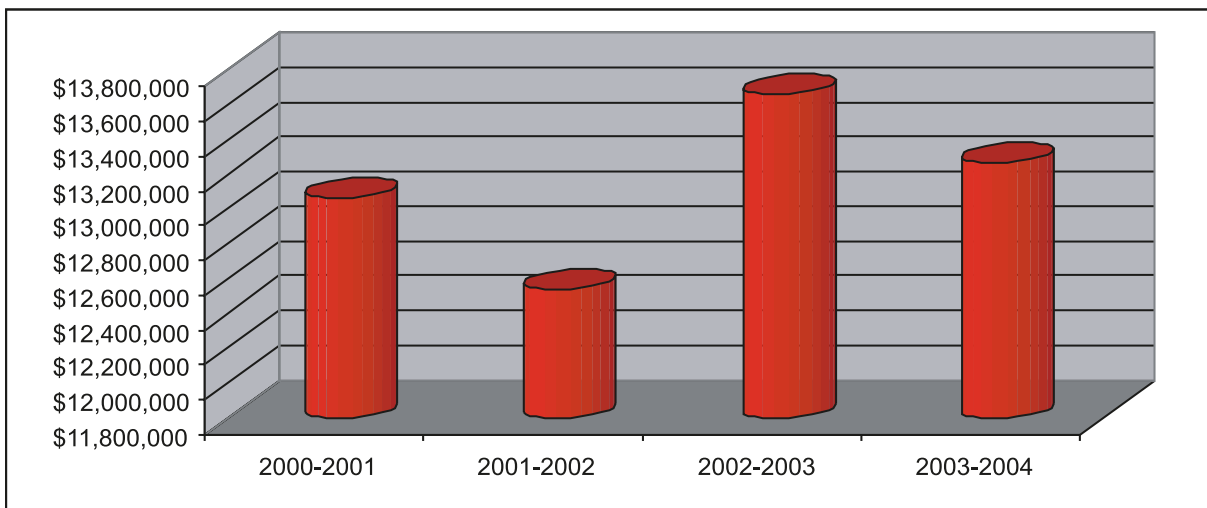


Figure 5 - Comparison of Interstate Lotteries Tax Revenue 2000-01 to 2003-04



Total Expenditure

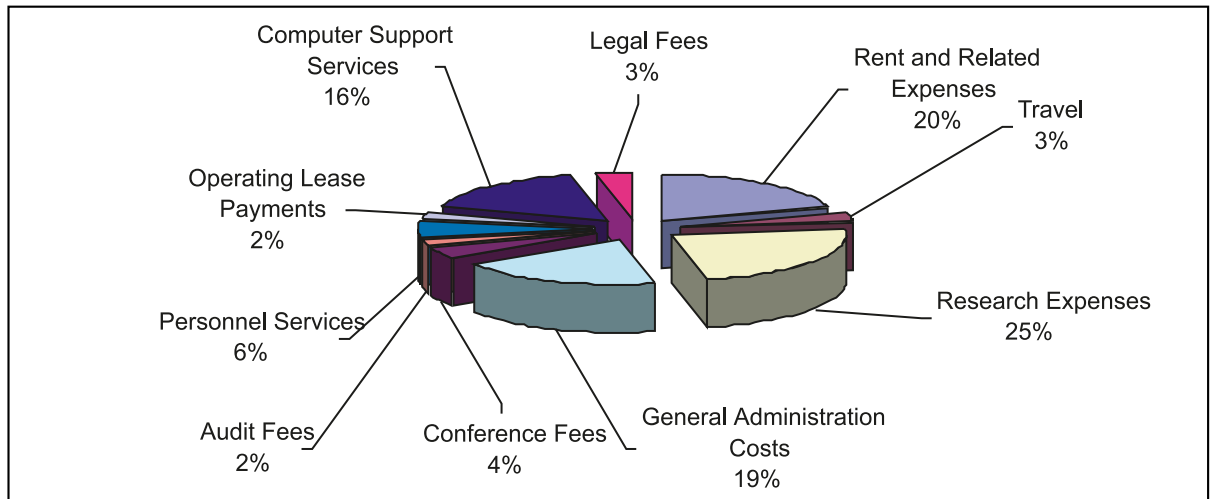
As the Commission's core business activities are gambling regulation and the collection of revenue from gambling providers, the main expenditure items during the year were typically employee and administrative expenditure. Total wages and salaries expenditure (including superannuation) was **\$2.341m** and total administration (supplies and services) expenses were **\$1.075m**.

Total expenditure (including depreciation) for the year ending 30 June 2004 was lower, **\$0.149m**, at **\$3.451m** than the original budget estimates of **\$3.600m**, not including revenue transfer expense to Treasury. This difference is due to decreased salary expenditure.

Total expenditure, was **\$0.473m**, or **16%** higher than the 2002-03 actual result. The increase largely reflects increased research and conference expenses. During the year the Commission hosted a national gambling regulators' conference and a meeting of the Australasian Racing Ministers.

Figure 6 illustrates the components of overall expenditure.

Figure 6 - Components of Expenditure 2002-03



Transfer Expenses to Treasury, of all revenue received by the Commission from taxes, fees and fines, for the year was \$53.410m.

Commission's Financial Position

Statement of Financial Position

Net Assets

Net Assets for the year ending 30 June 2004 increased by \$0.418m, with cash at bank, increasing by \$0.458m.

Statement of Cashflows

There was a net increase of \$0.458 in cash flows during the financial year.

Liquidity

'Liquidity' is the ability of the Commission to satisfy its short-term debts as they fall due. A common indicator for liquidity is the current ratio, which compares the ability to fund short-term liabilities from short-term assets. A ratio of less than 1-to-1 may indicate a reliance on the next financial year's user charges – ACT Government to meet short-term debts.

Table 1 indicates the liquidity position of the Commission

Table 1 – Current Ratio

Description	Prior Year Actual \$'000s 2002-03	Current Year Budget \$'000s 2003-04	Current Year Actual \$'000s 2003-04	Forward Year Budget \$'000s 2004-05	Forward Year Budget \$'000s 2005-06	Forward Year Budget \$'000s 2006-07
Current Assets	6,653	6,326	7,582	5,187	5,506	5,825
Current Liabilities	4,183	3,891	4,603	4,221	4,237	4,248
Current Ratio	1.59:1	1.63:1	1.65:1	1.23:1	1.30:1	1.37:1

The current ratio deteriorates slightly in the forward years due to the Commission returning \$2.2m in cash from its bank account to Treasury. Despite the slight deterioration in the forward years, the Commission maintains a strong level of liquidity.

Long Term Liabilities

The Commission's non-current liabilities for the year ended 30 June 2004 are **\$0.340m** consisting only of employee long service leave.

4.2 Asset Management Strategy

The only assets managed by the ACT Gambling and Racing Commission are its:

- leased office accommodation;
- furniture and fittings (including leasehold improvements); and
- Information Technology (IT) equipment, leased from InTACT.

The Commission has in place policies for the management of these assets consistent with the ACT Asset Management Strategy, namely:

- an inventory and audit of all assets that includes asset registers which are updated following the receipt of newly purchased or leased equipment;
- a depreciation schedule;
- an on-going program for replacement of all IT assets, developed and implemented in conjunction with InTACT; and
- comprehensive insurance with the ACT Insurance Authority.

In November 2003 InTACT Asset Management Section conducted an audit of all IT assets held by the Commission. The report of this audit concluded that all assets were accounted for and there were no discrepancies or exceptions.

All Commission staff are located in leased office accommodation on Level 5, Eclipse House. Total office floor space occupied is 571 square metres. This space accommodates 35 staff and also incorporates a service counter, small entrance/reception area and a multi-purpose meeting/interviewing room, which is also used for monthly Commission (Board) meetings.

4.3 Government Contractual Debts (Interest)

The Commission had no overdue payments to suppliers of goods, services and works and therefore did not incur any interest.

5. HUMAN RESOURCE PERFORMANCE

5.1 Analysis of Human Resource Performance

The Commission workforce is structured and managed to achieve the objectives as described Section 2 of this report and in its Statement of Performance under Section 4.1.

Considerable emphasis is placed on compliance and investigation activity to ensure that gambling operators in the ACT undertake their activities in compliance with the legal framework and pay the correct amount of taxes and fees.

5.2 Workplace Relations

All Commission staff are employed under the *Public Sector Management Act 1994* and are covered by the Department of Treasury Certified Agreement 2003-2004.

Additionally:

- a total of six staff are covered by an Australian Workplace Agreement;
- no AWA's were entered into during the period, none are currently being negotiated or awaiting approval from the Office Employment Advocate and none have terminated or lapsed;
- the duration of the six existing AWA's nominally expired on 30 September 2003;
- the range of remuneration payable in the classifications for individual agreements is \$76,679 to \$92,649.

5.3 Workplace Injury Prevention and Management

The Commission is conscious of the requirements of Occupational Health and Safety legislation and implements appropriate work practices particularly in relation to the development of staff rosters, provision of furniture and other office environmental matters. During the reporting period an additional member of staff completed First Aid Training. The Commission's OH and S Policy has been documented and disseminated to all staff.

The Commission has a Service Level Agreement with Chief Minister's Department's Corporate Services Branch, for the provision of OH and S expertise and assistance as required.

There were no accidents or dangerous occurrences within the Commission during the reporting period that required the giving of notices under section 85 of the *Occupational Health and Safety Act 1989*. Nor were any investigations conducted during the year.

The Commission does not pay a first-tier workers' compensation premium.

5.4 Workplace Diversity

Two members of the Commission are active members of the ACT Multicultural Staff Network and the Commission has two Equal Employment Opportunity contact officers who have undertaken formal training with the ACT Human Rights Office.

The Commission provided funding to sponsor a Multicultural Staff Network Workshop on 7 April 2004. The network was established in July 2002 under the *Government Framework for a Multicultural ACT 2001-2005*.

