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ACT
Government



GAMBLING
AND
RACING
COMMISSION

ANNUAL REPORT 2016-17

ACT GAMBLING AND RACING COMMISSION

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ACT GAMBLING AND RACING COMMISSION

ANNUAL REPORT 2016-2017

The ACT Gambling and Racing Commission's *2016-17 Annual Report* has been prepared in accordance with the ACT Chief Minister's *Annual Reports (Government Agencies) Notice 2017* issued on 30 May 2017.

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SECTION A: TRANSMITTAL CERTIFICATE



ACT
Government



GAMBLING
AND
RACING
COMMISSION

Minister for Regulatory Services
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2601

Dear Minister

We have the pleasure in submitting to you the ACT Gambling and Racing Commission's Annual Report for the financial year ended 30 June 2017.

This report has been prepared in accordance with section 7(2) of the *Annual Reports (Government Agencies) Act 2004* and in accordance with the requirements under the Annual Report Directions.

It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report by the ACT Gambling and Racing Commission.

We hereby certify that information in the attached annual report, and information provided for whole of government reporting, is an honest and accurate account and that all material information on the operations of ACT Gambling and Racing Commission has been included for the period 1 July 2016 to 30 June 2017.

We hereby certify that fraud prevention has been managed in accordance with the *Public Sector Management Standards 2006*, Part 2.

Section 13 of the *Annual Reports (Government Agencies) Act 2004* requires that you present the Report to the Legislative Assembly within 15 weeks after the end of the reporting year.

Yours sincerely

John Haskins, AM
Chairperson

19 September 2017

David Snowden
Chief Executive Officer

19 September 2017

COMPLIANCE STATEMENT

The ACT Gambling and Racing Commission's 2016-17 Annual Report must comply with the 2017 Annual Report Directions (the Directions). The Directions are found on the ACT Legislation Register: <http://www.legislation.act.gov.au/ni/2017-280/notification.asp>

The Compliance Statement indicates the subsections, under the five Parts of the Directions, that are applicable to the ACT Gambling and Racing Commission and the location of information that satisfies these requirements:

Part 1 Directions Overview

The requirements under Part 1 of the Directions relate to the purpose, timing and distribution, and record keeping of annual reports. The ACT Gambling and Racing Commission's 2016-17 Annual Report complies with all subsections of Part 1 under the Directions.

In compliance with section 13 Feedback, Part 1 of the Directions, contact details for the ACT Gambling and Racing Commission are provided within the ACT Gambling and Racing Commission's 2016-17 Annual Report to provide readers with the opportunity to provide feedback.

Part 2 Directorate and Public Sector Body Annual Report Requirements

The requirements within Part 2 of the Directions are mandatory for all directorates and public sector bodies and the ACT Gambling and Racing Commission complies with all subsections. The information that satisfies the requirement of Part 2 is found in the ACT Gambling and Racing Commission's 2016-17 Annual Report as follows:

- > A. Transmittal Certificate – see page 7
- > B. Organisational Overview and Performance, inclusive of all subsections – see pages 10 - 61
- > C. Financial Management Reporting, inclusive of all subsections – see pages 62 - 123

Part 3 Reporting by Exception

The ACT Gambling and Racing Commission has nil information to report by exception under Part 3 of the Directions for the 2016-17 reporting period.

Part 4 Directorate and Public Sector Body Specific Annual Report Requirements

The following subsections of Part 4 of the 2017 Directions are applicable to the ACT Gambling and Racing Commission and can be found within the ACT Gambling and Racing Commission's 2016-17 Annual Report as follows:

- > *Gambling and Racing Control Act 1999*, section 31 – see page no. 39, 43
- > *Gaming Machine Act 2004*, Division 11.2, Problem gambling assistance fund – see page no. 34, 48-53, 63, 64, 85, 87, 89, 90, 102

Part 5 Whole of Government Annual Reporting

All subsections of Part 5 of the Directions apply to the ACT Gambling and Racing Commission. Consistent with the Directions, the information satisfying these requirements is reported in the one place for all ACT Public Service Directorates, as follows:

- > N. Community Engagement and Support, see the 2016-17 annual report of Chief Minister, Treasury and Economic Development Directorate;
- > O. Justice and Community Safety, including all subsections O.1 – O.4, see the 2016-17 annual report of the Justice and Community Safety Directorate;
- > P. Public Sector Standards and Workforce Profile including all subsections P.1 – P.3, see the annual State of the Service Report; and
- > Q. Territory Records, see the annual report of Chief Minister, Treasury and Economic, Development Directorate.

ACT Public Service Directorate annual reports are found at the following web address:

http://www.cmd.act.gov.au/open_government/report/annual_reports

SECTION B: ORGANISATION OVERVIEW AND PERFORMANCE

B.1 Organisational Overview

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

Functions and Powers of the Commission

The Commission's functions and powers are specified in sections 6 through 8 of the *Gambling and Racing Control Act 1999*, as follows:

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

- a) to administer the gaming laws;
- b) to control, supervise and regulate gaming in the ACT; and
- c) to exercise any other function given to the Commission under this Act or any other Territory law.

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;
 - ii. activities of people in relation to gaming and racing, for the purpose of exercising functions under a gaming law; and
 - iii. 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. There were no Ministerial Directions issued to the Commission during 2016-2017.

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:

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

Section 8 states that in exercising its functions of reviewing legislation and policies to make recommendations to the Minister, the Commission must engage in community consultation. The Commission's annual report must describe the processes of community consultation used by the Commission.

Vision and Values of the Commission

The vision of the Commission is to create an environment in which key stakeholders have the highest degree of confidence in the integrity of the Territory's approved gaming and wagering industries, and to minimise and prevent gambling harm.

The Commission's values are:

- > fairness and integrity;
- > achievement and excellence;
- > innovation and development; and
- > teamwork.

Objective of the Commission

The Commission's Strategic Plan 2014-2018 outlines the objectives to achieve its vision:

- > to minimise the possibility of criminal or unethical activity in order to satisfy stakeholders' expectations in relation to the regulation and oversight of gaming and wagering operations in the Territory;
- > to minimise the impact caused by gambling harm;
- > to keep informed about developments in gambling harm minimisation strategies and research conducted into gambling harm;
- > to provide the community with factual information about gambling products so that people can make informed choices about their gambling;
- > to provide the community with information about gambling harm, including how and where to obtain assistance;
- > to achieve timely and effective consultation with stakeholders to enable informed decisions when reviewing gambling legislation and policies;
- > to keep informed about developments in gaming and wagering activities and regulatory practices, including emerging technologies; and
- > to ensure that resources are efficiently and effectively allocated to achieve its objectives including the development of staff.

Key Stakeholders of the Commission

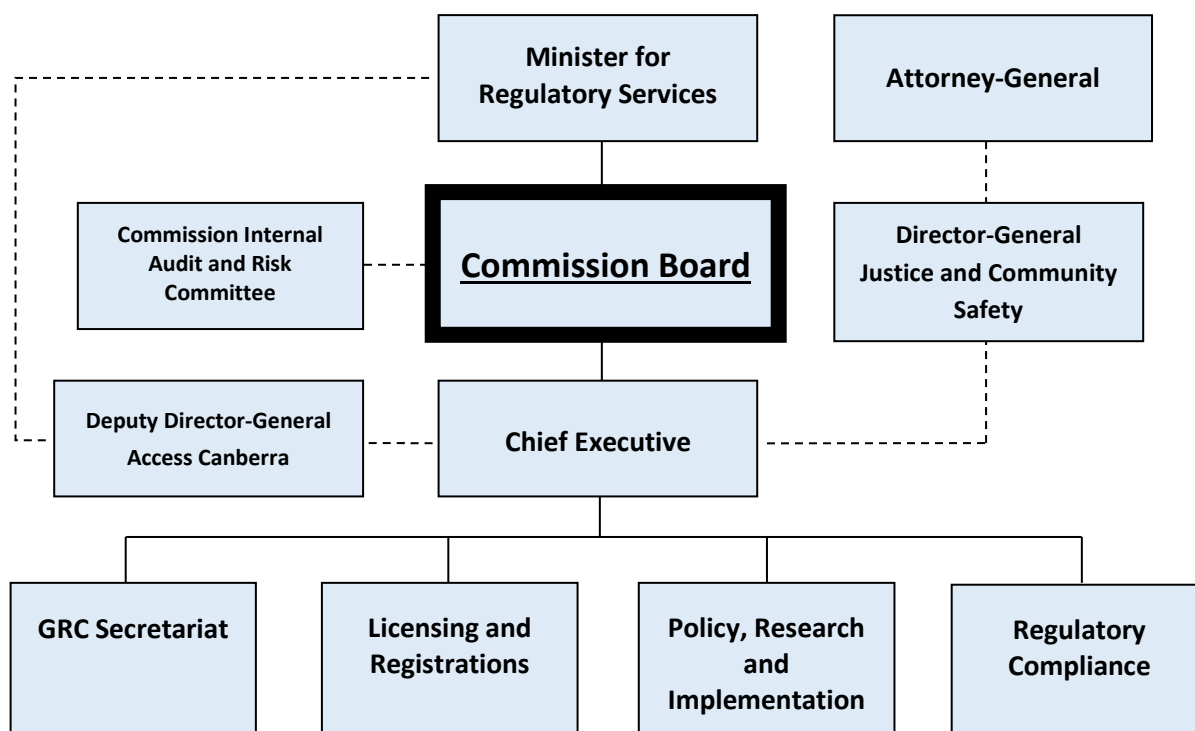
The Commission's Strategic Plan identifies the key stakeholders and clients of the Commission as the:

- > ACT community;
- > ACT Government;
- > ACT Legislative Assembly;
- > Territory's licensed gaming and wagering providers and their customers; and
- > Access Canberra staff.

Organisation Structure, Environment and Planning Framework

In December 2014, the ACT Chief Minister announced the establishment of Access Canberra in the Chief Minister, Treasury and Economic Development Directorate. Access Canberra is a 'one-stop-shop' for many regulatory services performed by the ACT Government, is client focussed and ensures businesses have an effective and efficient method of dealing with Government services and regulators. In August 2015 an agreement between Access Canberra and the Commission on *"the provision of services for the administration of the gaming laws including the control, supervision and regulation of gaming and racing in the ACT"* (the Agreement) was executed. After that agreement expired a Memorandum of Understanding was entered into until 30 June 2017. The Memorandum of Understanding stated that the GRC will commission work from Access Canberra to fulfil its obligations under the *Gambling and Racing Control Act 1999* (the Act), and satisfy its objectives outlined in the 2014-2018 Strategic Plan and the 2016-2017 Statement of Intent.

The ACT Gambling and Racing Commission is a statutory authority and is governed by a Board. The Commission's operational structure as at 30 June 2017 is identified in the following organisation chart;



The Deputy Director-General Access Canberra, is accountable to the ACT Public Service Head of Service, and the Minister for Regulatory Services. The Deputy Director-General is responsible for the administration and business of Access Canberra including any work that Access Canberra undertakes on behalf of the Commission. The Commission has a Memorandum of Understanding with Access Canberra in relation to work commissioned for the administration of the gaming laws, including the control, supervision and regulation of gaming and racing in the ACT.

The Director-General Justice and Community Safety, is accountable to the Attorney-General. The Director-General is responsible for broad gaming and racing policy on a whole-of-government basis.

