

ACT GAMBLING AND RACING COMMISSION

Objectives

The ACT Gambling and Racing Commission (the Commission) is an independent statutory authority established under the *Gambling and Racing Control Act 1999* to control, supervise and regulate gambling and racing activities in the Territory.

The responsibilities of the Commission incorporate the on-going development and implementation of an integrated regulatory framework for all gambling activity in the ACT, including the casino, machine gaming, lotteries, racing (as provided in the *Racing Act 1999*), race and sports bookmaking and interactive gambling.

The Commission also monitors and researches the social effects of gambling and of problem gambling.

In discharging its responsibilities, the Commission undertakes broad community consultation and performs its functions in a way that best promotes the public interest. It must, as far as practicable, promote consumer protection, minimise the possibility of criminal or unethical activity, and reduce the risks and costs to the community and individuals concerned, of problem gambling.

2007-08 Priorities

Strategic and operational issues to be pursued in 2007-08 include:

- implementing agreed recommendations of legislative reviews, including the *Race and Sports Bookmaking Act 2001*, the *Gaming Machine Act 2004* and the *Unlawful Games Act 1984*;
- enhancing the effectiveness of the Commission's compliance program on a continual risk assessment basis;
- enhancing the Commission's community engagement strategy by building upon strategic links with its stakeholders;
- liaising with ACT racing industry participants to facilitate and enhance cooperation between the controlling bodies responsible for the conduct of racing in the ACT and the off-course wagering activities of other industry based enterprises; and
- assessing the findings and recommendations of relevant gambling research projects in relation to compliance and policy issues.

Estimated Employment Level

	2006-07 Est. Outcome	2007-08 Budget
Staffing (FTE)	31	33

Output Classes

	Total Cost ¹		Government Payment for Outputs	
	2006-07 Est. Outcome \$'000	2007-08 Budget \$'000	2006-07 Est. Outcome \$'000	2007-08 Budget \$'000
Output Class 1: Gambling Regulation and Compliance	3,887	3,993	4,028	4,145
Output Class 1.1: Gambling Regulation and Compliance	3,887	3,993	4,028	4,145

Note:

1. Total cost includes depreciation of \$0.016 million in 2006-07 and depreciation of \$0.005 million in 2007-08 and excludes transfer expenses in both years.

Output Description

Key roles of the ACT Gambling and Racing Commission are to:

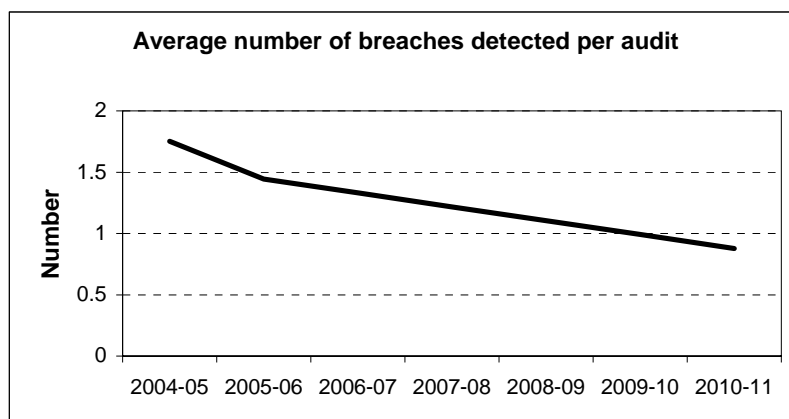
- administer gaming laws;
- control, supervise and regulate gaming in the Territory; and
- collect and verify gambling taxes, fees and charges.

Strategic Indicators

Strategic Indicator 1

Increase gambling operators' compliance with legislation

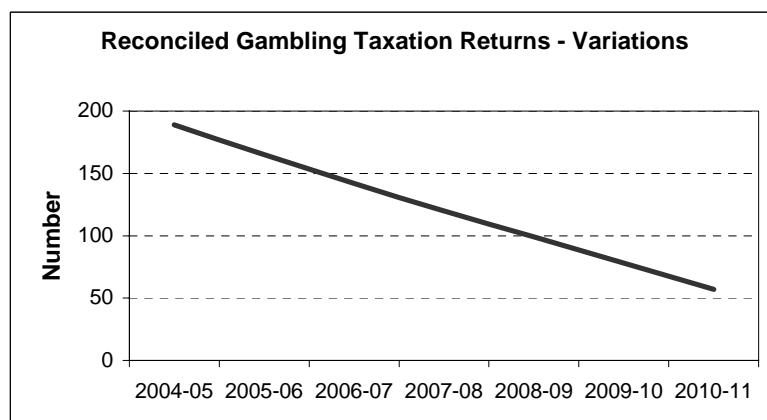
The Commission conducts an audit program to ensure that operators comply with all relevant gaming and wagering legislation. Through this audit program and its education and liaison with operators, the Commission aims to increase compliance with the various Acts. The level of reduction in the number of breaches detected per audit will indicate the success, or otherwise, of the Commission's activities in increasing compliance with the legislation.