All Commission staff members attended a seminar on Harassment and Bullying in the Workplace conducted by the ACT Human Rights Commission. In conjunction with this course the Commission adopted the Chief Minister's Department and Department of Treasury's "Discrimination, Harassment and Bullying Prevention Policy". This policy has been disseminated to all staff members.

The Commission has two employees with a disability.

5.5 Learning and Development

The Commission has developed a Learning and Development Plan against the ACT Public Service Learning and Development Framework.

The key Learning and Development priorities for the Commission were as follows:

Competency Based Training

Relevant staff undertook training to enhance their competency in areas such as:

- investigative training,
- report writing,
- records management,
- management information systems and computer application use, and
- financial management (including developing financial statements, producing the Budget Development Application and Consolidated Statements, and processing and submitting Fringe Benefit Tax and Goods and Services Tax returns).

Professional Education and Training

Two staff members continued study towards:

- accounting qualifications, and
- a diploma in government.

Capability Based Development

Appropriate staff continued or commenced developmental training and education in the:

- ACT Public Service Executive Leadership Development Program,
- "Take the Lead" Leadership Program,
- Leadership Skills for Women, and
- ACT Department of Treasury Middle Management Development Program.

Generic Development

Staff have undertaken generic development in a range of courses/workshops including:

- communications and time management skills,
- fraud awareness and prevention,
- ethics,
- equal employment opportunity and cultural diversity awareness,
- education and training course delivery,

- Effective Business Writing,
- first aid,
- recruitment and interviewing,
- conducting meetings and writing minutes,
- Public Interest Disclosures, and
- financial management system (MYOB) use.

Non-Formal Activities

Staff have engaged in non-formal activities such as:

- participation and presentation at national and international regulatory and industry conferences and forums relevant to their workplace,
- representation on regulatory work groups and committees,
- participation in exchange programs with other regulatory jurisdictions,
- small group learning based around specific gambling-related compliance activities, and
- responsible gambling and problem gambling awareness training.

6. INFORMATION AND ACCESS

6.1 Freedom of Information

For the purposes of the *Freedom of Information Act 1989* (FOI Act) the functions of the Commission are to:

- administer the gaming laws in the Territory; and
- control, supervise and regulate gaming in the Territory.

Included in these broad functions are the following:

- regulating, monitoring, researching and approving gaming activity;
- monitoring and researching the social effects of gambling and of problem gambling;
- engaging in community consultation as appropriate;
- reviewing legislation and policies relating to gaming and racing; and
- collecting taxes, fees and fines imposed under the gaming laws.

In undertaking its functions, the Commission must have regard to consumer protection, minimising criminal activity and reducing the risks and costs of problem gambling to individuals and the community. The Commission must consult with the community with any review of legislation or policies.

Public Participation in Decision-making

Arrangements for public participation in decision-making include:

- public submissions to inquiries and reviews of legislation,
- stakeholder feedback on policies, procedures and legislation,
- interaction with industry, community and welfare organisations,
- access to records through FOI requests,
- comments on draft documents, and
- comments on Bills before the Assembly and contact with the relevant Minister.

Categories of Documents

The Commission holds the following basic categories of documents:

- those that are freely available on request and without charge; and
- all other kinds of documents that may be available under the FOI Act.

Documents available on request and without charge

Documents within this category include publications produced by the Commission such as its Annual Report and Statement of Intent. These are available from public counters and libraries throughout the Territory and may be available on the ACT Government's Internet Home Page and the Commission's website.

Documents of other kinds that may be available under the FOI Act:

- general files including internal, interdepartmental and public documents, minutes of Commission meetings, policy statements, financial and staffing estimates;

- diaries, rosters, work sheets;
- program and policy files;
- records held on microfilm, computer or paper in connection with specialised divisional functions;
- photographs, videos and films;
- financial and accounting records;
- files on applicants and clients;
- records of government including the machinery of government;
- leases and deeds of agreement; and
- brochures.

Facilities for Access

Those seeking information are encouraged to seek access by contacting the Commission before resorting to the more formal FOI procedure. Physical access to the documents of the agencies is available at the listed address. In many cases it may be possible to access information far more quickly and efficiently through such an approach.

Requests for Information under the FOI Act

During the reporting period the Commission received two requests for information under the *Freedom of Information Act 1989* (FOI Act), as outlined below.

In December 2003 the Commission received an FOI request from Davies Collison Cave Solicitors for documents associated with an application by Casino Canberra Ltd or Casinos Austria International for a licence to use or trial shuffling machines in Casino Canberra. The Commission responded by granting full access to all related documents except for seven documents under Section 42(1) and one document under Section 36.

In May 2004 the Commission received an FOI request from Coudert Brothers Solicitors and International Attorneys for all documents associated with Australian Racing Ministers' Conferences 2002 and 2003. A similar FOI request was forwarded to all other Australian State and Territory jurisdictions. As many of the documents in the request are considered 'joint material' (ie material involving other jurisdictions and third parties) the applicant has agreed to NSW coordinating the examination and release of this joint material. This process was ongoing at 30 June 2004. The Commission has not sought to withhold access to any of this joint material and has advised the applicant that it is willing to provide ACT-specific documentation as requested, subject to the constraints of the *Freedom of Information Act (1989) (ACT)*.

6.2 Public Interest Disclosure

In accordance with the *Public Interest Disclosure (PID) Act 1994*, the Commission has established and promulgated procedures to provide information on the Act and to deal with disclosures. These procedures incorporate:

- information to facilitate the making of disclosures,
- information on, and the protections, against, unlawful reprisal,
- the requirement to act on all disclosures,
- the requirement to provide reasonable information about investigations to people who have made disclosures,

- the requirement to include specified details of any disclosures in annual reports,
- the nomination of a contact person within the Commission to deal with enquiries about the Act, and
- the identification of an Executive to take responsibility for the oversight of the Commission's procedures and investigations, as required.

The Commission received no Public Interest Disclosures during the reporting period.

6.3 Territory Records

During the reporting period the Commission progressed towards compliance with the *Territory Records Act 2002*. In working towards full compliance, the Commission has:

- adopted and implemented the ACT Department of Treasury Records Management Policy;
- commenced developing formal Records Management Procedures;
- completed its Business Classification Scheme;
- commenced developing a functional thesaurus and a disposal schedule; and
- enabled a number of staff members to undertake record keeping courses conducted by the Territory Records Office.

The Commission proposes to have a disposal schedule for the Casino and Gaming Regulation section completed for review by the Territory Records Council at its August meeting. Once disposal action has been completed for this area, the procedures will be used as a model for the other functional areas within the Commission.

A number of core functions of the Commission, such as financial management and corporate services are covered by common guidelines for the ACT Government as set by the Territory Records Office.

The Commission has a Service Level Agreement in place with ACT Record Services for the Provision of Records Management and Mail Services.

7. COMMUNITY AND ENVIRONMENT

7.1 Community Engagement

The Commission has undertaken considerable community engagement throughout the reporting period, in particular through its Gambling Advisory Reference Group and community consultation with regard to research and education, and legislative reviews.

Gambling Advisory Reference Group

The Gambling Advisory Reference Group was established in 2001. It is an advisory body from which the Commission draws views and opinions from a broad cross section of organisations in the ACT. The group assists the Commission in addressing and minimising the harmful aspects of gambling and problem gambling in the ACT.

A formal agenda is prepared for each meeting and formal minutes are kept.

The Commission's Gambling Advisory Reference Group met with the Commission on a quarterly basis.

Composition of the group is as follows:

Name	Position	Organisation
Dr Mark Doverty	Chair/Commission Member	ACT Gambling and Racing Commission
Mr. Tony Curtis	Chief Executive	ACT Gambling and Racing Commission
Dr Roger Mauldon	Representative	ACT Churches' Council
Mr. Jim Purcell	Executive Director	Council on the Ageing
Mr Lawrence Gilbert	Secretariat	Aboriginal & Torres Strait Islander Consultative Council
Ms Marie Bennett	Executive Director	Lifeline
Ms Ara Creswell	Director	ACT Council of Social Services Inc
Mr Mohamed Omari	President	ACT Multicultural Council Inc
Mr Tim Gough	Solicitor	Care Inc.

Community Consultation

The following table summarises the nature and extent of formal community consultation undertaken by the Commission during the reporting period.

ACT Gambling and Racing Commission Community Consultation

No.	Project Title	Project Description	Consultation Objectives	Methods for Informing & Consulting Community	Consultation Starting & Closing Date	Feedback Methods to Consultation Participants
1	Review of <i>Casino Control Act 1988</i>	Seek public, community organisation and specific industry comments on issues raised for review under the current legislation	Obtain community and industry comments.	Discussion paper was issued with the invitation to industry groups and community stakeholders seeking comments. Advertising in Public Notices. Notices and information provided on Commission website.	22 April 2003 – 30 June 2003	Acknowledge responses from stakeholders as they were received.
2	Review of the Rules for Sports Bookmaking	A qualitative review of Section 23 of the <i>Race and Sports Bookmaking Act 2001</i> .	To ensure that the rules for sports bookmaking and the terms of business under which the sports bookmakers offer their product to consumers adequately reflect the requirements of the ACT community, the Commission and sports bookmakers.	Writing directly to stakeholders, advertising in The Canberra Times, inclusion of the review on both the ACT Government Community Consultation website and the Commission's website.	28 September 2002 – ongoing.	A discussion paper and draft rules will be issued that will include relevant participant comments.
3	Gambling Advisory Reference Group	As recommended by the Needs Analysis Survey Report, the Advisory Reference Group was formed to assist the Commission in developing and implementing targeted strategies to address problem gambling in the ACT.	To provide objective outcomes and advice to the Commission on behalf of peak ACT community services organisations on issues related to problem gambling.	Key stakeholders from a broad cross-section of organisations in the ACT and the ANU Centre for Gambling Research are represented on the reference group.	October 2001 to present (ongoing)	Series of formal meetings and discussions with key stakeholders.
4	Review of the <i>Gambling and Racing Control (Code of Practice) Regulations 2002</i>	Seek public, community organisation and specific industry comments on the review of the <i>Casino Control Act 1988</i> .	Obtain public and industry comments.	Written invitation to industry groups and community stakeholders seeking comments. Advertisement in Public Notices. Notice and information provided on Commission website. Notice placed on ACT Government Consultation Website.	Initial public consultation April to June 2003. Stage 2 consultation from 17 April 2004 to 11 June 2004. Further consultation with the industry or other stakeholders on a needs basis.	Acknowledge responses. Conduct discussions with relevant organisations. Advise industry groups of outcomes. Government to decide whether to table the Commission's Policy Paper on the review in the Legislative Assembly.