The Chief Executive of the Commission is also the Chief Operating Officer of Access Canberra and is a member of the governing board.

The Commission's Strategic Plan 2014-18 guides planning and decision making. Additionally, the Commission produces an annual Statement of Intent which includes business and corporate strategies together with targets and performance measures. These targets and measures are incorporated into the Commission's Statement of Performance at Section C.6 of this report.

Access Canberra on behalf of the Commission has also produced detailed procedure manuals to document internal procedures and process controls. These documents ensure consistency of operational activity and assist with the training of new staff members. The Commission's planning processes, including strategic and business planning, incorporate risk management.

The Commission's Strategic Plan outlines the Commission's approach to achieve its vision, strategies to meet its key objectives, and the Commission's strategy to adopt an efficient and effective business framework including:

- > improving operations through the regular review and necessary adjustments of procedures and practices;
- > regularly reviewing the risk based approach to the implementation of the regulatory scheme so that available resources are effectively allocated;
- > regularly review of the compliance inspection plan on a risk basis to update existing matters and capture emerging issues;
- > periodically assessment of the Commission's structure and capabilities to ensure that they best achieve the Commission's objectives;
- > regularly undertaking of internal audit activities to validate or enhance operational systems;
- > strengthening management information and communication systems to support timely decision making and the dissemination of information; and
- > ensuring that the Commission efficiently and effectively utilises the available information technology resources to support the delivery of its products and services.

The Commission also has in place a Risk Register and Fraud and Corruption Prevention Plan which are actively monitored with reports to the Internal Audit and Risk Committee and the governing board.

The Commission is incorporated in the Access Canberra Business Continuity Plan which describes arrangements that will be used to provide continuity of key services in the event of a major disruptive incident.

Achievements

During 2016-17, the Commission continued to develop its public health informed approach to minimising and preventing gambling harm in the ACT. Whilst this is a long term process, the work undertaken in 2016-17 focussed on the language around gambling and individuals.

Research has shown that the language commonly used to describe issues associated with gambling behaviour including “problem” and “responsible” increases stigma, decreases the ability for people to recognise gambling harm in themselves and others, and can act as a barrier to people seeking help for gambling harm issues.

As part of the move towards a public health approach, the Commission renamed “Responsible Gambling Awareness Week” to “Gambling Harm Awareness Week”, with the theme “Gambling Harm Hurts Families Too”. This focus promoted awareness of the impact of gambling harm beyond the individual gambler to affected others in the community. This approach had the support of industry stakeholders.

Work also continued on the Commission’s first Gambling Harm Prevention Plan: a structured strategy that will guide the Commission’s work in this area through 2017-2018, and lay the foundations for the coming years. The Harm Prevention Plan was endorsed by the Commission’s Board in June 2017.

Gambling Harm Awareness Week

Gambling Harm Awareness Week was held from 27 October to 3 November 2016. During Gambling Harm Awareness Week the Commission, in association with the ACT Gambling Counselling and Support Service, ClubsACT, Casino Canberra, and Tabcorp raised awareness of the harm that can be associated with gambling excessively.

The Commission created a dedicated website (<https://www.gamblingandracing.act.gov.au/gambling-harm-awareness>) that outlined what gambling harm is, who can be affected and how. It also provided avenues for seeking help.

Stakeholders also contributed to Gambling Harm Awareness Week. Casino Canberra launched the “Back Your Mates” social media campaign, and hosted cross-cultural gambling harm awareness training for key staff through Relationships Australia. ClubsACT hosted a series of presentations to CIT and college students, as well as promoting the role of Gambling Contact Officers in venues. The Youth Coalition of the ACT launched their website about gambling harm for young Canberrans, and the ACT Council for Social Services distributed key information through their extensive community sector networks. Tabcorp ran campaigns on social media for information and advice about strategies to reduce the risk of gambling harm.

Gambling and Racing Commission Advisory Committee

To support the adoption of a public health approach, the Commission reviewed its suite of consultative committees, and will be replacing the Problem Gambling Assistance Fund Advisory Committee, the Gambling Advisory Reference Group and the Gambling Industry Consultative Committee with a single advisory body, the Gambling and Racing Commission Advisory Committee (GRCAC).

The GRCAC will focus on current and emerging issues related to the prevention and minimisation of gambling harm; public health approaches to gambling harm; and areas of research interest, bringing together individuals with expertise in these areas. Members will provide views and opinions to support the Commission's legislative functions, with particular emphasis on the prevention and minimisation of gambling harm in the ACT.

Research and its impact

Research projects provide the Commission with essential information on gambling and gambling harm. For example, the report *Gambling Expenditure by level of problem gambling, type of activity, and demographic and socioeconomic characteristics* gives a comprehensive picture of spending on gambling by ACT residents, which allows the Commission, the ACT Government and community to gauge the level of gambling in the Territory, as well as how it has changed over the years.

The research on children's attitudes towards electronic gaming machines indicates that children's exposure does play a role in shaping their attitudes. The Commission includes consideration of the impact on children of the location and size of gaming areas in clubs as part of its assessments of authorisations and venue relocations. In addition, information on innovations in gambling products gives the Commission useful information for its licensing and approval functions, as well as insights on emerging trends.

The report *Assessing gambling-related harm in Victoria: a public health perspective* will assist the Commission as it develops its public health approach to gambling harm, by illustrating the distribution of harms across the community and highlighting possible areas of focus for future efforts. Further information is available in section B.2 Performance Analysis (Pages 46 - 47).

Policy and legislation

The Commission is responsible for implementing policy and legislative changes relating to gaming laws and its functions under the *Gambling and Racing Control Act 1999*. In 2016-2017, the Commission implemented a number of red tape reduction measures that reduce the regulatory burden on gaming machine licensees, including changes to requirements to display licences, and the introduction of temporary membership to allow interstate guests access to an ACT club without being accompanied by a member.

The Commission also implemented a new licence renewal regime for race and sports bookmakers, streamlining requirements for those already approved to do business to continue to do so.

The Commission also participated in the Australian Government's Illegal Offshore Wagering Taskforce, working with the Commonwealth, other states and the Northern Territory to improve consumer protection frameworks for online wagering.

Compliance Activities

During 2016-17, Access Canberra on behalf of the Commission continued to carry out compliance and investigation activities relating to the conduct and provision of gaming and racing services in the ACT and to ensure compliance with the ACT gaming laws.

The target of 450 inspections was exceeded by conducting a total of 517 gaming and racing related inspections and where possible the regulatory burden on licensees was reduced by undertaking several coordinated joint inspection programs covering various pieces of legislation.

Compliance activities are selected based upon their risk profile, which includes analysis of any intelligence received in relation to areas requiring specific attention. Additionally, programs are rounded out by the inclusion of a small random sample of areas, regardless of the level of risk.

In 2016-17, 15 targeted inspection programs were completed consisting of several areas of gaming laws such as gaming machine and casino revenue, racing events and casino withdrawal facilities.

Further information is available in section B.2 Performance Analysis.

Cash withdrawal facilities Compliance Inspection Program

Concerns were raised with the Commission suggesting that patrons of licensed clubs have been able to obtain cash in excess of the \$250 limit from a combination of both ATM and EFTPOS facilities provided at the same venue.

As a result Access Canberra inspectors undertook a compliance inspection activity to assess licensees' compliance with the ATM withdrawal restriction and to review the EFTPOS facilities available at each venue (*the Cash withdrawal facilities*).

Access Canberra attended a total of 46 licensed gaming machine venues. Out of 46 venues operating in the ACT, 13 venues were exempt from the \$250 ATM withdrawal limits under section 153A(2) of the *Gaming Machine Act 2004*.

Of the 33 non-exempt venues, ATMs in 31 venues complied with the \$250 ATM withdrawal limit. Whilst there are no legislative restrictions on the amount of cash a person may obtain from EFTPOS facilities, 32 venues were found to have had various cash-out limits with a broad range of limitations including:

- > no limit on cash out amounts;
- > dependant on card limits set by the bank;
- > \$1,000 limit per transaction with no restriction on the number of transactions; and
- > \$1,000 per day.

Access Canberra initiated investigations in relation to the two non-compliant venues. Both licensees took immediate action to ensure all ATMS on their premises were compliant with legislative requirements.

A report providing the results of the '*Cash withdrawal facilities in Gaming Machine Venues*' compliance inspections activity was published on the GRC website on 2 June 2017 and can be found here: https://www.gamblingandracing.act.gov.au/_data/assets/pdf_file/0003/1068690/Cash-withdrawal-in-gaming-machine-venues-public-report-May-2017.PDF

Outlook

The Commission's strategic and operational issues to be pursued in 2017-18 are outlined in the 2017-18 *ACT Gambling and Racing Commission Statement of Intent*, which is located on the ACT Budget 2017-18 website. These include:

- > apply a risk based compliance approach to ensure resources are targeted to where the risks of harm, unsafe practices or misconduct are the greatest, thereby strengthening the Commission's capacity to take action where the community is most at risk;
- > continue to engage, provide advice and education to the community, individuals, licensees and gambling and racing industry stakeholders through proactive and reactive compliance programs with a view to ensure that the Commission's stakeholders understand their rights, obligations and responsibilities under the ACT's gaming laws;
- > implement a public health approach to the prevention and minimisation of gambling harm in the Territory;
- > continue to provide and improve support and treatment for people experiencing high levels of gambling harm and implement harm prevention strategies to prevent and reduce gambling harm for all Canberrans;
- > initiate or complete four projects through the Problem Gambling Assistance Fund to improve the Commission's understanding of the latest research on gambling harm and prevention;
- > continue to issue fines and other enforcement action as applicable where there is demonstrable or significant harm or the potential for demonstrable or significant harm to eventuate if no action is taken, and
- > continue to explore a broad range of options and work with relevant stakeholder to ensure that the Territory's gaming regulations continue to offer meaningful and effective harm minimisation.

Internal Accountability

Membership of the Commission

Section 12 of the *Gambling and Racing Control Act 1999* provides that the Commission shall consist of five members. Section 79 of the *Financial Management Act 1996* (FMA) provides for the appointment of a chairperson, deputy chairperson and section 80(4) of the FMA states that the Chief Executive Officer of an authority is a member of the governing board (the Board).

Under section 56 of the FMA the Board is responsible, under the responsible Minister, for the efficient and effective financial management of the authority. Section 77 of the FMA provides that a governing board has the following functions:

- > setting the authority's policies and strategies;
- > governing the authority consistently with the authority's establishing Act and other relevant legislation;
- > ensuring, as far as practicable, that the authority operates in a proper, effective and efficient way; and
- > ensuring, as far as practicable, that the authority complies with applicable governmental policies.

The Commission's Board consists of four non-executive members made up of the Chairperson, Deputy Chairperson and two ordinary members. The Commission's Chief Executive Officer is also a member of the Board. Non-executive members' appointments are approved by the responsible Minister. The Standing Committee on Public Accounts is consulted on all non-executive member appointments in accordance with section 228 (Consultation with appropriate Assembly Committee) of the *Legislation Act 2001*.

As at 30 June 2017 the Commission's Board consisted of the following members:

Chairperson: Mr John Haskins, AM

Deputy Chairperson: Ms Alice Tay

Members: Mr Paul Baxter
Ms Carmel Franklin

Chief Executive: Mr David Snowden

In 2016-17, Ms Rebecca Vassarotti, resigned from the Board effective 1 March 2017. Ms Carmel Franklin replaced Ms Vassarotti and was appointed to the Board on 6 June 2017.