Strategic Indicator 2

Increase the accuracy of returns by operators for gambling related taxes, fees and fines on behalf of the ACT Government.

The Commission receives returns from operators along with payments for gambling related taxes, fees and fines. The Commission reconciles the returns against operators' activities and issues variation advices if discrepancies are found. The Commission aims to reduce the number of variations required through its education and liaison with operators in the ACT. The level of reduction in the number of variations to returns required will indicate the success, or otherwise, of the Commission's activities in this area.



Accountability Indicators

	2006-07 Targets	2006-07 Est. Outcome	2007-08 Targets
Output Class 1: Gambling Regulation and Compliance			
Output Class 1.1: Gambling Regulation and Compliance			
a. Conduct compliance audits of operator activity to detect compliance with legal framework			
- Casino	90	90	90
- Gaming Machines	210	210	250
- Bookmakers	50	50	50
- Minor Lotteries	70	70	70
<i>Effectively regulating gambling and racing activity for statutory compliance</i>			
b. Conduct revenue audits to ensure correct payment of taxes and fees			
- Casino	12	12	12
- Gaming Machines	12	12	12
- Bookmakers	12	12	12
<i>Ensure compliance with statutory payments of taxes and fees</i>			

Changes To Appropriation

Changes to Appropriation - Departmental

	2006-07	2007-08	2008-09	2009-10	2010-11
Government Payment for Outputs	Est. Out.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
2006-07 Budget	4,008	3,999	4,067	4,132	4,132
2007-08 Budget Policy Adjustments					
Wage Outcome	20	68	117	145	146
Rental Supplementation	-	122	122	122	122
2007-08 Budget Technical Adjustments					
Revised Indexation Parameters	-	2	2	2	66
Shared Services Centre SLA Adjustment	-	8	10	11	11
Decreased Notional Superannuation Contribution Rates	-	(54)	(52)	(51)	(52)
2007-08 Budget	4,028	4,145	4,266	4,361	4,425

**ACT Gambling and Racing Commission
Operating Statement**

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
Income							
Revenue							
4,008	Government Payment for Outputs	4,028	4,145	3	4,266	4,361	4,425
50,044	Taxes Fees and Fines	50,560	54,760	8	57,045	59,065	61,079
62	Interest	62	62	-	62	62	62
25	Resources Received free of charge	25	25	-	25	25	25
54,139	Total Revenue	54,675	58,992	8	61,398	63,513	65,591
Gains							
246	Other Gains	246	333	35	328	437	355
246	Total Gains	246	333	35	328	437	355
54,385	Total Income	54,921	59,325	8	61,726	63,950	65,946
Expenses							
2,343	Employee Expenses	2,399	2,470	3	2,543	2,579	2,611
528	Superannuation Expenses	533	492	-8	507	517	524
951	Supplies and Services	939	1,026	9	1,057	1,085	1,110
5	Depreciation and Amortisation	16	5	-69	5	5	5
50,288	Transfer Expenses	50,804	55,090	8	57,370	59,499	61,431
54,115	Total Ordinary Expenses	54,691	59,083	8	61,482	63,685	65,681
270	Operating Result	230	242	5	244	265	265

**ACT Gambling and Racing Commission
Balance Sheet**

Budget as at 30/6/07 \$'000		Est.Outcome as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Var %	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000
Current Assets							
2,230	Cash and Cash Equivalents	2,444	2,758	13	3,072	3,386	3,700
3,969	Receivables	4,384	4,389	..	4,394	4,399	4,404
11	Other	11	11	-	11	11	11
6,210	Total Current Assets	6,839	7,158	5	7,477	7,796	8,115
Non Current Assets							
15	Property, Plant and Equipment	9	14	56	19	24	29
15	Total Non Current Assets	9	14	56	19	24	29
6,225	TOTAL ASSETS	6,848	7,172	5	7,496	7,820	8,144
Current Liabilities							
3,929	Payables	4,279	4,279	-	4,279	4,279	4,279
390	Employee Benefits	752	787	5	816	828	840
105	Other	137	137	-	137	137	137
4,424	Total Current Liabilities	5,168	5,203	1	5,232	5,244	5,256
Non Current Liabilities							
463	Employee Benefits	64	111	73	162	209	256
463	Total Non Current Liabilities	64	111	73	162	209	256
4,887	TOTAL LIABILITIES	5,232	5,314	2	5,394	5,453	5,512
1,338	NET ASSETS	1,616	1,858	15	2,102	2,367	2,632
REPRESENTED BY FUNDS EMPLOYED							
1,338	Accumulated Funds	1,616	1,858	15	2,102	2,367	2,632
1,338	TOTAL FUNDS EMPLOYED	1,616	1,858	15	2,102	2,367	2,632