7.2 Ecologically Sustainable Development

The ACT Gambling and Racing Commission, as a normal part of its business, recycles paper, disposes of cardboard packaging in ACT Government recycling centres and recycles printer toner cartridges.

7.3 Multicultural Framework

The Commission actively sought widespread multicultural consultation and involvement with the development of its Code of Practice.

Multicultural community groups throughout the Territory were also invited to participate in all gambling-related legislative reviews conducted during the period. Submissions and comments on legislative exposure drafts were received from a number of such groups.

Consistent with the principles of the Commonwealth's *Charter of Public Service in a Culturally Diverse Society* (endorsed by the Territory in June 1998) all Commission staff are aware of, and sensitive to, the needs and requirements of clients from diverse linguistic backgrounds.

During the reporting period one staff member attended a workshop on "How to Communicate Effectively to Chinese Clients" conducted by "Multicultural Marketing & Management".

From 27-30 April 2004 the Commission hosted a visit by two managers from the Beijing Finance Bureau, China. The placement with the Commission was part of a program being conducted in conjunction with the University of Canberra. The University, with the assistance of the ACT Government has secured a long-term training agreement with the Beijing Finance Bureau under the Canberra-Beijing sister city framework. During the visit the managers were briefed on all aspects of the operation of the Commission with the focus on financial and budgetary processes and procedures.

8. APPENDICES

8.1 Financial Statements



AUDITOR-GENERAL
Australian Capital Territory



A04/16

Mr Malcolm Gray
Chairperson
ACT Gambling and Racing Commission
PO Box 214
CIVIC SQUARE ACT 2608

Dear Mr Gray

**ACT GAMBLING AND RACING COMMISSION
AUDIT OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

The audit of the ACT Gambling and Racing Commission's financial statements for the year ended 30 June 2004 has been completed.

Enclosed are the audited financial statements together with an **unqualified** audit opinion.

Yours sincerely

A handwritten signature in black ink that reads "T. Pham".

Tu Pham
Auditor-General
23 July 2004

Encl\



AUDITOR-GENERAL
Australian Capital Territory



INDEPENDENT AUDIT REPORT ACT GAMBLING AND RACING COMMISSION

To the Members of the ACT Legislative Assembly

Audit Opinion

In my opinion, the financial statements of the ACT Gambling and Racing Commission for the year ended 30 June 2004:

- (i) are presented in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the ACT Gambling and Racing Commission as at 30 June 2004 and the results of its operations and its cash flows for the year then ended.

Responsibility for the Financial Statements

The Chief Executive of the ACT Gambling and Racing Commission is responsible for the financial statements. This includes responsibility for accounting policies and estimates used in the preparation of the financial statements and the maintenance of adequate accounting records and internal controls.

Contents of the Financial Statements

The financial statements are comprised of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Statement of Performance and accompanying notes.

The Auditor's Responsibility

My responsibility is to express an opinion on the financial statements as required by the *Financial Management Act 1996*.

The Audit Scope

My audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement.

I formed the audit opinion by performing procedures to assess whether, in all material aspects, the financial statements present fairly, in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view that is consistent with my understanding of the financial position and performance of the ACT Gambling and Racing Commission.

The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and in many cases, the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

My procedures included:

- (i) examining, on a test basis, evidence supporting the amounts and other disclosures in the financial statements, and
- (ii) evaluating accounting policies and significant accounting estimates used in the preparation of the financial statements.

I considered the effectiveness of internal controls when determining the nature and extent of my procedures, however the audit was not designed to provide assurance on internal controls. My audit also did not involve the evaluation of the prudence of decisions made by the ACT Gambling and Racing Commission.

Statement of Performance

My audit of the Statement of Performance included an assessment of whether reported performance measures are materially correct. However no audit opinion is expressed on the accuracy of explanations provided for variations between actual and budgeted performance due to the essential subjectivity of such explanations.



Tu Pham
Auditor-General
23 July 2004



ACT Gambling and Racing Commission
For the Year Ended 30 June 2004



Statement of Responsibility

In my opinion, the financial statements are presented in accordance with the ACT Gambling and Racing Commission's accounts and records, and fairly reflect the financial operations and service performance of the ACT Gambling and Racing Commission for the year ended 30 June 2004, and its financial position on that date.

A handwritten signature in black ink, appearing to read 'Tony Curtis'.

Tony Curtis
Chief Executive
ACT Gambling and Racing Commission

19 July 2004

A handwritten signature in black ink, appearing to read 'Malcolm Gray'.

Malcolm Gray
Chairperson
ACT Gambling and Racing Commission

5 August 2004

ACT GAMBLING AND RACING COMMISSION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

ACT Gambling and Racing Commission Statement of Financial Performance For the Year Ended 30 June 2004

	Note No.	Actual 2004 \$	Budget 2004 \$	Actual 2003 \$
Revenue from Ordinary Activities				
Revenue from ACT Government		3,675,000	3,689,000	3,484,000
Taxation Collected on Behalf of the Territory	4	50,085,810	49,997,000	45,888,813
Regulatory Fees	5	3,309,317	1,542,000	3,812,365
Interest		157,871	128,000	119,244
Resources Received Free of Charge	6	36,844	25,000	0
Racing Appeals Tribunal Reimbursement		0	0	18,433
Total Revenue from Ordinary Activities		57,264,842	55,381,000	53,322,855
Expenses from Ordinary Activities				
Employees Expenses	7	2,048,794	2,120,000	1,818,901
Superannuation Expenses	8	292,157	360,000	296,592
Supplies and Services	9	1,074,892	1,083,000	839,283
Depreciation and Amortisation	10	35,485	37,000	23,708
Taxation Revenue Transferred to Government		53,395,127	51,539,000	49,701,178
Total Expenses from Ordinary Activities		56,846,455	55,139,000	52,679,662
Operating Profit from Ordinary Activities		418,387	242,000	643,193
Operating Profit		418,387	242,000	643,193
Net Effect of the Adoption of a New Accounting Standard		0	0	(13,071)
Total Revenue, Expenses and Valuation Adjustments Recognised Directly in Equity		0	0	(13,071)
Changes in Equity other than those Resulting from Transactions with Owners as Owners		418,387	242,000	630,122
Total Changes in Equity including those Resulting from Transactions with Owners as Owners		418,387	242,000	630,122

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

ACT Gambling and Racing Commission
Statement of Financial Position
As At 30 June 2004

	Note No.	Actual 2004 \$	Budget 2004 \$	Actual 2003 \$
Current Assets				
Cash	12	3,335,888	2,755,000	2,878,375
Receivables	13	4,227,355	3,550,000	3,758,345
Prepayments		18,509	21,000	16,178
Total Current Assets		7,581,752	6,326,000	6,652,898
Non-Current Assets				
Property, Plant and Equipment	14	52,600	68,000	88,085
Total Non-Current Assets		52,600	68,000	88,085
Total Assets		7,634,352	6,394,000	6,740,983
Current Liabilities				
Payables	15	34,261	39,000	44,624
Employee Benefits	16	338,827	302,000	380,346
Taxation Revenue Payable to Government		4,126,019	3,435,000	3,646,498
Other	17	103,780	115,000	112,030
Total Current Liabilities		4,602,887	3,891,000	4,183,498
Non-Current Liabilities				
Employee Benefits	16	339,563	427,000	283,970
Total Non-Current Liabilities		339,563	427,000	283,970
Total Liabilities		4,942,450	4,318,000	4,467,468
Net Assets		2,691,902	2,076,000	2,273,515
Equity				
Accumulated Funds	3, 18	2,691,902	2,076,000	2,273,515
Total Equity		2,691,902	2,076,000	2,273,515

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

ACT Gambling and Racing Commission
Statement of Cash Flows
For the Year Ended 30 June 2004

	Note No.	Actual 2004 \$	Budget 2004 \$	Actual 2003 \$
Cash Flows from Operating Activities				
Receipts				
Cash from the ACT Government		3,675,000	3,689,000	3,484,000
Taxation Collected on Behalf of the Territory		49,614,539	49,340,000	45,739,293
Regulatory Fees		3,291,067	2,199,000	3,762,365
Interest Received		154,355	132,000	116,185
Goods and Services Tax		105,580	106,000	202,237
Total Receipts from Operating Activities		56,840,541	55,466,000	53,304,080
Payments				
Related to Employee Payments		(2,025,783)	(2,045,000)	(1,735,775)
Related to Superannuation Payments		(301,094)	(360,000)	(296,592)
Related to Supplies and Services		(1,037,122)	(1,062,000)	(830,193)
Taxation Revenue transferred to Government		(52,915,606)	(51,539,000)	(49,489,680)
Goods and Services Tax		(103,423)	(106,000)	(89,823)
Total Payments from Operating Activities		(56,383,028)	(55,112,000)	(52,442,063)
Net Cash Inflows from Operating Activities	24	457,513	354,000	862,017
Cash Flows from Investing Activities				
Payments				
Purchase of Property, Plant and Equipment		(0)	(10,000)	(2,304)
Purchase of Leasehold Improvements		(0)	(0)	(81,337)
Total Payments from Investing Activities		(0)	(10,000)	(83,641)
Net Cash (Outflows) from Investing Activities		(0)	(10,000)	(83,641)
Net Increase in Cash Held		457,513	344,000	778,376
Cash at the Beginning of the Financial Year		2,878,375	2,411,000	2,099,999
Cash at the End of the Financial Year	12,24	3,335,888	2,755,000	2,878,375

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

**ACT Gambling and Racing Commission
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- Note 2 Summary of Significant Accounting Policies
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ACT Gambling and Racing Commission Notes to and forming parts of the Financial Statements For the Year Ended 30 June 2004

Note 1 Objectives of the ACT Gambling and Racing Commission

The primary objectives of the Commission are to:

- regulate gambling and racing activities in accordance with ACT gaming laws;
- review gaming laws to ensure their continued relevance and appropriateness;
- manage research and data collection in regard to the social and economic impacts of gambling in the ACT; and
- ensure compliance by gaming organisations and persons with the payment of fee and tax liabilities.