The *Gambling and Racing Control Act 1999* prescribes that of the four non-executive members of the Commission "one must have knowledge, experience or qualifications related to providing counselling services to problem gamblers". The appointment of Ms Vassarotti and Ms Franklin has ensured compliance with this criterion.

John Haskins (Chairperson)

Mr Haskins retired from full time work in 1998. For over 20 years prior to his retirement, Mr Haskins was Executive Chairman of a medium-sized construction and development company with offices on the Gold Coast, Sydney and Canberra. He is a past Vice-President of the world-wide construction industry association known as CICA (Confederation of International Contractors' Association) and past president of IFAWPCA (International Federation of Asian and Western Pacific Contractors' Association) of which 15 countries are members.

Mr Haskins is a Life Member and past president of the Master Builders' Association of Australia and of the Master Builders' Association of the ACT. He was a director of ACTTAB for nine years, the last two years of his term as deputy chairman.

Alice Tay (Deputy Chairperson)

Ms Tay (LLB) is a partner with legal firm Meyer Vandenberg and leads their Corporate Advisory and Commercial Division. Ms Tay specialises in Commercial Law and Contracting, Corporations law and Corporate Governance; Information and Communications Technology and Intellectual Property.

Paul Baxter (Member)

Paul Baxter is a semi-retired professional business consultant who until mid-2011 was the 'public face' of the ACT's electricity and water pricing regulator, the Independent Competition and Regulatory Commission, having been the inaugural Commissioner of that agency for nearly 16 years.

This role in the ACT partly overlapped with his nearly 25 years as a Director and Partner in PricewaterhouseCoopers, 16 years as a member of the Independent Audit Group of the Murray Darling Basin Commission, five years as the Associate Commissioner of the PNG Independent Consumer and Competition Commission, eight years as an Associate Commissioner of the ACCC, Chair of the National Water Accounting Standards Development Committee, and Chair of Anglicare Canberra/Goulburn.

Rebecca Vassarotti (Member)

Ms Vassarotti added to the Commission's knowledge and experience related to providing counselling services to problem gamblers. Ms Vassarotti is an experienced community service leader with expertise in a wide range of social policy areas including community sector reform, health, children and young people, housing and homelessness and gender.

Ms Vassarotti resigned from the Board effective 1 March 2017.

Carmel Franklin (Member)

Ms Franklin was appointed to the Board on 6 June 2017 and has the knowledge and experience related to providing counselling services to problem gamblers.

Ms Franklin has been the CEO of Care Financial Counselling and Consumer Law Service since July 2008. She is a Consumer Director of the Financial Ombudsman Service, Chairperson of Financial Counselling Australia and a former Member of the Canberra Community Law Board. Ms Franklin holds a Bachelor of Education and Diploma of Financial Counselling.

David Snowden (Chief Executive Officer and Member)

Mr David Snowden is the Chief Operating Officer of Access Canberra and Chief Executive of the Gambling and Racing Commission. Mr Snowden has over 20 years of regulatory, enforcement and senior management experience across multiple Commonwealth, Territory and New Zealand public sector agencies, including Transport, Customs, Competition and Consumer Protection.

Mr Snowden also holds the statutory positions of ACT Commissioner for Fair Trading and Registrar General.

Meetings of the Commission

The Commission conducts formal board meetings on a monthly basis where comprehensive briefing papers and recommendations regarding significant issues are prepared and presented to the Board.

Minutes of these meetings are kept and decisions of the Commission are communicated in writing to relevant parties. These minutes are examined by the ACT Auditor-General's Office 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.

Access Canberra resources, personnel and expertise are made available to Board members to assist them to carry out their duties. 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 Commission has adopted the ACT Public Service Code of Ethics.

Table 1: Commission Members' Attendance at Meetings – July 2016 to June 2017

	Jul	Aug	Sep	Oct	Nov	Dec	Jan ¹	Feb	Mar	Apr	May	Jun
John Haskins	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	✓
Alice Tay	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	✓
Paul Baxter²	✓	✓	X	✓	✓	✓	-	✓	X	X	X	✓
Rebecca Vassarotti³	X	X	X	X	✓	✓	-	✓	N/A	N/A	N/A	N/A
Carmel Franklin⁴	N/A	N/A	N/A	N/A	N/A	N/A	-	N/A	N/A	N/A	N/A	✓
David Snowden	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	✓

Notes:

1. A meeting was not held in January 2017
2. Whilst Mr Paul Baxter did not attend the March 2017 to May 2017 Board Meetings, he participated by providing extensive written input and comments on Board papers
3. Ms Rebecca Vassarotti took a leave of absence from 9 June 2016 to 26 October 2016 and resigned from the Board effective 1 March 2017
4. Ms Carmel Franklin was appointed to the Board on 6 June 2017.

Remuneration for Board Members and the Chief Executive Officer

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

Management Committees

Table 2: Name and role of management committees

Name of Committee	Role of Committee	Membership
Internal Audit and Risk Committee (Further details are available in B.5)	Oversees, on behalf of the Board, the Commission's governance, risk, compliance and internal control environments and provides assurance as to their effectiveness.	Sub-Committee of the Commission's Board made up of members of the Commission.

Further information may be obtained from:

Deputy Director, Policy and Coordination, Projects, Governance and Support, Access Canberra
Telephone: (02) 6207 5282

B.2 Performance Analysis

Output Class 1: Gambling Regulation and Harm Minimisation

The Commission's objectives, deliverables and accountability indicators are published in the 2016-17 ACT Budget Statements. They are used to monitor and assess the Commission's performance.

Output 1.1: Gambling Regulation and Harm Minimisation

The Commission purchases the following services from Access Canberra:

- > administration of gaming laws;
- > the control, supervision and regulation of gaming in the Territory;
- > collection and verification of gambling taxes, levies, fees and charges; and
- > the development and implementation of projects through the Problem Gambling Assistance Fund.

In 2016-17, a number of measures were discontinued to move from an output focused compliance approach to an outcome and risk based compliance approach in line with Access Canberra's Accountability Indicators.

Table 3: Summary of operational performance against targets

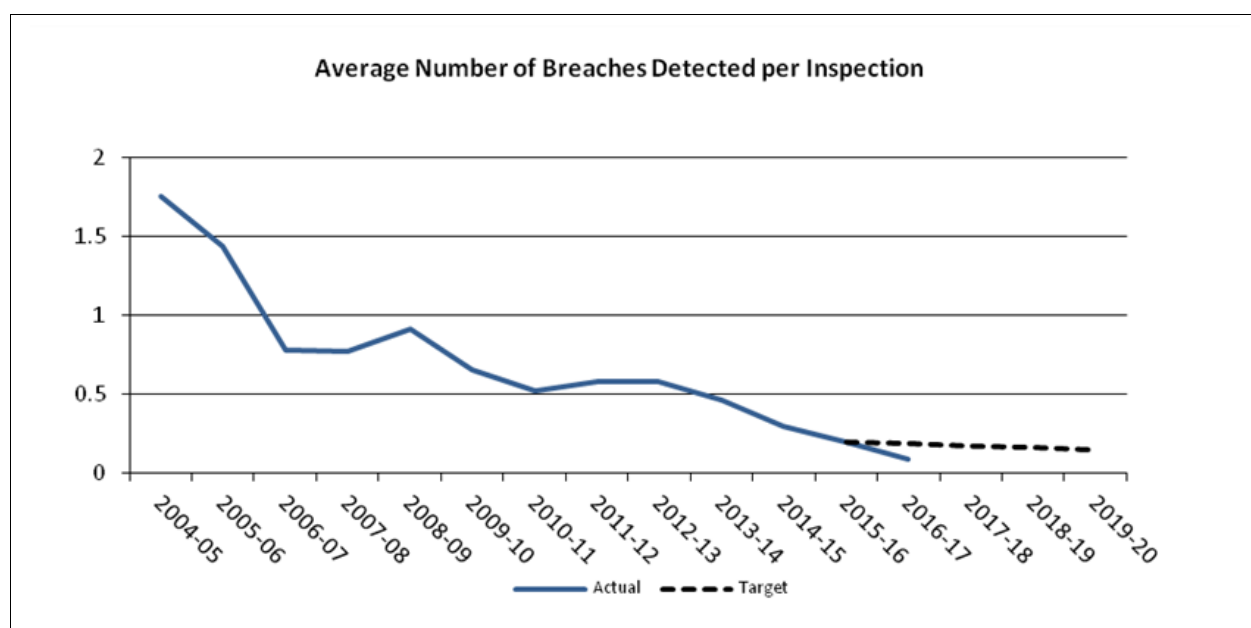
Accountability Indicator	Original Target 2016-17	Actual Result 2016-17	% Variance from Original Target
Initiate or complete research projects; analyse significant research projects conducted elsewhere	5	4	(20.0)
<i>Keep informed about gambling issues and harm minimisation strategies</i>			
Initiate or complete projects through the Problem Gambling Assistance Fund	4	4	-
<i>Undertake measures designed to reduce the negative impact of gambling harm</i>			
Efficient Service Delivery			
Percentage of customers satisfied with the Gambling and Racing Commission	90%	98%	8.9
Doing Business in the ACT is Easier			
Percentage of the Canberra community satisfied with the ease of interacting with the Gambling and Racing Commission	90%	100%	11.1
Healthier and Safe Community			
- Number of inspections conducted	450	517	14.9
- Compliance at time of inspection	90%	90%	-
- Percentage of license application processed within service standard timeframes	95%	96%	1.1

Strategic Objectives and Indicators

Strategic Objective 1: Increase Gambling Operators' Compliance with Legislation

On behalf of the Commission, Access Canberra conducts a comprehensive inspection program to ensure that operators comply with relevant gaming and wagering legislation. Through this inspection program and its education and liaison with operators, the Commission aims to increase compliance with the various Acts.

Strategic Indicator 1: Average number of breaches detected per inspection



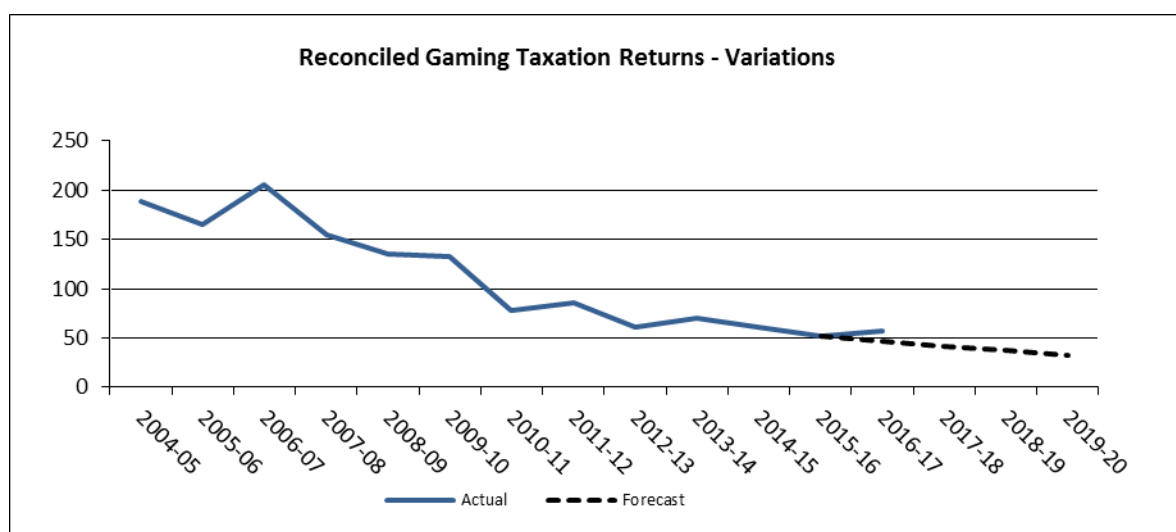
Result

The average number of breaches detected per inspection decreased to 0.09 for the 2016-17 financial year (0.2 in 2015-16). This decline reflects the continuing efforts in educating licensees and their staff as to their obligations under legislation.