**ACT Gambling and Racing Commission
Cash Flow Statement**

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
4,008	Cash from Government for Outputs	4,028	4,145	3	4,266	4,361	4,425
50,290	Taxes, Fees and Fines	50,806	55,093	8	57,373	59,502	61,434
62	Interest Received	62	62	-	62	62	62
107	Other Revenue	107	104	-3	107	110	113
54,467	Operating Receipts	55,003	59,404	8	61,808	64,035	66,034
Payments							
2,817	Related to Employees	2,849	2,880	1	2,970	3,037	3,076
931	Related to Supplies and Services	919	1,003	9	1,034	1,062	1,087
107	Other	107	104	-3	107	110	113
50,288	Territory Receipts to Government	50,804	55,093	8	57,373	59,502	61,434
54,143	Operating Payments	54,679	59,080	8	61,484	63,711	65,710
324	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	324	324	-	324	324	324
CASH FLOWS FROM INVESTING ACTIVITIES							
Payments							
10	Purchase of Property, Plant and Equipment	10	10	-	10	10	10
10	Investing Payments	10	10	-	10	10	10
-10	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-10	-10	-	-10	-10	-10
314	NET INCREASE/(DECREASE) IN CASH HELD	314	314	-	314	314	314
1,916	CASH AT BEGINNING OF REPORTING PERIOD	2,130	2,444	15	2,758	3,072	3,386
2,230	CASH AT THE END OF THE REPORTING PERIOD	2,444	2,758	13	3,072	3,386	3,700

**ACT Gambling and Racing Commission
Statement of Changes in Equity**

Budget as at 30/6/07 \$'000		Est.Outcome as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Var %	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000
1,060	Opening Balance	1,378	1,616	17	1,858	2,102	2,367
	Accumulated Funds						
270	Operating Result for the Period	230	242	5	244	265	265
	Reserves						
270	Total Income And Expense For The Period	230	242	5	244	265	265
	Transactions Involving Equity Holders Affecting Accumulated Funds						
8	Inc/Dec in Net Assets due to Admin Restructure	8	0	-100	0	0	0
1,338	Closing Balance	1,616	1,858	15	2,102	2,367	2,632

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- government payment for outputs: the increase of \$0.117 million in the 2007-08 Budget from the 2006-07 estimated outcome is mainly due to rental supplementation and the new clerical certified agreements.
- taxes, fees and fines:
 - the increase of \$0.516 million in the 2006-07 estimated outcome from the original budget is due to an increase in gaming machine activity, partially offset by a decrease in gaming activity in interstate lotteries and a decrease in sports betting turn-over; and
 - the increase of \$4.2 million in the 2007-08 Budget from the 2006-07 estimated outcome is mainly due to an increase in the marginal tax rate of the top two tiers for gross monthly gaming machine revenue commencing on 1 July 2007, partially offset by decreased activity due to the introduction of smoking bans from 1 December 2006.
- other gains: the increase of \$0.087 million in 2007-08 Budget from the 2006-07 estimated outcome is due to a revision of unclaimed lotteries monies held in trust.
- superannuation expenses: the decrease of \$0.041 million in the 2007-08 Budget from the 2006-07 estimated outcome is mainly due to decreased notional superannuation contribution rates.
- supplies and services: the increase of \$0.087 million in the 2007-08 Budget from the 2006-07 estimated outcome is mainly due to rental payments for the new office accommodation.

- transfer expenses: the increase of \$0.516 million in the 2006-07 estimated outcome from the original budget and the increase of \$4.286 million in the 2007-08 Budget from the 2006-07 estimated outcome are due to the reasons noted above under taxes, fees and fines and other gains.

Balance Sheet

- cash and cash equivalents: the increase of \$0.214 million in the 2006-07 estimated outcome from the original budget and the increase of \$0.314 million in 2007-08 Budget from the 2006-07 estimated outcome reflects the positive cash flow from the Commission's operating activities.
- current receivables: the increase of \$0.415 million in the 2006-07 estimated outcome from the original budget is due to an increase in gaming taxation receivable from licensees in July 2007 for the month of June.
- current payables: the increase of \$0.350 million in the 2006-07 estimated outcome from the original budget is mainly due to an increase in gaming taxation receivable from licensees and payable to the Territory from the Commission in July 2007 for the month of June.
- current employee benefits: the increase of \$0.362 million in the 2006-07 estimated outcome from the original budget is due to the ACT Accounting Policy requirement to classify all annual leave and unconditional long service leave as current employee benefits. The change in policy is attributable to advice received regarding the interpretation of the Australian Accounting Standards.
- other: the increase of \$0.032 million in the 2006-07 estimated outcome from the original budget is due to sports bookmakers' annual licence fees paid in advance as a result of a change in the date that the fees become payable.
- non-current employee benefits:
 - the decrease of \$0.399 million in the 2006-07 estimated outcome from the original budget is due to the ACT Accounting Policy requirement to classify all annual leave and unconditional long service leave as current employee benefits. The change in policy is attributable to advice received regarding the interpretation of the Australian Accounting Standards; and
 - the increase of \$0.047 million in 2007-08 Budget from the 2006-07 estimated outcome is due to an increase in the number of Commission employees achieving the long service leave threshold.