The Commission also collects a number of different gambling related taxes, fees and fines for the ACT Government.

Note 2 Summary of Significant Accounting Policies

(a) Basis of Accounting

The *Financial Management Act 1996* (FMA) requires the preparation of financial statements for Territory authorities.

Subsection 59(3) of the FMA and the *Financial Management Guidelines*, requires that a Territory authority's financial statements include:

- i. a Statement of Financial Performance for the Territory authority for the year;
- ii. a Statement of Financial Position of the Territory authority at the end of the year;
- iii. a Statement of Cash Flows of the Territory authority for the year; and
- iv. such other statements as are necessary to fairly reflect the financial operations of the Territory authority during the year and its financial position at the end of the year.

These general-purpose financial statements have been prepared in accordance with the generally accepted accounting practice as required by the FMA. The financial statements have been prepared to comply with:

- i. Australian Accounting Standards;
- ii. Urgent Issues Group Abstracts;
- iii. Other authoritative pronouncements of the Australian Accounting Standards Board; and
- iv. ACT accounting policies.

The financial statements have been prepared using the accrual basis of accounting, which recognises the effects of transactions and events when they occur. The financial statements have also been prepared according to the historical cost convention.

The ACT Gambling and Racing Commission is an individual reporting entity.

(b) The Reporting Period

These financial statements report the financial performance and cash flows of the ACT Gambling and Racing Commission for the financial year ending 30 June 2004 and the financial position of ACT Gambling and Racing Commission as at 30 June 2004.

ACT Gambling and Racing Commission
Notes to and forming parts of the Financial Statements
For the Year Ended 30 June 2004

(c) Comparative Figures

Budget Figures

Budget information for 2003-04 has been provided, presented in the Territory authority's Statement of Intent and the amounts published in the ACT Budget Papers in 2003-04. The *Financial Management Act 1996* (FMA) requires the statements to facilitate a comparison with the Statement of Intent.

Prior Year Comparatives

Where necessary, the prior year comparatives have been amended to facilitate comparison with the current year presentation of financial information.

d) Revenue Recognition

Revenue is recognised in the Statement of Financial Performance when it is probable that the inflow, or other enhancement or saving in outflow, of future economic benefit has occurred and it can be measured reliably. This generally occurs when the ACT Gambling and Racing Commission controls the revenue. Control occurs when the revenue can be used for the achievement of the ACT Gambling and Racing Commission's objectives. Taxation and Regulatory revenues are collected on behalf of the Territory.

e) Resources Received Free of Charge

Resources Received Free of Charge are recorded as revenue and expenditure in the Statement of Financial Performance at their fair value. Services that are received free of charge are only recorded in the Statement of Financial Performance if they can be reliably measured and would have been purchased if not provided to the ACT Gambling and Racing Commission free of charge. Advice from the ACT Government Solicitors Office Legal Services confirms the value of legal services provided free of charge to the Commission is \$36,844.00.

The ACT Gambling and Racing Commission receives Workers Compensation Premium payments free of charge from the Department of Treasury. However, the amount cannot be reliably measured and will not be accounted for as a Resource Received Free of Charge.

f) Repairs and Maintenance

The ACT Gambling and Racing Commission undertakes cyclical maintenance on its leased accommodation and plant and equipment. All costs involved with the cyclical maintenance are recorded as an expense unless they add to the service potential of the existing accommodation or plant and equipment.

g) Taxation

ACT Gambling and Racing Commission pays the Goods and Services Tax and Fringe Benefits Tax. The amount of Fringe Benefits Tax paid for the year was \$23,485 (2002-2003 \$16,959). Fringe Benefits Tax is included in the Statement of Financial Performance under Supplies and Services.

h) Current and Non-Current Items

Assets and liabilities are characterised as either current or non-current in nature. The ACT Gambling and Racing Commission has a clearly identifiable operating cycle of 12 months. Therefore assets and liabilities that will be realised as part of the normal operating cycle will be classified as current assets or current liabilities. Assets or liabilities not recognised as current are classified as non-current.

ACT Gambling and Racing Commission Notes to and forming parts of the Financial Statements For the Year Ended 30 June 2004

i) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand (including deposits at call and notes and coins), and cash equivalents. Cash equivalents are highly liquid investments with short periods to maturity that are readily converted to cash on hand and are subject to an insignificant risk of changes in value, net of bank overdrafts. The definition of cash in relation to the Statement of Financial Position differs slightly as it does not take into account bank overdrafts.

Cash is measured at nominal value.

j) Receivables

Trade debtors are payable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

The amount of \$4,194,519 (refer to note 13) represents taxes accrued for the month of June and received by the Commission in July.

k) Asset Acquisition and Recognition

Assets are initially recorded at the cost at which they were acquired for plus any incidental costs involved with the acquisition. The ACT Gambling and Racing Commission capitalises all non-current physical assets with a value of \$2,000 or more.

l) Revaluation of Non-Current Assets

All non-current physical assets are valued using either cost or fair value method of valuation in accordance with AASB 1041 *Revaluation of Non-Current Assets*. Fair value assets are valued according to market price.

The ACT Gambling and Racing Commission accounts for plant and equipment and leased assets on a cost basis in accordance with AASB 1041.

m) Intangible Assets

The acquisition or internal development of software is capitalised when the expenditure meets the definition and recognition criteria of an asset and when the amount of expenditure is greater than or equal to \$50,000.

Capitalised software is amortised over the useful life of the asset, with a maximum time limit for amortisation of five years.

n) Depreciation and Amortisation of Non-Current Assets

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible and leased assets, while depreciation is applied to physical assets such as property, plant and equipment. The useful lives of all major assets held by the ACT Gambling and Racing Commission are reassessed on an annual basis.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

ACT Gambling and Racing Commission
Notes to and forming parts of the Financial Statements
For the Year Ended 30 June 2004

n) Depreciation and Amortisation of Non-Current Assets *continued*.

Depreciation and Amortisation for non-current assets is determined as follows:

Class of Asset	Depreciation/Amortisation Method	Useful Life (Years)*
Office Furniture	Straight Line	5 years (2001-2002, 5 years)
Leasehold Improvements	Straight Line	Length of lease of office accommodation (lease expires 20 November 2006)

* Useful life commences when an asset is first acquired. When an asset is revalued, it is depreciated over the remaining useful life of that asset.

o) Payables

Payables include trade creditors, and accrued expenses.

Trade creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Trade creditors include all unpaid invoices received relating to the normal operations of the ACT Gambling and Racing Commission.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All amounts are measured at their nominal amount and are normally settled within 30 days after the ACT Gambling and Racing Commission receives an invoice.

p) Employee Benefits

Employee benefits include wages and salaries, annual leave and long service leave. These benefits accrue as a result of services provided by employees up to the reporting date that remain unpaid.

Accrued wages and salaries are measured at the amount that remains unpaid at the end of the financial year. Annual leave and long service leave to be taken in the next twelve months are measured based on the nominal amounts of remuneration anticipated to be paid when the leave is taken.

A long service leave liability is recognised for employees with ten years or more service and employees with less than ten years of required qualifying service. For employees with less than ten years of required qualifying service, the liability is calculated through a shorthand approach by recording 100% liability for employees with five or more years of service and 0% for employees with less than 5 years of service. Use of this shorthand approach is an approximation process to recognise the probable liability to eventuate for officers with less than ten years of service, when ten years of service is achieved. The determination of current and non-current portions is based on a past history of payments and any specific known factors. The non-current long service leave liability is measured at the present value of the estimated future cash outflows. Consideration is given, when making this estimate, to expected future wage and salary levels, experience of employee departures and periods of service.

ACT Gambling and Racing Commission
Notes to and forming parts of the Financial Statements
For the Year Ended 30 June 2004

q) Superannuation

The ACT Gambling and Racing Commission makes a superannuation expense payment to the ACT Superannuation Unit each year, to cover its superannuation liability. The superannuation expense is determined by the number of employees the ACT Gambling and Racing Commission has and the average salary of those employees. Each employee's total salary and any allowances for superannuation purposes are multiplied by a rate determined by the ACT Government's actuary. The rate for the Commonwealth Superannuation Scheme (CSS) is 21.4% and the Public Sector Superannuation Scheme (PSS) is 13.4%.

The ACT Gambling and Racing Commission does not carry a superannuation liability in its Statement of Financial Position as the ACT Superannuation Unit carries the superannuation liability of all agencies within the Territory. The ACT Superannuation Unit reimburses the Commonwealth for the emerging costs of benefits paid for by the ACT Government Service after 1 July 1989.

The CSS and PSS are defined benefit superannuation plans meaning that the defined benefits received by employees of the ACT Gambling and Racing Commission are based on years of service and average final salary.

r) Insurance

The ACT Gambling and Racing Commission insures all of its major risks through the ACT Insurance Authority. The excess payable, under this arrangement, varied depending on each class of insurance held by the ACT Gambling and Racing Commission.

s) Leases

The ACT Gambling and Racing Commission has entered into operating leases for motor vehicles through Totalcare.

Operating Leases

In respect of operating leases, the lessor effectively retains substantially all of the risks and benefits incident to ownership of the leased items. Operating lease payments are charged to the Statement of Financial Performance on a basis, which is representative of the pattern of benefits derived from the leased assets.