Strategic Objective 2: Increase the Accuracy of Returns by Operators for Gambling Related Taxes, Levies, Fees and Fines on Behalf of the ACT Government

The Commission receives returns from operators along with payments for gambling related taxes, levies, fees and fines. The returns are reconciled against operators' activities and variation advice is issued if discrepancies are identified. The aim of this approach is to reduce the number of variations through education and liaison with operators in the ACT. The reduction in the number of variations as a proportion of returns is an indication of the Commission's performance in this area and ensures the correct amount of revenue is collected for the Government and community.

Strategic Indicator 2: Reconciled gambling taxation returns – variations



Result

The actual number of variations for 2016-17 increased to 67 (52 in 2015-16). Although there has been a slight increase when compared to the 2015-16 reporting period, the Commission continues to work with licensees to reduce variances. The overall trend in variances is a decrease over time.

Strategic Objective 3: Undertake Measures Designed to Reduce the Negative Impact of Gambling Harm

The Commission must perform its functions in a way that reduces the risks and costs of those individuals and the community experiencing gambling harm. The Commission monitors the social effects of gambling and gambling harm in the ACT and is tasked with providing relevant education and counselling services. The Commission aims to reduce the negative impact of gambling harm through targeted research and implementing strategies based on those research outcomes.

Previous interventions and gambling harm minimisation measures have targeted the individual, with a particular focus on treatment of “problem” gamblers. This individual pathology model assumes a very small number of people (0.5% of the ACT adult population) had problems with reasonably benign gambling products that were harmlessly enjoyed by most of the population. Gambling harm minimisation strategies introduced by the Commission were focussed on informing people about how gambling products work, that gamblers should be responsible and that if they had problems they should seek counselling from a gambling help service.

The public health approach acknowledges that focusing attention on only the small group of people who are classified as “problem” gamblers will not in itself help to reduce the incidence of problem gambling in the population. Treating those already experiencing severe harms does not prevent or reduce the risk of others being harmed. In addition, research has shown that gambling harm can be a result not only of individual risk factors, but environmental, technological and social factors as well.

Strategic Indicator 3: Develop and implement research based strategies to reduce the negative impacts of gambling harm

Result

The Commission continued to develop its public health approach to minimising and preventing gambling harm. One of the first steps in this long term process involved changing the language around gambling issues.

Significant research analysed and procured by the Commission has shown that language including “problem” and “responsible” gambling increases stigma and decreases the ability for people to recognise gambling harm in themselves and others. It is also a barrier to people seeking help for gambling harm issues.

Informed by the public health approach, the Commission moved from “Responsible Gambling Awareness Week” to “Gambling Harm Awareness Week”.

As a result of research indicating that the bulk of gambling harm affects a larger group of people experiencing lower level harms, the Commission undertook the facilitation and coordination of Gambling Harm Awareness Week, with the theme of “Gambling Harm Hurts Families Too”. This focus promoted awareness of the impact of gambling harm beyond the individual gambler to affected others and the community. There were 444 unique visitors to the Gambling Harm Awareness Week website during and after the week and strong distribution of the message through ACT media.

The Commission finalised its first Gambling Harm Prevention Plan. This is a structured strategy that will guide the Commission’s work in this area through 2017-2018, and lay the foundations for the coming years. This includes the constitution of a new advisory group, increased information on the Commission’s website, and improved training for gambling venue staff.

Operational Performance Achievements

Casino

The Commission's primary objectives in respect of casino regulation are to ensure that all casino operations are conducted in accordance with the provisions of the *Casino Control Act 2006*, the *Casino Control Regulation 2006* and the *Gambling and Racing Control (Code of Practice) Regulation 2002*, as well as providing the community with confidence that the Territory's casino is a legitimate and safe place to visit. Casino regulation ensures that:

- > the casino is free from criminal influence;
- > appropriate harm minimisation strategies in relation to problem gambling are provided;
- > gaming activity is conducted fairly and in accordance with approved rules and operating procedures;
- > casino administration, finance and security operations are conducted in accordance with the approved control procedures; and
- > casino equipment, cards and chips are of a high standard and are only purchased from approved suppliers.

A key means of ensuring the integrity of the operations at the casino is through the closed-circuit television (CCTV) surveillance system which provides the casino licensee and the Commission with high quality coverage of gaming operations and sensitive back-of-house locations.

In addition to the general monitoring of casino operations, the following specific regulatory activities are undertaken by the Commission:

Employee licensing

The licensing of persons employed in relation to gaming, security, finance and other key areas of the casino ensures that these people meet the provisions of the *Casino Control Act 2006*. Employees in low risk areas of the casino (e.g. food and beverage and cleaning) are not required to be licensed.

Table 4: Summary of casino licensing activities 2016-17

Licences Processed	Number
New Employees	63
Renewals	26
Variations	54
Cessations	74
Current Casino Employees	Number
Licensed	222
Unlicensed	95

Casino layout

The Commission may only approve changes requested to the current layout of the casino if the proposed new layout ensures that:

- > there is adequate camera and lighting coverage for the monitoring of table games; and
- > the safety and comfort of, and harm minimisation strategies for, patrons are taken into account.

Four minor changes were approved by the Commission in 2016-17 for variations to the layout of the casino's approved gaming area.

Approval of gaming equipment and chips

The approval of gaming equipment and chips by the Commission from approved suppliers ensures that:

- > the gaming equipment is of a high standard and does not contain any bias; and
- > the chips are not counterfeit and are not easily able to be counterfeited.

Approval for new gaming table layouts, a software update for the multi-terminal electronic gaming system and a software update for a card shuffler was given by the Commission during 2016-17.

One new supplier of chips (Toocann International Pty Ltd) and two new manufacturers of chips (MSK Gaming and Donngguan Shipai Caiyue Products Factory) were also approved by the Commission during 2016-17.

Approval of rules of games

The approval of the rules of games by the Commission ensures that the casino games are fair and that the rate of return to players is reasonable.

Approval for an amendment to the rules of Mini Baccarat, American Roulette, Canberra Poker, Blackjack and Pontoon were given by the Commission during 2016-17.

The Commission also liaised with the casino to ensure that all necessary approvals were in place to allow the casino to conduct Two-Up on Anzac Day 2017.

Operating times

The casino is required to operate, at a minimum, during prescribed core hours, providing some certainty to patrons and tourists of the availability of this facility. In 2016-17, the casino licensee provided advice of temporary changes to operating hours (for specific dates). These did not require Commission approval as the nominated hours were additional to the (minimum) core trading hours. There were no exemptions given by the Commission for the casino not to operate during the core trading hours in 2016-17.

Approval of control procedures

The control procedures cover the detailed operations of the casino and are an essential part of the regulatory scheme, ensuring that casino operations are conducted in an honest, accountable and transparent manner. They ensure consistency across table games and strict adherence to reporting requirements. The Commission must approve changes to the casino's control procedures. Approval for a number of new job descriptions and organisation charts were given by the Commission during 2016-17 as result of changes in reporting lines, job titles and restructuring of the Canberra Casino.

The control procedures for Mini Baccarat, American Roulette, Canberra Poker, Blackjack and Pontoon were changed in order to facilitate an amendment to each game's rules approved by the Commission. Additionally, amended procedures were approved for the Security, General Gaming, Surveillance and Cash Desk Departments.

Review of Patron Exclusion Notice

A casino official may exclude a person from entering or remaining in the casino by giving the person an exclusion notice orally or in writing. A person may appeal in writing to the Commission against the casino licensee's decision to give the person an exclusion notice. After considering submissions from the person and the casino licensee, the Commission must confirm, change or revoke the exclusion notice.

In 2016-17, the Commission received one written appeal against an exclusion notice. The Commission's decision was to confirm the exclusion notice.

Compliance Inspections of Casino

The Commission uses a risk based inspection methodology to ensure the casino's compliance with the relevant legislation.

In 2016-17, a total of 154 inspections of casino operations (compared to 131 inspections last year) were undertaken.

Breaches Detected

There were 979 self-reported breaches (compared to 549 last year) of the approved rules and procedures in 2016-17. Examples include dealer errors (e.g. losing bet paid, wrong number crowned) and where an excluded person has been identified (and subsequently asked to leave). These breaches are noted but no further action is taken by the Commission as they are rectified almost immediately.

In addition to the above breaches, during 2016-17 the Commission identified a total of 4 breaches requiring investigation as follows:

- > 2 related to the failure to comply with control procedures as required by section 77 of the *Casino Control Act 2006* (the Act);
- > 1 related to the failure to ensure that promotional material is not given to excluded people as required by section 1.20 of the *Gambling and Racing Control (Code of Practice) Regulation 2002*; and
- > 1 related to the failure to ensure that promotional material contains the rules and conditions of the promotion or where they can be found as required by section 1.30(4) of the *Gambling and Racing Control (Code of Practice) Regulation 2002*.

Disciplinary Action

In the event of a breach of the legislation being identified, subject to the seriousness of the breach, an initial warning is issued to the casino licensee and/or relevant employee and advice provided that any further breaches may result in formal disciplinary action being commenced. However, in instances of repeated offences or more serious breaches the Commission will consider taking disciplinary action.

In 2016-17, and following detailed investigations, the Commission finalised disciplinary action on one occasion for breach of the legislation in the form of a reprimand with direction. The three remaining breaches did not warrant disciplinary action as the Commission worked with the licensee to ensure that processes were in place to prevent a reoccurrence of the breach.

Casino Related Complaints

The Commission received four casino related complaints in 2016-17.

After investigation, two complaints were unsubstantiated, one was substantiated and one was ongoing at the end of the reporting period. Issues identified were resolved by the casino to the satisfaction of the Commission.

Further information may be obtained from:

Deputy Director, Compliance and Enforcement, Access Canberra

Telephone: (02) 6205 3732; or

Deputy Director, Licensing and Registrations, Access Canberra

Telephone: (02) 6207 5279

Gaming Machines

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 2004* and associated regulations;
- > gaming machine operations in the ACT are of a high standard, are conducted fairly and without corruption and reflect the standards expected by the community and the ACT Government;
- > gaming machines and all associated technical equipment approved for installation in the ACT are of a high standard;
- > ACT Government imposed taxes and fees are collected in an effective, accurate and cost efficient way; and
- > as far as possible, the compliance effort required by licensees is minimised without compromising the effectiveness of the regulatory controls.

