

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, race and sports bookmaking and interactive gambling.

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

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.

2006-07 Priorities

Strategic and operational issues to be pursued in 2006-07 include:

- implementing agreed recommendations from reviews of the *Lotteries Act 1964*, the *Pool Betting Act 1964* and the *Race and Sports Bookmaking Act 2001*;
- enhancing the effectiveness of the Commission's compliance audit program through the implementation of a revised risk-based model;
- enhancing the integrity of the ACT racing industry by investigating and making recommendations on the control of race field intellectual property;
- enhancing the Commission's community liaison by further building upon strategic links with its stakeholders; and
- assessing the findings and recommendations of relevant gambling research projects in relation to compliance and policy issues.

Output Classes

	Total Cost ¹		Government Payment for Outputs	
	2005-06 ² Est. Outcome \$'000	2006-07 Budget \$'000	2005-06 Est. Outcome \$'000	2006-07 Budget \$'000
Output Class 1: Gambling Regulation and Compliance				
Output 1.1: Gambling and Regulation and Compliance				
	3,753	3,827	n/a	4,008

Notes:

1 Total cost includes depreciation of \$20,000 in 2005-06 and depreciation of \$5,000 in 2006-07.

2 The 2005-06 estimated outcome is included for comparative purposes only. This output class is included in the 2006-07 Budget for the first time.

Output Description

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

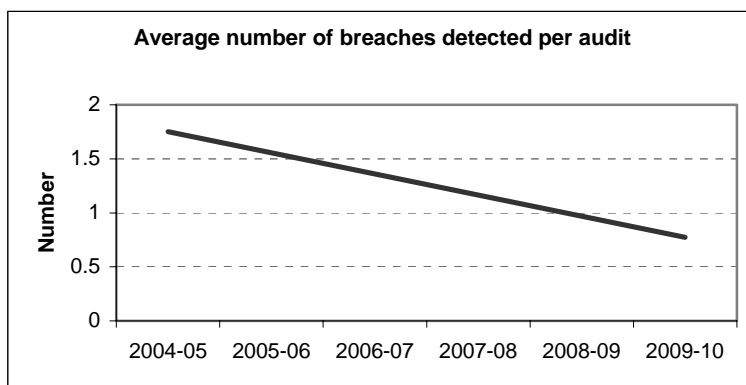
- administer gaming laws;
- control, supervise and regulate gaming in the Territory; and
- collect and verify gambling taxes, fees and charges.

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

	2005-06 Targets	2005-06 ⁷ Est. Outcome	2006-07 Targets
Output Class 1: Gambling Regulation and Compliance			
a. Conduct compliance audits of operator activity to detect compliance with legal framework			
- Casino ¹	n/a	40	90
- Gaming Machines ¹	n/a	140	210
- Bookmakers ¹	n/a	80	50
- Minor Lotteries ¹	n/a	150	70
- Code of Practice ²	n/a	150	0
<i>Effectively regulate gambling and racing activity for statutory compliance</i>			
b. Conduct revenue audits to ensure correct payment of taxes and fees			
- Casino ³	n/a	25	12
- Gaming Machines ⁴	n/a	82	12
- Bookmakers ⁵	n/a	16	12
- Minor Lotteries ⁶	n/a	200	0
<i>Ensure compliance with statutory payment of taxes and fees</i>			

Notes

- 1 The Commission has reviewed its audit program to better reflect the risks associated with operators in different industry segments. Therefore, audit activity for some sectors has increased in 2006-07 compared to 2005-06 and some decreased.
- 2 Code of practice audits for 2006-07 included in other audits where relevant.
- 3 Revenue audits for the casino for 2006-07 undertaken as a total package on a monthly basis rather than on individual revenue components.
- 4 Revenue audits for gaming machines for 2006-07 undertaken as a total package for the whole of the industry (rather than on a licensee basis) with one whole-of-industry audit conducted every month.
- 5 Revenue audits for bookmakers for 2006-07 undertaken as a total package for the whole of the industry (rather than on a licensee basis) with one whole-of-industry audit conducted every month.
- 6 Previous minor lotteries revenue audits are no longer reported in this context as they were essentially internal audit verifications of fee assessments.
- 7 The 2005-06 estimated outcome is included for comparative purposes only. These accountability indicators are included in the 2006-07 Budget for the first time.

Changes to Appropriation

Changes to Appropriation - Departmental

	2005-06	2006-07	2007-08	2008-09	2009-10
Government Payment for Outputs	Est. Outc.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
2005-06 Budget	-	-	-	-	-
2006-07 Budget Policy Adjustments					
Consolidating Human Resources and Finance Functions	-	(3)	(6)	(6)	(6)
Consolidating Information Technology Services	-	(42)	(43)	(43)	(43)
Rationalising Accommodation	-	(73)	(146)	(146)	(146)
2006-07 Budget Technical Adjustments					
Direct Appropriation of GPO	-	4,001	4,069	4,137	4,202
Increased Notional Superannuation Contribution Rates	-	125	125	125	125
2006-07 Budget	-	4,008	3,999	4,067	4,132

ACT Gambling and Racing Commission Operating Statement

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
Income							
Revenue							
0	Government Payment for Outputs	0	4,008	#	3,999	4,067	4,132
53,261	Taxes Fees and Fines	51,065	50,044	-2	55,180	57,472	59,498
3,899	User Charges - ACT Government	3,899	0	-100	0	0	0
62	Interest	62	62	-	62	62	62
375	Other Revenue	152	246	62	333	328	437
25	Resources Received free of charge	25	25	-	25	25	25
57,622	Total Revenue	55,203	54,385	-1	59,599	61,954	64,154
Gains							
0	Total Gains	0	0	-	0	0	0
57,622	Total Income	55,203	54,385	-1	59,599	61,954	64,154
Expenses							
2,312	Employee Expenses	2,312	2,343	1	2,359	2,393	2,424
392	Superannuation Expenses	392	528	35	531	536	541
1,029	Supplies and Services	1,029	951	-8	924	953	982
20	Depreciation and Amortisation	20	5	-75	5	5	5
53,634	Transfer Expenses	51,215	50,288	-2	55,510	57,797	59,932
57,387	Total Ordinary Expenses	54,968	54,115	-2	59,329	61,684	63,884
235	Operating Result	235	270	15	270	270	270