Note 3 Change In Accounting Policies

Managing the Transition to Australian Equivalents to International Financial Reporting Standards (AIFRS)

Implementation of AIFRS in the Territory is being coordinated by the Department of Treasury. Those involved in the preparation of the Commission's financial statements have familiarised themselves with the Australian Equivalents to International Financial Reporting Standards (AIFRS) and assessed the potential impact of adopting AIFRS on the accounting policies used in the preparation of the Commission's financial statements.

Key Differences in Accounting Policies Expected to Arise from the Adoption of AIFRS

Based on this assessment, the Commission expects no key differences in accounting policies to arise from the adoption of AIFRS's.

ACT Gambling and Racing Commission
Notes to and forming parts of the Financial Statements
For the Year Ended 30 June 2004

	2003/2004	2002/2003
	\$	\$
Note 4 Taxation Collected On Behalf Of The Territory		
Gaming Machines	32,948,851	28,152,160
Interstate Lotteries	13,265,174	13,660,205
ACTTAB	1,342,626	1,610,949
Casino	2,097,336	2,056,074
Bookmakers	(10,024)	76,700
Unclaimed Prizes – Interstate Lotteries & Electronic Gaming Machines	441,847	332,725
Total Taxation Collected On Behalf Of The Territory	50,085,810	45,888,813
Note 5 Regulatory Fees		
Gaming Machines	144,580	144,459
Lotteries	1,680,867	1,498,392
Racing	2,425	4,861
Casino	680,127	667,219
Sports Betting	801,318	1,497,434
Total Regulatory Fees	3,309,317	3,812,365
Note 6 Resources Received Free Of Charge		
Legal Services	36,844	0
Total Resources Received Free Of Charge	36,844	0
Note 7 Employee Expenses		
Wages and Salaries	2,036,351	1,806,435
Other Employee Benefits and On-costs	12,443	12,466
Total Employee Expenses	2,048,794	1,818,901
Note 8 Superannuation Expenses		
Superannuation Contributions to ACT Superannuation Unit	230,438	245,237
Superannuation to External	61,719	51,355
Total Superannuation Expenses	292,157	296,592

ACT Gambling and Racing Commission
Notes to and forming parts of the Financial Statements
For the Year Ended 30 June 2004

	2003/2004	2002/2003
	\$	\$
Note 9 Supplies And Services		
Racing Appeals Tribunal	0	18,433
Rent and Related Expenses	218,120	203,681
Travel	29,140	29,704
Research Expenses	255,645	146,934
Contractors and Consultants	90	6,579
General Administration Costs	201,434	185,464
Conference Fees	45,290	7,750
Audit Fees	25,682	27,521
Personnel Services	62,471	65,846
Operating Lease Payments	25,479	19,490
Computer Support Services	174,697	127,881
Legal Fees	36,844	0
Total Supplies and Services	1,074,892	839,283
Note 10 Depreciation And Amortisation		
Office Furniture at Cost – Depreciation	1,233	784
Leasehold Improvements	34,252	22,924
Total Depreciation and Amortisation	35,485	23,708
Note 11 Auditor's Remuneration		
The Auditor's remuneration includes statutory audit services provided to the ACT Gambling and Racing Commission. This does not include internal audit.		
Audit Fees Paid to the ACT Auditor-General's Office	17,500	16,650
Total Auditor's Remuneration	17,500	16,650
Note 12 Cash		
Cash at Bank	3,335,721	2,878,089
Cash on Hand	167	286
Total Cash	3,335,888	2,878,375

ACT Gambling and Racing Commission
Notes to and forming parts of the Financial Statements
For the Year Ended 30 June 2004

	2003/2004	2002/2003
	\$	\$
Note 13 Receivables		
Casino Taxation	175,000	160,000
Gaming Machine Taxation	2,750,000	2,300,000
Interstate Lotteries Duty	1,100,000	1,060,000
ACTTAB Licence Fee	109,519	138,248
Race Bookmakers*	0	15,000
Sports Bookmakers	60,000	40,000
Other Receivables	32,836	45,097
Total Receivables	4,227,355	3,758,345
Aging of Receivables		
Current and not overdue	4,219,569	3,738,069
Overdue for less than 30 days	7,786	20,276
Overdue for 30-60 days	0	0
Overdue for more than 60 days	0	0
Total	4,227,355	3,758,345
Split of Government/Non Government Receivables		
ACT Government Entities	117,305	158,524
Entities outside ACT Government	4,110,050	3,599,821
Total	4,227,355	3,758,345
*This decrease in Race Bookmakers Receivable is due to the abolition of the Race Bookmakers Turnover Tax as of 1 July 2003, approved under Disallowable Instrument DI2003-275 dated 29 September 2003.		
Note 14 Property, Plant And Equipment		
Leasehold Improvements		
Leasehold Improvements at cost	109,897	109,897
Accumulated Amortisation	(61,341)	(27,089)
Total Written Down Value of Leasehold Improvements	48,556	82,808
Plant and Equipment		
Plant and Equipment at cost	6,162	6,162
Accumulated Depreciation	(2,118)	(885)
Total Written Down Value of Plant and Equipment	4,044	5,277
Total Written Down Value of Property, Plant and Equipment	52,600	88,085

ACT Gambling and Racing Commission
Notes to and forming parts of the Financial Statements
For the Year Ended 30 June 2004

Note 14 Property, Plant and Equipment *continued*.

Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment from the beginning to end of 2003-2004 and 2002-2003.

2003-2004	Leasehold Improvements	Plant and Equipment	Total
	\$	\$	\$
Carrying Amount at the beginning of the Financial Year	82,808	5,277	88,085
Additions	0	0	0
Disposals	0	0	0
Revaluations Increment/(Decrement)	0	0	0
Write-off of Non-Current Assets	0	0	0
Depreciation and Amortisation	(34,252)	(1,233)	(35,485)
Acquisition/(Disposal) from Transfer	0	0	0
Other Movements	0	0	0
Carrying Amount at the End of the Financial Year	48,556	4,044	52,600

2002-2003	Leasehold Improvements	Plant and Equipment	Total
	\$	\$	\$
Carrying Amount at the beginning of the Financial Year	24,395	3,757	28,152
Additions	81,337	2,304	83,641
Disposals	0	0	0
Revaluations Increment/(Decrement)	0	0	0
Write-off of Non-Current Assets	0	0	0
Depreciation and Amortisation	(22,924)	(784)	(23,708)
Acquisition/(Disposal) from Transfer	0	0	0
Other Movements	0	0	0
Carrying Amount at the End of the Financial Year	82,808	5,277	88,085

ACT Gambling and Racing Commission
Notes to and forming parts of the Financial Statements
For the Year Ended 30 June 2004

	2003/2004	2002/2003
	\$	\$
Note 15 Payables		
Accrued Expenses	34,261	44,624
Total Payables	34,261	44,624
Payables are aged as follows:		
Not overdue	34,261	44,624
Overdue for less than 30 days	0	0
Overdue for 30-60 days	0	0
Overdue for more than 60 days	0	0
Total Payables	34,261	44,624
Split of Government/Non-Government Payables		
Payables with Other ACT Government Entities		
Accrued Expenses	24,475	38,600
Total Payables with Other ACT Government Entities	24,475	38,600
Payables with Entities Outside ACT Government		
Accrued Expenses	9,786	6,024
Total Payables with Entities Outside ACT Government	9,786	6,024
Total Payables	34,261	44,624
Note 16 Employee Benefits		
Current Employee Benefits		
Annual Leave	298,837	252,231
Long Service Leave	12,640	64,394
Accrued Salaries	26,225	62,696
Other Benefits	1,125	1,025
Total Current Employee Entitlements	338,827	380,346
Non-Current Employee Benefits		
Long Service Leave	339,563	283,970
Total Non-Current Employee Entitlements	339,563	283,970
Total Employee Benefits	678,390	664,316

At the end of the 2004 financial year the ACT Gambling and Racing Commission had 33.25 full time equivalent staff employed. (2003 - 32 staff).

ACT Gambling and Racing Commission
Notes to and forming parts of the Financial Statements
For the Year Ended 30 June 2004

	2003/2004	2002/2003
	\$	\$
Note 17 Other Liabilities		
Revenue Received in Advance		
- Casino Licence	68,500	66,750
- Security – Interactive Gambling	35,280	45,280
Total Other Liabilities	103,780	112,030
Note 18 Equity		
Balance at the Beginning of the Financial Year	2,273,515	1,643,393
Net Effect of the Adoption of a New Standard	0	(13,071)
Operating Surplus	418,387	643,193
Balance at the End of the Financial Year	2,691,902	2,273,515

Note 19 Financial Instruments

Terms, Conditions and Accounting Policies

Outlined below are the terms and conditions of financial assets and liabilities held the ACT Gambling and Racing Commission as at 30 June 2004.

Recognised Financial Instruments	Terms and Conditions
<i>Financial Assets</i>	
Cash	The ACT Gambling and Racing Commission's bank accounts are held with the Commonwealth Bank of Australia.
Receivables	No credit terms.
<i>Financial Liabilities</i>	
Creditors	The ACT Gambling and Racing Commission normally settles its creditors within a 30-day period.

Interest Rate Risk

The ACT Gambling and Racing Commission currently has the majority of its financial assets and financial liabilities held in floating interest rate arrangements. The ACT Gambling and Racing Commission does not have any unrecognised financial assets and liabilities. This means that the ACT Gambling and Racing Commission is exposed to movements in interest rates, which will impact on both the interest payable and interest receivable to the ACT Gambling and Racing Commission. Interest rates have been low in 2004 and are predicted to remain stable in 2005, therefore will result in a favourable impact on financial liabilities but an unfavourable effect on financial assets.