Trading Scheme

Changes to the *Gaming Machine Act 2004* commenced on 31 August 2015 as part of the ACT Government's gaming machine reform package. The changes introduced an open market trading scheme for gaming machine authorisations, underpinned by a new licensing and authorisation framework and a phased reduction in the number of gaming machines operating in the Territory.

The licensing framework separates a person or organisation's eligibility to operate a class of gaming machine in the ACT (a licence) from their authority to hold a maximum number of authorisations for gaming machines at a particular venue. A single licensee can hold a number of authorisation certificates, with each certificate specific to a single premises or venue and with a number of authorisations under each certificate. An authorisation can be held without a gaming machine attached, but a gaming machine cannot be operated without an attached authorisation. In some circumstances a gaming machine may be in storage without an authorisation attached.

The trading scheme was introduced with two phases to facilitate the structural adjustment of the industry into the scheme. In 2016-17, the trading scheme operated under phase 1 conditions.

Phase 1 trading opportunities include:

- > a one-off increase to the maximum number of authorisations under an authorisation certificate for class C gaming machines;
- > trading in bundles of four authorisations;
- > a reduction in the number of gaming machines in the ACT through forfeiture requirements;
- > quarantining of a certain number of gaming machines;
- > flexible storage arrangements; and
- > facilitation for hotels and taverns to divest themselves of class B gaming machines.

At the time of introducing the reform, the Government provided for Phase 1 to operate for a maximum of three years from the commencement of the legislation. Discretion was provided to allow the Minister to commence Phase 2 within the three year period, if the Minister considers that the quarantine provisions are not working effectively to reduce the number of gaming machines being operated. The Government is currently assessing options for the next steps in the trading scheme and gaming reform.

At the start of the trading scheme in August 2015, there was a total of:

- > 39 licensees;
- > 58 licensed venues;
- > 5,022 gaming machines authorisations; and
- > 5,022 gaming machines.

As of 30 June 2017 there was a total of:

- > 32 licensees;
- > 50 licensed venues;
- > 4,985 gaming machine authorisations; and
- > 4,502 gaming machines.

The following table provides a breakdown of these figures.

Table 5: Summary of trading scheme figures as at 30 June 2017

Licences	
Number of Licensees as at 31 August 2015	39
Licences Cancelled or Surrendered	7
Current Number of Gaming Machine Licensees - Clubs (Class C)	27
Current Number of Gaming Machine Licensees - Hotels/Taverns (Class B)	5
Current Number of Gaming Machine Licensees – Total	32
Authorisation Certificates (i.e. Venues)	
Number of Authorisation Certificates as at 31 August 2015	58
Authorisation Certificates Cancelled or Surrendered	8
Current Number of Authorisation Certificates - Clubs (Class C)	45
Current Number of Authorisation Certificates - Hotels/Taverns (Class B)	5
Current Number of Authorisation Certificates - Total	50
Authorisations (to operate a gaming machine under an Authorisation Certificate)	
Number of Authorisations as at 31 August 2015	5,022
Authorisations Forfeited on Confirmation of Trade	37
Authorisations Surrendered	0
Current Number of Authorisations	4,985
Gaming Machines	
Gaming Machines as at 31 August 2015	5,022
Gaming Machines Forfeited with Trade	37
Gaming Machines in Quarantine	0
Authorisations in Quarantine	163

Gaming Machines in Storage	138
Authorisation in Storage	0
Authorisations Without Machines	182
Current Number of Gaming Machines in Operation	4,502

Applications for Additional Authorisations

In 2016-17, the Commission received three applications for additional gaming machines. Applications include the submission of a social impact assessment which is a written assessment of the likely economic and social impact of the operation of gaming machines.

Two applications were refused and one application was still being considered as at 30 June 2017.

Licence Cancellations and Transfers

The Commission did not receive any applications to transfer a licence, one licence was surrendered and one Authorisation Certificate was surrendered.

Application for Initial Gaming Machine Licence

The Commission did not receive any applications for an initial gaming machine licence in 2016-17.

Notification for One-off Increase Maximum Amendment

To facilitate trading under Phase 1 of the new scheme, Class C licensees are able to make a one-off increase to the maximum number of authorisations under an authorisation certificate, without needing a Social Impact Assessment. A licensee with less than a maximum of 120 authorisations at the commencement of Phase 1 can increase their maximum number by up to 12. A licensee with a maximum of 120 or more authorisations at the commencement of Phase 1 can increase their maximum number by up to 10 per cent, to a maximum of 20 additional authorisations.

The Commission received three notifications from licensees intending to increase their maximum number of authorisations under an authorisation certificate during 2016-17.

Machine Access Control

As part of the control of gaming machine operations, only authorised suppliers are permitted to provide gaming machine products to licensees and only authorised personnel are permitted to access the technical aspects of gaming machines. In this regard, the Commission approves Supplier and Technician Certificates to suitable persons and organisations who are employed in the gaming industry.

The following tables detail supplier and technician activity during 2016-17:

Table 6: Summary of Supplier Certificates processed during 2016-17

Supplier Activity	Number
Number of Supplier Certificates issued as of 30 June 2016	22
New Supplier Certificates processed	0
Total	22
Applications for new types of gaming machines from suppliers	288
Applications for new types of peripheral equipment from suppliers	44

Table 7: Summary of Technician Certificates processed during 2016-17

Technician Activity	Number
New and renewed Gaming Machine Technician applications processed	22
Transfers and amendments to Gaming Machine Technician Certificates	0
Cancellation of Technician Certificates where the Certificate had expired or the Certificate holder was no longer employed by the supplier	0
Cancellation of Technician Certificates as holder deemed unsuitable	0
Disciplinary Action – Approved Technicians	0
Refusal to grant a Technician Certificate	0
Refusal to renew a Technician Certificate	0
Total current Approved Technicians	49

Licence Amendments – Notifications and Approvals

As part of the Government's red tape reduction measures, a number of licence amendment approvals have been replaced with notifications. This means that instead of seeking approval to take an action, the licensee simply notifies the Commission. For example, a licensee may notify the Commission about their intention to acquire an authorisation or gaming machine, to trade authorisations for stored machines, or to make a technical change to an authorisation schedule.

Changes to storage requirements were also made so that Class C licensees are able to store authorisations and gaming machines according to their business needs. Licensees can now store gaming machines for a wider range of purposes than previously accepted. This gives licensees the flexibility to manage their operational and business needs in a more responsive manner.

There are three different types of storage permits:

- > General purpose – for any reason, for a stated period of not longer than 12 months;
- > Interim purpose – for machines that are to be disposed of, for a period of not longer than three months; or
- > Quarantine permit.

The following table summarises licence variation activity (including the disposal of machines) in 2016-17.

Table 8: Summary of licence variation activity 2016-17

Licence Variation Activity	Number
Notifications	
Number of gaming machines converted on application by licensees	1,235
Number of gaming machines replaced on application by licensees	483
One off increase in authorisations	3
Approvals	
Applications to operate a linked-jackpot arrangement	51
Applications to operate a multi-user linked-jackpot arrangement	0

Licence Variation Activity	Number
Applications to disburse a linked-jackpot amount	31
Application for gaming area amendment	3
Application for premises relocation	0
Application for increase maximum authorisations (other than one-off)	3

Community Contributions

The *Gaming Machine Act 2004* provides that the Commission may approve contributions made by a gaming machine licensee to a stated entity for a stated purpose as community contributions if satisfied the contributions will have the effect of contributing to or supporting the development of the community or raising the community's, or part of the community's, standard of living. Categories of community contributions are charitable and social welfare, problem gambling, sport and recreation, women's sport, non-profit activities and community infrastructure.

All gaming machine licensees are required to:

- > record each community contribution made by the licensee, stating the entity to which, and the purpose for which, each contribution was made and the amount or value of the contribution; and
- > within one month after the end of a financial year, give the Commission a copy of those records together with a financial report for the financial year.

The Commission must, within four months of the end of the financial year, give the Minister a report summarising the extent of legislative compliance and analysing the level of community contributions by gaming machine licensees. The latest community contributions report (the 2015-16 financial year) is available on the Commission's website.

Clubs

The *Gaming Machine Act 2004* requires clubs that are gaming machine licensees to make a minimum contribution of eight per cent of net gaming machine revenue in eligible community contributions.

The Commission's *Community Contributions made by Gaming Machine Licensees 2015-16* Report notes:

- > \$11.7 million in contributions were made out of a total of \$94.2 million in net gaming machine revenue (12.45 per cent), and
- > \$6.6 million (56.32 per cent) of contributions were provided in the sport and recreation category.

By comparison, in 2014-15:

- > \$11.8 million in contributions were made out of a total of \$94.1 million (12.58 per cent).

Hotels/Taverns

Hotels and Taverns that are gaming machine licensees must report their community contributions but there is no minimum requirement.

Contributions by these licensees in 2015-16 amounted to a total of \$2,188 consisting entirely of mandatory payments to the Problem Gambling Assistance Fund. In 2015-16 total contributions from Hotels/Taverns was \$7,293.

Compliance Inspections of Gaming Machine Licensees

In 2016-17, a total of 258 inspections were undertaken relating to gaming machine venues to identify a licensee's compliance with the *Gaming Machine Act 2004* and the *Gambling and Racing Control (Code of Practice) Regulation 2002* (the Code of Practice) and where applicable the *Lotteries Act 1964*.

Breaches Detected

The Commission identified a total of 26 breaches of the legislation during 2016-17 (compared to 70 in 2015-16) this includes 16 breaches (compared to 48 in 2015-16) of the *Gaming Machine Act 2004* as follows:

- > one related to the failure to comply with a condition of the licence as required by section 39;
- > one related to the failure to operate a gaming machine subject to the correct percentage payout as required under section 47;
- > two related to the failure to display signage indicating the percentage payout as required under section 48;
- > three related to the failure to display an approved warning notice on each gaming machine within the premises as required by section 151(2)(a);
- > one related to the failure to display an approved warning notice at each entrance to the gaming area as required by section 151(2)(b);
- > two related to the failure to ensure that ATM withdrawal limits were in place as required by section 153A; and
- > six related to the failure to submit a report about records and finances within one month after the end of the financial year as required by section 166(1).

There were no breaches of the *Gaming Machine Regulation 2004* in relation to gaming machine licensees in 2016-17.

There were 10 breaches of the *Gambling and Racing Control (Code of Practice) Regulation 2002* (compared to 22 in 2015-16) in relation to gaming machine licensees:

- > two related to the failure to look at the exclusion register within three consecutive trading days after the receipt of a notification of a change to the register as required by section 20A(1)(b);
- > two related to the failure to ensure that a person who accesses the exclusion register is authorised to do so as required by section 20A(2);
- > one related to the failure to ensure that a gambling contact officer has completed an approved training course within each year of appointment as required by section 1.9(4);
- > four related to the failure to make information available to patrons as required under section 1.25(3); and
- > one related to the failure to prominently display the correct time as required under section 1.26(2).

There were no breaches of the *Lotteries Act 1964* detected during inspections of gaming machine venues in 2016-17.

Disciplinary Action against Gaming Machine Licensees

In the event of a breach of the legislation being identified by the Commission, subject to the seriousness of the breach, 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 instances of repeated offences or more serious breaches, the Commission will consider taking disciplinary action against the licensee.