**ACT Gambling and Racing Commission
Balance Sheet**

Budget as at 30/6/06 \$'000		Est.Outcome as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000	Var %	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000
Current Assets							
1,749	Cash	1,916	2,230	16	2,544	2,858	3,172
4,233	Receivables	3,964	3,969	..	3,974	3,979	3,984
19	Other	11	11	-	11	11	11
6,001	Total Current Assets	5,891	6,210	5	6,529	6,848	7,167
Non Current Assets							
16	Property, Plant and Equipment	10	15	50	20	25	30
16	Total Non Current Assets	10	15	50	20	25	30
6,017	TOTAL ASSETS	5,901	6,225	5	6,549	6,873	7,197
Current Liabilities							
4,160	Payables	3,929	3,929	-	3,929	3,929	3,929
370	Employee Benefits	383	390	2	401	412	423
104	Other	105	105	-	105	105	105
4,634	Total Current Liabilities	4,417	4,424	..	4,435	4,446	4,457
Non Current Liabilities							
447	Employee Benefits	424	463	9	506	549	592
447	Total Non Current Liabilities	424	463	9	506	549	592
5,081	TOTAL LIABILITIES	4,841	4,887	1	4,941	4,995	5,049
936	NET ASSETS	1,060	1,338	26	1,608	1,878	2,148
REPRESENTED BY FUNDS EMPLOYED							
936	Accumulated Funds	1,060	1,338	26	1,608	1,878	2,148
936	TOTAL FUNDS EMPLOYED	1,060	1,338	26	1,608	1,878	2,148

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

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
0	Cash from Government for Outputs	0	4,008	#	3,999	4,067	4,132
53,636	Taxes, Fees and Fines	51,217	50,290	-2	55,513	57,800	59,935
3,899	User Charges	3,899	0	-100	0	0	0
62	Interest Received	62	62	-	62	62	62
114	Other Revenue	114	107	-6	103	106	109
57,711	Operating Receipts	55,292	54,467	-1	59,677	62,035	64,238
Payments							
2,630	Related to Employees	2,630	2,817	7	2,836	2,875	2,911
1,009	Related to Supplies and Services	1,009	931	-8	901	930	959
114	Other	114	107	-6	103	106	109
53,634	Territory Receipts to Government	51,215	50,288	-2	55,513	57,800	59,935
57,387	Operating Payments	54,968	54,143	-2	59,353	61,711	63,914
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
1,435	CASH AT BEGINNING OF REPORTING PERIOD	1,602	1,916	20	2,230	2,544	2,858
1,749	CASH AT THE END OF THE REPORTING PERIOD	1,916	2,230	16	2,544	2,858	3,172

ACT Gambling and Racing Commission Statement of Changes in Equity

Budget as at 30/6/06 \$'000		Est.Outcome as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000	Var %	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000
701	Opening Balance	823	1,060	29	1,338	1,608	1,878
	Accumulated Funds						
0	Net Effect of a Correction of an Error	2	0	-100	0	0	0
235	Operating Result for the Period	235	270	15	270	270	270
	Reserves						
235	Total Income And Expense For The Period	237	270	14	270	270	270
	Transactions Involving Equity Holders Affecting Accumulated Funds						
0	Inc/Dec in Net Assets due to Admin Restructure	0	8	#	0	0	0
936	Closing Balance	1,060	1,338	26	1,608	1,878	2,148

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- government payments for outputs: the increase of \$4.008 million in the 2006-07 budget from the 2005-06 estimated outcome is due to the Commission being directly appropriated from 2006-07;
- user charges – ACT Government: the decrease of \$3.899 million in the 2006-07 budget from the 2005-06 estimated outcome is due to the direct appropriation to the Commission mentioned above;
- taxes, fees and fines:
 - the decrease of \$2.196 million in the 2005-06 estimated outcome from the original budget is due to a decrease in gaming activity in Victorian lotteries, a reduction in the licence fee payable by ACTTAB and a reduction in gaming machine tax following a one-off larger GST deduction associated with a change in tax rates as at 1 July 2005;
 - the decrease of \$1.021 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to an expected reduction in gaming activity from the impact of the introduction of smoking bans effective from 1 December 2006;
- other revenue: the decrease of \$0.223 million in the 2005-06 estimated outcome from the original budget and the increase of \$0.094 million in 2006-07 Budget from the 2005-06 estimated outcome are due to an updated calculation of unclaimed lotteries monies held in trust;

- transfer expenses: the decrease of \$2.419 million in the 2005-06 estimated outcome from the original budget and the decrease of \$0.927 million in the 2006-07 Budget from the 2005-06 estimated outcome are due to the reasons noted above under taxes, fees and fines and other revenue;
- superannuation expense: the increase of \$0.136 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to increased notional superannuation contribution rates; and
- supplies and services: the decrease of \$0.078 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to consolidating human resource finance functions, consolidating information technology services, and rationalising accommodation.

Balance Sheet

- cash: the increase of \$0.167 million in the 2005-06 estimated outcome from the original budget and the increase of \$0.314 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects the positive cash flow from the Commission's operating activities.