ACT Gambling and Racing Commission
Notes to and forming parts of the Financial Statements
For the Year Ended 30 June 2004

Note 19 Financial Instruments continued

2004

	Note	Fixed Interest maturing in:					Total
		Floating Interest Rate	1 Year or Less	Over 1 to 5 Years	More than 5 Years	Non-Interest Bearing	
		\$	\$	\$	\$	\$	\$
Financial Assets							
Cash	(12)	3,335,721	0	0	0	167	3,335,888
Receivables	(13)	0	0	0	0	4,227,355	4,227,355
Total Financial Assets		3,335,721	0	0	0	4,227,522	7,563,243
Weighted Average Interest Rate 4.91%							
Financial Liabilities							
Payables	(15)	0	0	0	0	34,261	34,261
Taxation Payable to ACT Government	(17)	0	0	0	0	4,126,019	4,126,019
Total Financial Liabilities		0	0	0	0	4,160,280	4,160,280
Weighted Average Interest Rate 0.00%							
Net Financial Assets		3,335,721	0	0	0	67,242	3,402,963

2003

Financial Assets							
Cash	(12)	2,878,089	0	0	0	286	2,878,375
Receivables	(13)	0	0	0	0	3,758,345	3,758,345
Total Financial Assets		2,878,089	0	0	0	3,758,631	6,636,720
Weighted Average Interest Rate 4.60%							
Financial Liabilities							
Payables	(15)	0	0	0	0	44,624	44,624
Taxation Payable to ACT Government	(17)	0	0	0	0	3,646,498	3,646,498
Total Financial Liabilities		0	0	0	0	3,691,122	3,691,122
Weighted Average Interest Rate 0.00%							
Net Financial Assets		2,878,089	0	0	0	67,509	2,945,598

ACT Gambling and Racing Commission
Notes to and forming parts of the Financial Statements
For the Year Ended 30 June 2004

Note 19 Financial Instruments *continued*.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The ACT Gambling and Racing Commission's credit risk is limited to the fair value of the financial assets held by the agency, less any provision for doubtful debts.

Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents is the carrying value recorded in the accounts of the ACT Gambling and Racing Commission. The average rate of return on bank accounts in 2004 was 4.91% (4.60% in 2003).

	Carrying Amount 2004 \$	Net Fair Value 2004 \$
Financial Assets		
Cash	3,335,888	3,335,888
Receivables	4,227,355	4,227,355
Total Financial Assets	7,563,243	7,563,243
Financial Liabilities		
Payables	34,261	34,263
Taxation Payable to ACT Government	4,126,019	4,126,019
Total Financial Liabilities	4,160,280	4,160,280

Note 20 Segment Reporting

The Commission has only one geographical segment and one business segment that means the financial statements themselves set out the segment information required by AAS 16.

Note 21 Remuneration Of Commissioners

Commission members were appointed by the Treasurer under Section 12 of the *Gambling and Racing Control Act 1999*. The members of the Commission as at 30 June 2004 are:

Mr M Gray	Chair
Ms J Sullivan	Deputy Chair
Dr M Doverty	Member
Ms WJ Perry	Member
Mr T Curtis	Chief Executive

Commission members (other than the Chief Executive) are entitled to remuneration and allowances in accordance with Determinations No.109 of October 2002 and Determination No.133 of November 2003 of the ACT Remuneration Tribunal. Total remuneration paid to the Chair, Deputy Chair and members of the Commission was \$84,269 (2002-2003 \$81,924).

There were no other related party transactions during the period.

ACT Gambling and Racing Commission
Notes to and forming parts of the Financial Statements
For the Year Ended 30 June 2004

	2003/2004	2002/2003
	\$	\$
Note 22 Commitments		
Other Commitments		
Other Commitments Contracted at Reporting Date that have Not been Recognised as Liabilities, Payable:		
Within One Year	35,280	45,280
Later than One Year but not later than Five Years	0	0
Later than Five Years	0	0
Total Other Commitments	35,280	45,280
Operating Leases		
Non-Cancellable Operating Lease Commitments are Payable as follows:		
Within One Year	32,125	15,120
Later than One Year but not later than Five Years	11,171	7,978
Later than Five Years	0	0
Total Operating Lease Commitments	43,296	23,098

Note 23 Contingent Liabilities and Contingent Assets

There were no contingent liabilities or assets at balance date (2002/2003 nil).

ACT Gambling and Racing Commission
Notes to and forming parts of the Financial Statements
For the Year Ended 30 June 2004

Note 24 Cash Flow Reconciliation

Reconciliation of Cash at the End of the Reporting Period in the Statement of Cashflows to the Related Items in the Statement of Financial Position

	2004	2003
	\$	\$
Cash at Bank	3,335,721	2,878,089
Cash on Hand	167	286
Cash at the End of the Financial Year as Recorded on the Statement of Cash Flow	3,335,888	2,878,375
Reconciliation of Operating Profit to the Net Cash Inflow from Operating Activities		
Operating Profit	418,387	643,193
Add Depreciation and Amortisation	35,485	23,708
(Less) Net Effect of the Adoption of the New Accounting Standard	0	(13,071)
Net Cash Before Changes in Operating Assets and Liabilities	453,872	653,830
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(469,010)	(107,471)
(Increase)/Decrease in Prepayments	(2,331)	4,600
Increase/(Decrease) in Payables	(10,363)	6,333
Increase/(Decrease) in Employee Benefits	14,074	96,197
Increase/(Decrease) in Taxation Revenue Payable	479,521	211,498
Increase/(Decrease) in Other Liabilities	(8,250)	(2,970)
Net Changes in Operating Assets and Liabilities	3,641	208,187
Net Cash Inflow from Operating Activities	457,513	862,017

ACT Gambling and Racing Commission
Statement of Performance
For the Period 1 July 2003 to 30 June 2004

Objective	Activity	Measured by	Estimated Target 2003-2004	Actual Achievement 2003-2004	Variance
1. Effectively regulate gambling and racing activity for statutory compliance	Observation and audit of operator activity to detect compliance with legal framework.	Time spent by authorised officers observing activity and conducting audits, as measured by ongoing records or periodic survey	50% of time	58.96 % of time	8.96% points more time
2. Ensure compliance with statutory payments of taxes and fees	Conduct of audits and/or reviews of fee and tax payments received	Time spent by authorised officers observing activity and conducting audits, as measured by ongoing records or periodic survey	30% of time	36.81% of time	6.81% points more time
3. Review gaming legislation for relevance and appropriateness	Critical examination of gaming laws	Provision of review reports to Commission	3 reports	3 reports	Nil
4. Coordinate research and data collection projects	Assessment and oversight of relevant projects	Number of projects successfully established	3 projects	3 projects undertaken	Nil
5. Effectively manage Commission resources	Ensure that all Commission resources are effectively utilised	Comparing actual outcome with 2003-2004 budget	Achieve or improve the 2003-04 budgeted operating result	Achieved	Final operating position \$176,387 more than target

Explanatory Notes

Assessment of Performance against Previous Year

- Effectively regulate gambling and racing activity for statutory compliance

The Commission has achieved its expected targets against this objective.

- Ensure compliance with statutory payments of taxes and fees

The Commission has collected all taxes and fees as appropriate from the level of gambling activity undertaken in the Territory this year and furnished monthly workbook reports and Quarterly Variance and Status Reports to Department of Treasury.

ACT Gambling and Racing Commission
Statement of Performance
For the Period 1 July 2003 to 30 June 2004

- Review gaming legislation for relevance and appropriateness

The Commission has completed:

- y a Consultation Paper on the Review of the *Gambling and Racing Control (Code of Practice) Regulations 2002*,
- y an Options Paper on the Review of the *Casino Control Act 1988*, and
- y a Review of the Rules for Sports Bookmaking under the *Race and Sports Bookmaking Act 2001*.

- Coordinate research and data collection projects

The Commission has established and received progress reports on the following 3 projects:

- y *Adolescent Gambling: Prevalence, Risk Factors and Opportunity for Controls and Interventions*.
- y *The use of ATMs in ACT gaming venues: An Empirical Study*.
- y *Gaming Machine Accessibility and use in Suburban Canberra: A detailed analysis of the Tuggeranong Valley*.

- Effectively manage Commission resources

The Commission has achieved an operating surplus of \$418,387 against the 2003-2004 budgeted result of \$242,000.

8.2 External Sources of Labour and Services

Consultancy Services

The following consultancy and contractor services have been utilised by the Commission during the reporting period:

Name: Kerra Consulting Services

Services: Update Commission's financial management system (MYOB) to new version and review operation on network and assist with preparation of rollover to new financial year.

Cost: \$90,000

Date Consultant Engaged: 10 November 2003.

Contractor Services

Name: Australian National University Centre for Gambling Research

Services: Gambling and problem gambling research projects.

Select Tender used as the ANU Centre for Gambling Research was considered the only contractor sufficiently and relevantly skilled to provide the specialist research and analysis required for these projects.

Individual Contracts:

Adolescent Gambling: Prevalence, Risk Factors and Opportunity for Controls and Interventions.

Cost: \$49,500 (In conjunction with a grant to the Centre for Gambling Research from the Australian Research Council of \$60,000).

Date: 20 January 2003

The use of ATMs in ACT gaming venues: An Empirical Study

Cost: \$73,065

Date: 15 December 2003

Gaming Machine Accessibility and use in Suburban Canberra: A detailed analysis of the Tuggeranong Valley.

Cost: \$81,600

Date: 19 December 2003

Review of the ACT Government's Harm Minimisation Measures

Cost: \$25,000

Date: 15 December 2003

Help-seeking by Gamblers, Friends and Families in the ACT: A focus on Cultural and Gender Issues

Cost: \$20,000

Date: 15 December 2003

8.3 Staffing Profile

All Commission staff are employed under the *Public Sector Management Act 1994*.