In accordance with section 58 of the *Gaming Machine Act 2004* disciplinary action may take the form of a reprimand, a monetary penalty of up to \$100,000 or the suspension or cancellation of a gaming machine licence. Disciplinary action is only taken against a licensee after the licensee has been given the opportunity to show cause why the Commission should not take the disciplinary action it proposes.

Following detailed investigations, the Commission finalised disciplinary action against two licensees for two breaches of the legislation in 2016-17. The following table summarises these disciplinary matters.

Table 9: Summary of disciplinary matters during 2016-17

Licensee	Section	Description of the Breaches	Disciplinary Action Taken
Belconnen Bowling Club	166	Failure to submit Community Contributions report by the due date	Reprimand and \$3,000 monetary penalty (suspended for 12 months and not payable unless legislative obligations not met)
Schwartz Family Co Pty Ltd ATF the Schwartz Family Trust TA Mercure Canberra	166	Failure to submit Community Contributions report by the due date	Suspension of gaming machine licence for 14 days and \$5,000 monetary penalty (suspended for 12 months and not payable unless legislative obligations not met)

Appeals against Disciplinary Penalties

There were no appeals against disciplinary penalties in 2016-17.

Review of Patron Exclusion Notice

A gaming machine licensee may exclude a person from gambling at the venue by giving the person an exclusion notice in writing. A person may appeal in writing to the Commission against the licensee's decision to give the person an exclusion notice.

After considering submissions from the person and the licensee, the Commission must confirm, change or revoke the exclusion notice.

In 2016-17, the Commission did not receive any written appeals against an exclusion notice.

Gaming Machine Related Complaints

The Commission received ten gaming machine related complaints in 2016-17.

After investigation, seven complaints were unsubstantiated, one complaint was incapable of determination due to lack of information and two were ongoing at the end of the reporting period.

Further information may be obtained from:

Deputy Director, Licensing and Registrations, Access Canberra

Telephone: (02) 6207 5279; or

Deputy Director, Compliance and Enforcement, Access Canberra

Telephone: (02) 6205 3732

Racing and Wagering

The Commission's 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 totalisator and bookmaking operations are conducted at appropriate venues in accordance with legislative requirements;
- > resolve betting disputes; and
- > regulate racing as provided in the *Racing Act 1999*.

Totalisator Operations

In 2016-17, the Commission received one request to approve a minor change to the approved Totalisator Betting Rules. After due diligence the Commission approved the amendment.

Race Bookmaking Operations

In 2016-17, the Commission conducted probity assessments in relation to the licensing of race bookmakers and race bookmakers' agents in accordance with the *Race and Sports Bookmaking Act 2001*.

Table 10: Summary of race bookmaking activities 2016-17

Type of Commission Activity	Number
New Race Bookmaking Licence	0
Renewed Race Bookmaking Licence	4
New Race Bookmaker's Agents Licence	0
Renewed Race Bookmaker's Agents Licence	1
Total current Race Bookmaking Licences as at 30 June 2017	10
Total current Race Bookmaker's Agents Licences as at 30 June 2017	6

Sports Bookmaking Operations

Table 11: Summary of sports bookmaking activities 2016-17

Type of Commission Activity	Number
New Sports Bookmaking Licence	0
Renewed Sports Bookmaking Licence	0
Surrendered Sports Bookmaking Licence	0
New Sports Bookmaker's Agents Licence	0
Renewed Sports Bookmaker's Agents Licence	0
Total current Sports Bookmaking Licences as at 30 June 2017	1
Total current Sports Bookmaker's Agents Licences as at 30 June 2017	0

Cross-border Betting Issues

The Commission continues to closely monitor national racing industry developments, including outcomes or changes based on interstate investigations and litigation with a view to determining whether there are any impacts on the racing industry in the ACT.

In 2016-17, the Commission received a complaint that representatives of an interstate gambling provider did not hold a sports bookmaking licence in the ACT and allegedly engaged in sports bookmaking in breach of section 19 of the *Race and Sports Bookmaking Act 2001*. The investigation of this matter is ongoing.

The Commission continued to liaise closely with authorities in New South Wales, Queensland and Victoria to ensure that no persons who participate in ACT greyhound racing engage in live baiting. In 2016-17, no evidence of live baiting occurring in the ACT has been provided to the Commission.

Compliance Inspections of Racing and Wagering Licensees

In 2016-17, the Commission undertook 122 inspections of racing and wagering providers in the Territory to identify compliance with the *Race and Sports Bookmaking Act 2001*, the *Totalisator Act 2014*, the *Racing Act 1999* and the *Gambling and Racing Control (Code of Practice) Regulation 2002*.

Breaches Detected

The Commission identified 19 minor breaches of the *Race and Sports Bookmaking Act 2001* (compared to nil in 2015-16) as follows:

- > fourteen related to the failure to submit a race bookmaking return within 28 days after the end of the relevant period as required by section 66(1); and
- > five related to the failure to give details of race bookmaking at a race meeting within 7 days after the meeting as required by section 79.

In each case, the Commission engaged with respective licensees and racing bodies in relation to the breach and provided education on reporting obligations.

No breaches of the *Totalisator Act 2014*, the *Racing Act 1999* or the *Gambling and Racing Control (Code of Practice) Regulation 2002* were detected in 2016-17.

Betting Disputes

Specific matters of dispute between sports bookmakers and their clients can be referred to the Commission as betting disputes pursuant to the *Race and Sports Bookmaking Act 2001*. This dispute process is separate to the general complaints provisions under section 31 of the *Gambling and Racing Control Act 1999*.

In 2016-17, the Commission did not receive any betting disputes.

Racing and Wagering Complaints

The Commission received two complaints in relation to racing and wagering operations in 2016-17. One complaint was incapable of determination due to lack of information and the other is ongoing at the end of the reporting period.

Further information may be obtained from:

Deputy Director, Compliance and Enforcement, Access Canberra

Telephone: (02) 6205 3732; or

Deputy Director, Licensing and Registrations, Access Canberra

Telephone: (02) 6207 5279

Lotteries Regulation

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

Major Interstate Lotteries

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

The ACT Government has revenue sharing arrangements with the New South Wales, Victorian and Queensland Governments in relation to the value of interstate lottery sales in the Territory.

Trade Promotion Lotteries, Raffles and other Lotteries

The *Lotteries Act 1964* provides for a wide range of lottery activities including trade promotion lotteries, raffles and Housie.

A permit is not required for an "exempt" lottery. Exempt lotteries include:

- > a Trade Promotion Lottery where the total prize value does not exceed \$3000;
- > a Raffle where the total prize value does not exceed \$2,500;
- > a Housie session where the total prize value of each session does not exceed \$1,000;
- > a Calcutta event where the total prize value does not exceed \$1,000;
- > a lottery where "prizes" or rewards consist totally of the granting of rebates, discounts or other allowances in respect of amounts payable, or the granting of refunds of amounts paid for goods sold or services performed in the course of carrying on that trade or business which are equally available to all customers; or
- > a lottery which comes within the definition of a private lottery as defined in the *Lotteries Act 1964* (where participation is restricted to members of the same association or who work or reside in the same premises and where there is no external advertising of the promotion).

Lotteries that do not fit within the definition of exempt lottery as outlined above require a permit before they can be advertised and operated in the ACT.

Lotteries that fit within the definition of exempt lottery as outlined above do not require a permit to be conducted in the ACT, however they must conform to legislative requirements that are detailed in the Act.

Application fees must be paid and are calculated on the total prize value of the lottery that Territory residents are eligible to win.

In 2016-17, 2,824 lottery permits were issued (compared to 3,730 in 2015-16) and a further 487 lottery amendment applications were approved in the reporting period.

Table 12: Summary of lotteries permits issued in 2016-17

Type of Approval	Amount
Trade Promotion Lotteries	2605
Raffles	205
Housie	7
Other	7
Total	2,824

Further information may be obtained from:

Deputy Director, Licensing and Registrations, Access Canberra
Telephone: (02) 6207 5279

Compliance Inspections of Lottery Providers

The Commission undertakes inspection programs that may include lotteries conducted in the Territory.

Keno

In December 2016 Tabcorp ACT wrote to the Commission seeking approval to introduce the new \$2 Keno game: "Keno Megamillions". The Commission approved the request to allow the conduct of the new game in the ACT.

In 2016-17, a total of 20 inspections were conducted on lottery and pool betting providers.

Breaches Detected

The Commission identified three breaches (compared to nil in 2015-16) of the *Lotteries Act 1964*:

- > 2 related to the conduct of a lottery other than an approved or exempt lottery as required by section 8(1); and
- > 1 related to prohibited advertising pursuant to section 9.

In each case the promoter was issued with a warning letter and reminded of their obligations under the *Lotteries Act 1964*.

Lotteries Related Complaints Received

The Commission received eleven lotteries related complaints in 2016-17. One complaint was substantiated, nine complaints were unsubstantiated and one was incapable of determination due to lack of information. Issues identified with the substantiated complaint were resolved to the satisfaction of the Commission.

Complaints Summary

Section 31 of the *Gambling and Racing Control Act 1999* (the Control Act) provides that a person may lodge a complaint with the Commission about compliance with a gaming law. Access Canberra on behalf of the Commission investigates each complaint received that relates to compliance with a gaming law including seeking information or comment from the relevant licensee or operator. The results of the Commission's investigations are provided to the complainant as well as the licensee or operator that was the subject of the complaint.

In 2016-17, all complaints were resolved to the satisfaction of the Commission.

Table 13: Summary of complaints received during 2016-17

Gambling Provider	Received	Substantiated	Not Substantiated	Ongoing	Incapable of Determination	Withdrawn
Casino	4	1	2	1	0	0
Gaming Machines	10	0	7	2	1	0
Lotteries	11	1	9	0	1	0
Racing and Wagering	2	0	0	1	1	0
Unlawful Games	0	0	0	0	0	0
Total	27	2	18	4	3	0

Charitable Gaming

Part 3 of the *Unlawful Gambling Act 2009* provides for approved charitable fundraising through games under certain circumstances. Persons wishing to conduct a charitable game in the Territory must apply in writing for approval.

In 2016-17, the Commission received no applications for approval to conduct a game.

No breaches of the *Unlawful Gambling Act 2009* were identified in 2016-17.

Interactive Gaming Regulation

In 2016-17, there were no interactive gaming service providers licensed in the Territory.

Further information may be obtained from:

Senior Manager, Business Engagement, Education and Compliance, Access Canberra
Telephone: (02) 6207 0359; or

Deputy Director, Licensing and Registrations, Access Canberra
Telephone: (02) 6207 5279

Initiate or complete research projects; analyse significant research projects conducted elsewhere

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's Statement of Intent specifies the analysis, initiation or completion of five research projects in 2016-17.

The Commission meets its research obligations through a range of activities and strategies including sponsoring and funding research projects through the Australian National University (ANU) Centre for Gambling Research (the Centre) as well as contributing to national research projects through Gambling Research Australia (GRA).

In addition, the Commission monitors research projects published by other Australian jurisdictions as well as international publications particularly in North America, Europe and the United Kingdom.

ANU Centre for Gambling Research

In 2016-17, the Centre published the research report *Gambling Expenditure by level of problem gambling, type of activity, and demographic and socioeconomic characteristics*. The report provides an in-depth analysis of gambling expenditure using both self-reported expenditure from the 2009 and 2014 ACT gambling prevalence surveys and industry reported expenditure over the same period.

Key findings of the report include:

- > gamblers experiencing harm as defined by a Problem Gambling Severity Index (PGSI) score of one or more represent 5.4% of the ACT population but account for 44.1% of all gambling losses.
- > the three activities that accounted for the majority of total losses were betting on poker machines (\$37m), lotteries (\$33m), and horse and greyhound races (\$16m).
- > people with PGSI scores of three or more accounted for 20.6% of losses summed across all activities, with the largest expenditure shares for this group being for sports betting (42.2%), poker machines (28.2%) and horse and greyhound races (23.9%); and
- > while the proportion of people gambling on any activity fell by 15 percentage points from 2009 to 2014, the proportion of expenditure by people experiencing gambling harm did not change significantly during this time.

A copy of the report is available here:

http://www.gamblingandracing.act.gov.au/_data/assets/pdf_file/0010/982774/2014-Gambling-Expenditure.pdf

The Centre completed year 2 of the 5 year research project, the *Client Cohort Longitudinal Study: Pathways into problem gambling treatment and journeys beyond*. The overarching goal of this five-year project is to provide a high quality evidence base for informing strategies to encourage help-seeking for gambling harm, and to determine where and when systematic follow-up of former clients is warranted. It is being conducted as a joint project with the NSW Office of Liquor, Gaming and. Work on year 3 of the project continues, focussing on the recruitment and telephone interviewing of gamblers and family members.

The Centre continued work on the *Informing targeted interventions for people with gambling problems in the ACT* research project which is expected to be completed in August 2017.

Gambling Research Australia

Gambling Research Australia (GRA) is a cooperative research endeavour which commissions gambling research on behalf of and funded by all Australian jurisdictions including the ACT.

In 2016 GRA published the research report *Innovation in Traditional Gambling Products* (Rockloff et al). This research focussed on the effect of contemporary innovations on player behaviour in comparison to their traditional counterparts.

Technology has profoundly influenced the experience of gambling on poker machines and the automation of casino table-games, bingo, race wagering and sports betting is providing distinctly new gambling experiences to consumers.

These innovations provide an opportunity to create products that represent value to consumers as an entertainment experience. However, innovation can also potentially exacerbate risks associated with gambling, particularly if the new presentations lead to riskier gambling behaviours or appeal more strongly to people who are already experiencing related harms.

The research found that most gamblers, including gamblers experiencing problems, prefer traditional games over their innovated counterparts. It found that people do not spend more on Automated Table Games than traditional games, and there are only some aspects of play such as illusion of control and social customisation, which indicate features of such games could pose added risk.

One of the principal contributions of the present study was the provision of a unified framework with which to understand and analyse future innovations. The results suggest that careful consideration of how such games might exaggerate the illusion of control and communication of winning outcomes amongst players is an important consideration with regard to regulatory consideration of such games.

The report can be found on the Gambling Research Australia website:

<http://www.gamblingresearch.org.au/home/research/gra+research+reports/>

Research from other jurisdictions

Children's attitudes towards Electronic Gambling Machines: an exploratory qualitative study of children who attend community clubs (Bestman et al. Harm Reduction Journal 2017).

This research found that despite policies that try to prevent children's exposure to EGMs in community venues, children have peripheral exposure to EGMs within these environments. This exposure and children's awareness of the gambling behaviours of adults appear to play a role in shaping their attitudes towards EGMs. While further research should explore the range of other ancillary factors that contribute to children's knowledge about these machines, policy makers should also consider more effective strategies to prevent children from being exposed to EGMs in community venues.

Assessing gambling-related harm in Victoria: a public health perspective (Browne et al 2016)

Commissioned by the Victorian Responsible Gambling Foundation and conducted by the Central Queensland University's Experimental Gambling Research Laboratory this research developed a framework and a methodology for understanding and measuring gambling related harm in the Victorian population. This framework was used to assess the aggregate 'Burden of Harm' caused by gambling in Victoria with reference to different levels of problem gambling, and other comparable conditions.

Comparisons with other health conditions suggest that gambling problems are a social issue on a similar order of magnitude to major depressive disorder and alcohol misuse and dependence. Both qualitative and quantitative results suggest that this burden of harm is primarily due to damage to relationships, emotional/psychological distress, health, and financial impacts. The researchers concluded that there should be a broadening of focus from the prevention of “problem gambling” to the lessening of gambling problems, which are distributed across a broad section of the Victorian community.

The report can be found on the Victorian Responsible Gambling Foundation website:

https://www.responsiblegambling.vic.gov.au/_data/assets/pdf_file/0007/28465/Browne_assessing_gambling-related_harm_in_Vic_Apr_2016-REPLACEMENT2.pdf

Further information may be obtained from:

Manager, Policy, Research and Implementation, Access Canberra

Telephone: (02) 6207 0382

Initiate or complete projects through the Problem Gambling Assistance Fund

Under the *Gaming Machine Act 2004*, the Commission is tasked with administering the Problem Gambling Assistance Fund (the Fund). The Fund supports projects and research into gambling harm and its wider effects within the community.

Revenue for the Fund is sourced from a 0.6 per cent levy on gaming machine licensees' Gross Gaming Machine Revenue and contributions from Tabcorp and Casino Canberra Limited.

Expenditure from the Fund is for the purpose of alleviating problem gambling or the disadvantages that arise from problem gambling and for providing or ascertaining information about problem gambling.

In making decisions on projects under the Fund, the Commission's Board ensures that approved expenditure meets a range of short-term and long-term goals as well as representing a cross-section of applied and academic projects. This ensures that some immediate benefits are achieved and that work is undertaken to inform or improve knowledge about gambling issues.

Further information may be obtained from:

Manager, Policy, Research and Implementation, Access Canberra
Telephone: (02) 6207 0382

Table 14: Problem Gambling Assistance Fund Receipts 2016-17

Licensee	Amount \$	Licensee	Amount \$
Ainslie Group		Harmonie German Club	2,649
– Ainslie Football and Social Club	36,123	Hellenic Club Group	
– Gungahlin Lakes Golf & Community Club	53,328	– Hellenic Club in the City	5,342
Austrian Australian Club	54	– Hellenic Club of Canberra	61,029
Belconnen Bowling Club ¹	475	Italo Australian Club	0
Belconnen Soccer Group		Magpies Group	
– Belconnen Soccer Club - Hawker	9,506	– Magpies Belconnen Golf Club	2,384
– Belconnen Soccer Club - McKellar	13,606	– Magpies Sports Club	11,721
Canberra Bowling Club ¹	357	Mawson Club	31,909
Canberra Deakin Football Club	7,828	Murrumbidgee Country Club	545
Canberra Highland Society & Burns Club	19,807	National Press Club	140
Canberra Irish Club Limited	2,907	Spanish Australian Club ¹	84
Canberra Labor Group		Tuggeranong Rugby Union Group	
– Canberra Labor Club	85,446	– Chisholm Sports Club	33,485
– City Labor Club	20,307	– Lanyon Valley Rugby Union & Amateur Sports Club	29,000
– Ginninderra Labor Club	28,369	– Town Centre Sports Club	39,901
– Weston Creek Labor Club	10,202	– Tuggeranong Valley Rugby Union & Amateur Sports Club	44,780
RUC at Turner	3,405	Woden Tradesmen's Union Club	18,094
Canberra Racing Club ¹	12	Yowani Country Club ¹	69
Canberra Raiders Group		Sub Total – Clubs	1,008,770
– Raiders Gungahlin	55,363		
– Raiders Belconnen	41,294	Civic Pub	705
– Raiders Weston	24,619	Kambah Inn	538
Canberra Services Club		Kingston Hotel	491
– Canberra Club (Manuka)		Mercure Canberra	143
– Canberra Club (Barton)	334	Statesman Hotel Motel	191
Canberra Southern Cross Group		Sub Total – Hotels/Taverns	2068
– Southern Cross Club	82,850		
– Southern Cross Club - Jamison	25,706	Casino Canberra	46,821
– Southern Cross Club – Tuggeranong	45,309	Tabcorp	47,125
– Southern Cross Club - Yacht Club	0	Sub Total – Others	93,946
Canberra Tradesmen's Union Club	96,887		
Eastlake Group		TOTAL²	1,104,784
– Calwell Club	27,500		

Licensee	Amount \$	Licensee	Amount \$
- Eastlake Football Club	23,521		
- Sports Club Kaleen	12,523		

Notes:

1. Problem Gambling Assistance Fund Levy paid annually
2. Total Income to the Problem Gambling Assistance Fund does not include bank interest of \$33,520

Table 15: Problem Gambling Assistance Fund – Projects and Funding as at 30 June 2017

Project Name	Outcomes	Status	Funds Committed (excl GST)	Funds Spent in 2016-17 (excl GST)	Recipient of Funds
ACT Gambling Counselling and Support Service	<ul style="list-style-type: none"> • Access to professional gambling counselling and support for people experiencing problems with gambling, including families and friends. • Access to professional financial counselling. • Gambling providers and other help services in the ACT have access to support in assisting gamblers believed to have problems with their gambling. • Harm from problem gambling is reduced as a result of a proactive approach to community education and early intervention 	<p>Ongoing - Relationships Australia began delivering the service on 1 July 2014. Care Inc is subcontracted to provide financial counselling.</p> <p>In 2016-2017, the Service conducted 570 gambling counselling appointments; 63 family and friends counselling appointments and 761 financial counselling appointments.</p> <p>The service accepted the Commission's offer of two one-year extensions to the Services Agreement which is now due to conclude on 30 June 2019.</p>	<p>\$4,130,693 (over 5 years)</p> <p>Year 1 – \$809,606</p> <p>Year 2 – \$828,327</p> <p>Year 3 – \$824,404</p> <p>Year 4 – \$824,404</p> <p>Year 5 – \$824,404</p>	\$824,403	Relationships Australia for the provision of gambling counselling and support services.
Training for Non-Gambling Specific Community Sector Workers	Community sector workers in the ACT have increased skills to assist their clients who may have problems with gambling.	Ongoing – One session was conducted during 2016-2017. To date, 244 participants have completed this training.	\$70,000	\$7,528	The Association of Children's Welfare Agencies Inc. for the provision of training
Introductory Level Course: 'Let's Talk About Gambling'		AGCSS has proposed to organise, promote and administer delivery of the training by CCWT in 2017/18.		\$621	Refreshments and lunch

Project Name	Outcomes	Status	Funds Committed (excl GST)	Funds Spent in 2016-17 (excl GST)	Recipient of Funds
				\$608	Venue Hire
Acquisition and Introduction of Exclusion Capability in the ACT	<p>This project delivers an effective venue exclusion scheme in the ACT by:</p> <ul style="list-style-type: none"> • improving access to exclusion information by gambling venues; • streamlining the exclusion process; and • providing immediate access to statistical data about the uptake and use of this harm minimisation measure. 	<p>The database became operational in late June 2014. All licensees are using the database.</p> <p>In 2016, the database was expanded to include the recording of gambling incidents.</p>	\$440,000	\$11,887	Support Agreement to developer Hammond Street
Upgrade of ACT's Problem Gambling website	ACT residents will have access to information about gambling harm, self-help tools, and how to access professional help.	The development of the project plan has commenced.	\$40,000	\$0	N/A
Research Project: 'Targeted Interventions for Problem Gambling'	<p>Following on from the <i>Preventive Interventions for Problem Gambling: A Public Health Perspective</i> report, this research aims to understand</p> <ul style="list-style-type: none"> • factors contributing to (or inhibiting) self identification of gambling problems; • profiling gambling behaviours and patterns, and; • assess the openness of people with gambling problems to interventions designed to assist them. 	Final report expected August 2017.	\$104,885	\$31,434	Australian National University Centre for Gambling Research for the conduct of identified research project.
Research Project: Client Cohort Longitudinal Study	This research project will document histories of how individuals reached problem gambling treatment services and will then follow clients through the period of receiving help and for a minimum of two years after their treatment has ended. The project is designed to address a number of gaps in the	<p>Year Two of the study including recruitment of services and their clients and conducting interviews with clients and their family and friends has been completed.</p> <p>Recruitment targets for Year Three of the study have taken longer to</p>	\$786,109	\$72,474	Australian National University Centre for Gambling Research for the conduct of identified research project.