The Commission has the following staffing profile:

LEVEL	FUNCTION	EEO CATEGORY
SES	Chief Executive	Male
SOG A	Section Manager	Male
SOG B	Section Manager	Male X 4
SOG C	Assistant Section Manager	Male X 5
ASO 6	Authorised Officer Compliance	Male X 2, Female
ASO 6	Authorised Officer	Male
ASO 6	Commission Secretariat & Research	Female
ASO 5	Authorised Officer Compliance	Male X 3; Female X 2
ASO 4	Authorised Officer Compliance	Male X 4; Female X 4
ASO 4	Lotteries Compliance Officer	Female
ASO 4	Authorised Officer	Female (0.5 Full Time Equivalent)
ASO 3	Authorised Officer	Male, Female X3
Total		34.5 Full Time Equivalent

8.4 Reports by Auditor-General

Performance Audit Report – “Travel Arrangements and Expenses June 2004”

The ACT Gambling and Racing Commission was one of the agencies reviewed in this report. No recommendation or finding related uniquely to the Commission. In its response to the report, the Commission agreed to implement the findings of the report consistent with the Whole of Government Response. At the time of reporting no Whole of Government response had been prepared.

8.5 Legislative Assembly Committee Inquiries and Reports

The Standing Committee on Public Accounts Report 8 “Revenue Raising Issues in the ACT” 4 March 2004.

The ACT Gambling and Racing Commission contributed to the Government Response to this report in relation to Recommendations 12, 13, and 14 of the report. The Government did not support any of these recommendations.

8.6 Legislation

The following is a list of legislation for which the Commission has responsibility:

- the *Gambling and Racing Control Act 1999*;
- the *Betting (ACTTAB Limited) Act 1964*;
- the *Casino Control Act 1988*;

- the Games, Wagers and Betting Houses Act 1901;
- the *Gaming and Betting Act 1906*;
- the *Gaming Machine Act 1987*;
- the *Gaming Machine Act 2004* (effective 1 November 2004)
- the *Interactive Gambling Act 1998*;
- the *Lotteries Act 1964*;
- the *Pool Betting Act 1964*;
- the *Race and Sports Bookmaking Act 2001*;
- the *Racing Act 1999*;
- the Unlawful Games Act 1984.

8.7 Service Purchasing Arrangements

The Commission provided \$3,300 to the Oz Help Foundation (a building and construction industry based charitable organisation) to enable the Foundation to develop the “Budgeting and Responsible Gambling Module” of its “Lifeskills Program”.

ATTACHMENT 1

ACT Report – (Draft) National Framework on Problem Gambling

Responsible Gambling and Harm Minimisation Approaches

In December 2002 the ACT legislated a mandatory Code of Practice applicable to all gambling providers in the Territory. The Code incorporates a wide range of responsible gambling and harm minimisation initiatives and has been described by the Principal Solicitor of the Wesley Community Legal Service as a “straightforward approach to stopping problem gambling” and “probably the most radical harm minimisation program in the world”.

Additionally, the new *Gaming Machine Act 2004*, incorporating a number of harm minimisation recommendations flowing from the ACT Gambling and Racing Commission's review of the *Gaming Machine Act 1987*, has been passed by the ACT Legislative Assembly. The Act contains many technical improvements to the existing legislation as well as improving accountability and transparency of club and hotel operations. It also introduces the requirement for a social impact assessment for all applications for additional gaming machines or when licensees wish to relocate club premises (new licence applications already have to undertake a social impact assessment).

Community Consultation

The Commission undertakes extensive community consultation, particularly in relation to its legislation review process and the formulation and implementation of problem gambling harm minimisation measures. In December 2002 it established a Gambling Advisory Reference Group to:

- assist the Commission in developing and implementing targeted strategies to address problem gambling in the ACT, and
- provide advice to the Commission on behalf of peak ACT community service organisations on issues relating to problem gambling.

The group meets on a quarterly basis and is comprised of directors of the following organisations: Lifeline, Care Inc., ACT Churches' Council, Aboriginal and Torres Strait Islander Consultative Council, ACT Council of Social Services, Council on the Aging and ACT Multicultural Council.

Legislative Reviews

The Commission is currently reviewing the following legislation:

- *Casino Control Act 1988* – public consultation has been completed and a Policy Paper is being developed by the Commission for consideration by the Minister for Sport, Racing and Gaming later in 2004.
- *Lotteries Act 1964* and *Pool Betting Act 1964* – the Commission is currently finalising a Consultation Paper for public circulation to assist in the development of a Policy Paper and recommendations to the Minister. The reviews will be progressed during this calendar year and finalised in 2005.
- *Gambling and Racing Control (Code of Practice) Regulations 2002* – the Commission undertook to review the gambling Code of Practice after 12 months of operations. The mandatory Code of Practice commenced in December 2002 with some provisions commencing in May 2003. Public consultation has been undertaken and a Policy Paper is expected to be finalised in mid-2004. Recommendations for amendments to the Regulations will be forwarded to the Minister for consideration once the Policy Paper has been finalised by the Commission.
- The review of the *Race and Sports Bookmaking Act 2001*, Rules for Sports Bookmaking, has progressed to the public consultation stage following Commission endorsement of a Draft Discussion Paper.
- The review of the (ACT) *Interactive Gambling Act 1998* remains suspended pending publication of the report on the Commonwealth's review of its Act and subsequent Commonwealth Government response to the review report. The Department of Communications, Information Technology and Arts is yet to respond to recent enquiries about the timeframe for the release of the review report.

Initiatives relating to the Key Focus Areas, Objectives and Strategies of the National Framework on Problem Gambling

Key Focus Area and Objective and Strategies ACT Initiatives

1. Public Awareness, Education and Training

Objective: To promote a greater understanding of the nature of the gambling product, the potential for harm and the availability of help and support

Strategies:

Build community awareness of problem gambling issues and services

Ensure that education and awareness campaigns are cognisant of the various populations within the community

- the ACT Gambling and Racing Commission (the Commission) has developed and distributed a range of Playsmart gambling information and education brochures for display in all gambling venues in the Territory. This includes venues selling lottery tickets. The brochures are currently in their third re-print and were initially adapted from the NSW Playsmart series, with permission from NSW Casino Community Benefit Fund.
- the Commission conducted multi-media problem gambling awareness and education campaigns in conjunction with the introduction and implementation of the Code of Practice in 2002 with a follow-up campaign in 2003.
- the Commission has developed and distributed to all gambling venues an information brochure outlining the ACT Gambling Code of Practice, which commenced in December 2002. In consultation with the ACT Multicultural Council, the brochure was translated and published in Chinese, Vietnamese, Greek, Lao, Korean and Arabic.
- membership of the Commission's Gambling Advisory Reference Group includes senior representatives of "various populations" within the ACT community.
- in conjunction with Lifeline and Care Inc, the Commission is assisting Oz Help (a building and construction industry based charitable organisation) in developing the "Budgeting and Responsible Gambling Module" of its Lifeskills Program for all apprentices and workers in the building and construction industry.

Ensure gamblers have access to consumer information about the nature of gambling products, for example on the chances of winning major prizes

- compulsory display of information relating to return to player and the probability of winning major prizes is required.
- appropriate problem gambling awareness and information signage must be displayed in all gambling venues.
- sufficient light to enable signs to be read is required.
- clocks must be displayed in all gambling areas.
- display of monetary value of credits, bets and wins is required on gaming machines.
- consumer information is required to be printed on inter-state lottery products sold in the ACT.
- information for individual players on their gambling session may be possible with new legislation later this year.

Key Focus Area and Objective and Strategies	ACT Initiatives
<i>Raise awareness of health and social welfare professionals, about the benefits of early identification of problem gambling</i>	<ul style="list-style-type: none"> membership of the Commission's Gambling Advisory Reference Group includes senior representatives of social welfare groups in the ACT. Commission will liaise with health and welfare professionals in implementing the ACT's new <i>Gaming Machine Act 2004</i> later this year.
<i>Ensure that relevant gambling industry personnel receive appropriate training in the responsible conduct of gambling</i>	<ul style="list-style-type: none"> training of staff in all gaming machine venues in relation to responsible gambling is mandatory. each licensee must have a Gambling Contact Officer (GCO) that has undertaken approved training. A GCO has specific functions under the Code of Practice in relation to recording incidents and providing information on counselling services. venue staff cannot gamble on duty.
<i>Ensure the availability of treatment and support services and venue-based services such as exclusions are well publicised and promoted</i>	<ul style="list-style-type: none"> information about gambling counselling services is required to be displayed in gambling venues and in all gambling related advertisements. contact numbers for counselling services must be available in all gambling venues. self-exclusion schemes are required to be in place - in addition, a licensee must exclude a person if the licensee believes that the person, or one of the person's dependants, is seriously at risk because of the person's gambling problem. a licensee must have written exclusion procedures and keep a register of excluded persons. promotional material on gambling cannot to be sent to excluded persons. the Commission conducted two high-intensity publicity campaigns associated with the commencement of the Code of Practice.

2. Responsible Gambling Environments

Objective: To minimise the likelihood of recreational gamblers developing problem gambling behaviours

Strategies:

Consider any impacts on the community when assessing major expansions of gambling opportunities or the introduction of significant new gambling opportunities

- the Commission's establishing legislation provides that in undertaking its functions, the Commission must take into account consumer protection and reducing the risks and costs of problem gambling.
- new gaming machine licence applications must include social impact assessment.
- in assessing applications for additional gaming machines, the Commission considers any impact on the community.
- since July 2000 the Commission has approved only 1 new gambling venue licence.
- the number of gaming machines in the ACT is capped at a maximum of 5,200.
- actual number of machines is 5,060.
- since July 2000 the Commission has approved only 212 additional gaming machines.
- Gaming Machine Act 2004* introduces the requirement for a social impact assessment for all applications for additional gaming machines or when licensees wish to relocate club premises.

Key Focus Area and Objective and Strategies	ACT Initiatives
	<ul style="list-style-type: none"> • gaming machines are not permitted in the casino. • taverns in the ACT are allowed only 2 Class B (draw poker) gaming machines. • hotels with 12 or more units of accommodation are allowed a maximum of 10 Class B gaming machines. • hotels with less than 12 units of accommodation are allowed a maximum of only 2 Class B gaming machines. • compulsory shutdown of all gambling venues applies (currently 5 hours per 24 hours from 4am to 9am).
<p><i>Further develop and implement Codes of Practice and/or regulatory frameworks to promote responsible practices by operators, and informed decision making by consumers</i></p>	<ul style="list-style-type: none"> • the mandatory Code of Practice which commenced in December 2002 legislates and promotes responsible practices by operators and informed decision-making by consumers. • a ban on smoking in gambling venues will apply from 2006. • Note: Initiatives identified under other strategies within the Framework are also related to the achievement of this strategy.
<p>Encourage availability of appropriate venue-based interventions for gamblers</p>	<ul style="list-style-type: none"> • mandatory Code of Practice requires multi-level venue-based interventions for gamblers. • all gambling venue licensees must nominate and specially train a Gambling Contact Officer (GCO). • all gambling venue staff members who observe signs of a customer with a gambling problem must report this to the venue's GCO who must contact the person and discuss possible problem and advise about counselling and support services. • GCO must also investigate a report from a third party (eg. family, friend or other patron) regarding a person who may have a gambling problem. • GCO must record and maintain a register of problem gambling incidents. • licensees must involuntarily exclude a person where they have reasonable grounds for believing that the welfare of the person, or the person's dependants, is seriously at risk because of the person's problem gambling. • licensees must not allow a person that doesn't appear to understand the consequences of gambling and of financial loss to gamble. • intoxicated persons are not permitted to gamble.
<p><i>Further develop and implement Codes of Practice and/or regulatory frameworks that ensure advertising and promotions do not encourage problem gambling</i></p>	<ul style="list-style-type: none"> • mandatory Code of Practice was implemented in December 2002 and is currently being evaluated. • controls on advertising apply – provisions within the National Standards have been adopted (advertisements must not be false or misleading, cannot show under 18's gambling, cannot suggest that gambling is a form of financial investment, cannot suggest that skill can influence a game of chance and does not promote the consumption of alcohol while gambling). • controls on gaming machine artwork apply - National Standards on Gaming Machine Design have been adopted. • restrictions on promotions and other inducements to gamble apply. • controls over player reward schemes apply - can only be advertised inside the venue or directly to members.

Key Focus Area and Objective and Strategies	ACT Initiatives
	<ul style="list-style-type: none"> • permanent messages which encourage responsible gambling must be displayed on all gaming machines • restrictions on alcohol consumption by gamblers apply and advertising cannot show the consumption of alcohol while gambling.
<p><i>Develop strategies to enable gamblers to limit their expenditure or time spent gambling, for example through pre-commitment measures and appropriate controls over financial transactions</i></p>	<ul style="list-style-type: none"> • cheque cashing restrictions apply - not permitted in gaming area, maximum of \$250 per day unless by prior arrangement. • large payouts cannot be made in cash - \$1,000 maximum payout for winnings in cash. • prohibition on providing credit for gambling applies. • ATMs must be located outside gaming areas. • restrictions on note acceptors to be included in new legislation later this year. • limits on maximum bets on gaming machines apply - \$10 maximum per play/button push. • "pre-commitment" or "smart" cards that enable financial limits to be set may be possible under new legislation later this year. • reduced maximum permissible win applies - gaming machines approved in NSW (for use in ACT) have a maximum \$10,000 payout.
<p>3. Intervention, Counselling and Support Services</p>	
<p>Objective: To enhance problem gambling support and treatment services that are effective, accessible and culturally appropriate</p>	
<p>Strategies: <i>Maintain a problem gambling support and treatment system, which is available generally, including across regional, rural and remote locations</i> <i>Ensure services are effective for Culturally and Linguistically Diverse (CALD) populations and indigenous people</i></p>	<ul style="list-style-type: none"> • ACT Government (Department of Disability, Housing and Community Services) funds Lifeline and Care Inc. gambling and financial counselling and support services. Lifeline and ClubsACT have developed "Clubcare" to provide counselling and support services. • licensees must identify gambling counselling services and make available contact details in all gambling venues. • a minimum legislatively prescribed level of community contributions must be paid by licensed clubs (7% of net gaming revenue, as defined in gaming machine act) - Commission audits contributions and tables report in ACT Legislative Assembly annually.
<p><i>Introduce standardised problem gambling assessment tools for use by counsellors and community workers</i></p>	<ul style="list-style-type: none"> • ACT will participate in the development of national initiatives in this regard
<p><i>Ensure counsellors and community workers in problem gambling services have appropriate training</i></p>	<ul style="list-style-type: none"> • Commission will liaise with Lifeline and other relevant organisations to ensure counsellors and community workers in problem gambling services have appropriate training.
<p><i>Develop national standards for problem gambling treatment and support services</i></p>	<ul style="list-style-type: none"> • ACT will participate in the development of national initiatives in this regard.

Key Focus Area and Objective and Strategies	ACT Initiatives
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4. National Research and Data Collection

Objective: To inform the implementation and further development of the national framework and its strategies

Strategies:

Implement and further develop the National Gambling Research Program, which is jointly funded by all jurisdictions, to increase understanding of the nature and extent of problem gambling and effective intervention strategies in Australia and provide a clearinghouse for gambling research

- the ACT signed the Memorandum of Understanding in May 2003 to establish the National Gambling Research Working Party and has contributed its full share of funding for this initiative.
- in May 2002 the ACT Government and the Australian National University (ANU) jointly established and funded the ANU Centre for Gambling Research. Professor Jan McMillen was appointed the Centre's inaugural Chair.
- the Commission has sponsored and funded the following gambling research projects:
 - Survey on Gambling and Problem Gambling in the ACT 2001: This project was a baseline survey of the nature and extent of gambling and problem gambling in the ACT modelled on the Commonwealth Productivity Commission's National Gambling Survey conducted in 1999.
 - ACT Needs Analysis Survey 2001: This project focused on help-seeking behaviour of people with gambling problems and the future needs of the ACT community to address these needs.
 - Gambling and Clients of ACT Corrective Services 2003: This project sought to identify the prevalence of problem gambling among the ACT's correctional population and focused on issues related to gambling and offending, drug and alcohol use and help-seeking behaviour.
- the Commission is currently sponsoring and funding the following gambling research projects:
 - Adolescent Gambling: Prevalence, Risk Factors and Opportunity for Controls and Interventions. Eighteen schools from the Government, Independent and Catholic education systems have participated in this comprehensive survey, involving a sample of 975 students. The project is jointly funded by the Commission and a grant from the Australian Research Council Industry Partnership Agreement scheme.
 - The use of ATMs in ACT gaming venues: An Empirical Study. This study, which includes a survey of 755 Canberra residents, addresses issues raised by the ACT Government in its response to the Commission's Review of the *Gaming Machine Act 1987*.
 - Gaming Machine Accessibility and use in Suburban Canberra: A detailed analysis of the Tuggeranong Valley. This project is surveying approximately 2,000 residents and will result in the detailed mapping of gaming and non-gaming facility use in the Tuggeranong Valley area.
 - Help-seeking by Gamblers, Friends and Families in the ACT: A focus on Cultural and Gender Issues. This study seeks to identify how and where problem gamblers and their families and friends seek help. It also aims to identify any barriers they encounter and suggest measures to overcome these barriers.
 - Review of the ACT Government's Harm Minimisation Measures. This study is evaluating the effectiveness of restricting total stake amount (currently \$10), restricting operating times and limiting the maximum payout amount on stand-alone machines and progressive jackpots.

ATTACHMENT 2

Annual Report Of The Racing Appeals Tribunal

Functions

To hear and determine appeals and other matters in accordance with the provisions of the *Racing Act 1999*.

Contact

Registrar of the Tribunal
Gavan Desmond
Manager, Racing and Wagering
Gambling and Racing Commission
Phone: (02) 6207 0382
Fax (02) 6207 7372

Members

Emeritus Professor Dennis Pearce AO (President)
Ms Anna Lennon (Deputy President)
Mr David Kibbey AM
Mr Rod Leffers
Ms Sandi Peisley
Mr Neville Prendergast

Assessors

Mr Garry Buchanan
Mr Paul Luckie
Mr Alfred Lussick

Operations

The Racing Appeals Tribunal is established in accordance with the provisions of Part V of the *Racing Act 1999* (the Act). The Tribunal is an independent body responsible for hearing and determining appeals from persons aggrieved by a decision of a controlling body, or another organisation conducting a race meeting conducted for the purpose of betting in the ACT. The functions of the Tribunal are contained in section 39 of the Act.

Tribunal Members during 2003-04 were:

Emeritus Professor Dennis Pearce (President)
Ms Anna Lennon (Deputy President)
Mr David Kibbey AM
Mr Rod Leffers
Ms Sandi Peisley
Mr Neville Prendergast

Tribunal Assessors during 2003-04 were:

Mr Garry Buchanan
Mr Paul Luckie
Mr Alfred Lussick

Matters Heard by the Tribunal:

- JANELLE BAILEY and CANBERRA HARNESS RACING CLUB INC (27 April 2004)

Tribunal Members:

Professor Dennis Pearce (President)

Mr David Kibbey (Member)

Mr Neville Prendergast (Member)

Order of Tribunal

Janelle Bailey was, on 26 March 2004, guilty of a breach of rule 163(1)(a) of the Rules of Harness Racing in the Australian Capital Territory. Ms Bailey is suspended from racing for 7 days from 30 April 2004.

- MICHAEL MCRAE and CANBERRA RACING CLUB INC (27 April 2004)

Tribunal Members:

Professor Dennis Pearce AO (President)

Mr David Kibbey AM (Member)

Mr Neville Prendergast (Member)

Order of Tribunal

Mr McRae is guilty of a breach of Australian Rule of Racing 175(a).

Penalty: 12 month's disqualification dating from 27 April 2004.

Mr McRae is guilty of a breach of Australian Rule of Racing 175(p).

Penalty: reprimand.

Appeals 2003-2004

Controlling Body	No of appeals lodged	Appeals determined
Canberra Racing Club	1	1
Canberra Harness Racing Club	1	1
Canberra Greyhound Racing Club	0	0

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