Project Name	Outcomes	Status	Funds Committed (excl GST)	Funds Spent in 2016-17 (excl GST)	Recipient of Funds
	existing knowledge base related to how people interact with help services and their experiences after treatment. The project is jointly funded by the PGAF and the NSW Office of Liquor, Gambling and Racing.	achieve than forecast by the ANU. Recruitment strategies are currently being re-evaluated.			
Youth Coalition of ACT <i>'Young People and Gambling'</i>	Initially the project sought to provide young people (18-30 years of age) with strategies to assist their peers experiencing gambling harm using a model successfully employed with the Champions project, which addressed binge drinking and young people. It became apparent early in the project that low levels of gambling harm literacy amongst young people presented a barrier to them engaging and communicating about gambling harm in the same way as they had around harmful drinking in the Champions project.	In May 2016 the project was varied to learn more about young people's experience of and understanding of gambling harm and to address their low level of gambling harm literacy. Completed. Final report received in June 2017.	\$161,484	\$66,484	Youth Coalition of ACT
Gambling Help Online	Residents of the ACT have 24/7 access to online problem gambling counselling and support.	Ongoing - The Commission is party to an MOU for the continuation of the service through 2017-2018.	\$55,000	\$7,445	ACT contribution to national MOU
Capital Health Network	Education and training through events for GPs and NPs on Chronic Disease Management that will include education on addressing lifestyle issues with patients and impacts of lifestyle issues on mental health.	Funding Agreement was signed June 2017.	\$55,000	\$0	N/A

Project Name	Outcomes	Status	Funds Committe d (excl GST)	Funds Spent in 2016-17 (excl GST)	Recipient of Funds
Gambling Contact Officer Branding and Merchandise	This project will establish a brand for the Gambling Contact Officer initiative. The brand development will include promotional material and individual identifiers distributed to every gaming venue in the ACT.	Completed.	\$19,445	\$14,944	Payments made through project coordinator - ClubsACT
TOTAL			\$5,862,616	\$1,037,828	

Further information may be obtained from:

Manager, Policy, Research and Implementation, Access Canberra
Telephone: (02) 6207 0382

B.3 Scrutiny

Legislative Assembly Inquiries and Reports

In 2016-17, the Commission participated in the following Legislative Assembly Committee inquiries and reports.

Table 16: Summary of Inquiry into Appropriation Bill 2016-17

Committee	Report Title	Date Tabled
Select Committee on Estimates 2016-2017	Appropriation Bill 2016-2017 and Appropriation (Office of the Legislative Assembly) Bill 2016-2017	2 August 2016

https://www.parliament.act.gov.au/_data/assets/pdf_file/0020/910226/Estimates-2016-17.pdf

Table 17: Summary of Report on Annual and Financial Reports 2015-16

Committee	Report Title	Date Tabled
Standing Committee on Justice and Community Safety	Report on Annual and Financial Reports 2015-2016	8 June 2017

https://www.parliament.act.gov.au/_data/assets/pdf_file/0013/1071022/9th-JCS-01-Annual-Report-2015-16.pdf

Table 18: Summary of recommendations relevant to the Commission carried over from 2015-16

Standing Committee on Public Accounts Inquiry into elements impacting on the future of the ACT Clubs sector Government Response Tabled 17 November 2015		
Recommendation No. and Summary	Action	Status
Recommendation 20 The Committee recommends that the ACT Gambling and Racing Commission work together with ClubsACT and the ANU Centre for Gambling Research to facilitate better access by researchers to gambling data and club venues.	Government response: Agreed The Commission supports and facilitates access to venues and data by ANU. The integrity of research, and its independence, is critical in gambling research and must be maintained.	Ongoing
Recommendation 22 The Committee recommends that the ACT Gambling and Racing Commission investigate using Australian Research Council Project Linkage Grants to maximise the value of ACT Government research investment	Government response: Agreed in principle The Commission maximises research investment through collaboration with Gambling Research Australia and in individual projects, for example with New South Wales.	Complete

Standing Committee on Public Accounts
Inquiry into elements impacting on the future of the ACT Clubs sector
Government Response Tabled 17 November 2015

Recommendation No. and Summary	Action	Status
Recommendation 32 The Committee recommends that the Government move to an electronic-based system for the reporting of Electronic Gaming Machine movements and any other activities rather than the current paper-based system.	Government response: Agreed in principle Access Canberra continues to develop and deploy smart forms for online applications, including for gaming machines. Smart forms for lotteries applications are complete.	Ongoing
Recommendation 44 The Committee recommends that the Government consider ways to reduce red tape for clubs such as the need to mail out ballot papers.	Government response: Agreed <i>The Gambling and Racing (Red Tape Reduction) Bill 2016</i> was presented in the Legislative Assembly on 9 June 2016. The government has considered ways to reduce red tape.	Complete

https://www.parliament.act.gov.au/data/assets/pdf_file/0007/809170/8th-PAC-18-Clubs-tabled-27-10-15.pdf

Auditor-General

The Commission's Financial Report and Statement of Performance are independently audited by the ACT Auditor-General. The Auditor-General provided an unqualified audit opinion on the Commission's 2016-17 Financial Report and Statement of Performance with no significant matters identified during the process (see section C.2 & C.6)

ACT Ombudsman

There were no reviews initiated by the ACT Ombudsman relevant to the Commission in 2016-17.

ACT Civil and Administrative Tribunal

Many of the Commission's decisions under the gaming laws, such as taking disciplinary action against a licensee or refusing to approve an application for a licence or equipment, are decisions reviewable by the ACT Civil and Administrative Tribunal (ACAT).

No administrative decisions made by the Commission in 2016-17 were referred to the ACAT for review.

Further information may be obtained from:

Policy and Cabinet Division, Chief Minister, Treasury and Economic Development Directorate
 Telephone: (02) 6207 5989

B.4 Risk Management

The Commission adopts the Chief Minister, Treasury and Economic Development Directorate's Risk Management Framework and maintains its own Risk Register. The Commission's Risk Register has been developed in accordance with the relevant standard (*AS/NZS ISO 31000:2009*) to include organisational risks, sources, impacts, responsibilities, treatments and monitoring/review processes. The Commission's Risk Register is reviewed and updated in line with Commission's Internal Audit and Risk Committee meetings. The Commission's Internal Audit and Risk Committee is responsible for monitoring and reporting on the implementation of risk mitigation strategies at each of its meetings.

The Commission's Statement of Intent identifies the risks and associated mitigation strategies in relation to the Commission meeting its corporate and business objectives. These risks are incorporated in the Commission's Risk Register.

The Commission has agreed to apply a risk-based compliance approach to ensure that resources are targeted to where the risks of harm, unsafe practices or misconduct are the greatest, thereby strengthening capacity to take action where the community, workers and the environment are most at risk.

The three fundamental steps used to ensure compliance are to engage, educate and enforce with the optimal outcome being voluntary compliance. Education has a key role to play in maximising compliance by proactively ensuring licensees are aware of their legislated requirements. Enforcement action will be applied to those people in which their conduct breaches the legislation and is likely to cause harm.

Further information may be obtained from:

Deputy Director, Policy and Coordination, Projects, Governance and Support, Access Canberra
Telephone: (02) 6207 5282; or

ACT Insurance Authority, Chief Minister, Treasury and Economic Development Directorate
Telephone: (02) 6207 0302

B.5 Internal Audit

The Commission has established an Internal Audit and Risk Committee (the Committee) as part of its responsibilities in relation to the corporate governance of the Commission. The objective of the Committee is to provide independent assurance to the Board on the Commission's risk, control and compliance framework, and its financial statement responsibilities.

The Internal Audit and Risk Committee met on three occasions in 2016-17.

Table 19: Summary of meetings attended by members and observers during 2016-17

Name of Member	Position	Meetings Attended
Alice Tay	Chair	2
Paul Baxter	Member	2
Ron Leonard	Senior Manager/Observer	2

The Committee Charter has been modelled on the Australian National Audit Office (ANAO) Better Practice Guides. The Board endorses the charter at its meetings and will continue to review them on an annual basis.

The Commission has an Internal Audit Program which has been developed after identifying areas of potential operational and financial risk. At its December 2016 meeting, members reviewed the Committee's Program of Works 2016-17.

The Commission, can utilise the ACT Government's Whole-of-Government Internal Audit Services Panel to select contractors to conduct in-depth internal audits in areas that includes performance, compliance and information technology.

Further information may be obtained from:

Deputy Director, Policy and Coordination, Projects, Governance and Support, Access Canberra
Telephone: (02) 6207 5282

B.6 Fraud Prevention

The Commission is committed to minimising the incidence of fraud and corruption through the development, implementation and regular review of a range of fraud prevention and detection strategies.

As required under the ACTPS Integrity Policy, the Commission has in place a Fraud and Corruption Prevention Plan and a Fraud Risk Register. The objective of the Fraud and Corruption Prevention Plan is to provide the basis of the Commission's actions to control fraud and to identify those key activities performed by the Commission that require the implementation of additional controls to reduce the likelihood of fraud occurring. With the integration of Commission staff into Access Canberra, the Fraud and Corruption Prevention Plan of the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) now apply to all staff. Fraud awareness and ethics training is available to all CMTEDD staff and is part of the induction process for all new CMTEDD employees.

There were no reports or allegations of fraud or corruption received and investigated by the Commission during this reporting period.

Further information may be obtained from:

Workforce Capability and Governance Division, Chief Minister, Treasury and Economic Development Directorate

Telephone: (02) 6207 6502; or

Email: psm@act.gov.au

B.7 Work Health and Safety

As of 1 July 2016 as a result of Commission staff being integrated into Access Canberra/Chief Minister, Treasury and Economic Development Directorate, workplace health and safety requirements for those staff were also transferred.

Consequently, Work Health and Safety information for the ACT Gambling and Racing Commission can be sourced from the 2016-17 annual report of the Chief Minister, Treasury and Economic Development Directorate.

Further information may be obtained from:

Workplace Injury Performance, Workplace Safety and Industrial Relations, Chief Minister, Treasury and Economic Development Directorate
Telephone: (02) 6207 8794

B.8 Human Resources Management

As of 1 July 2016 as a result of Commission staff being integrated into Access Canberra/Chief Minister, Treasury and Economic Development Directorate, human recourse management requirements for those staff were also transferred.

Consequently, Human Resources Management information for the ACT Gambling and Racing Commission can be sourced from the 2016-17 annual report of the Chief Minister, Treasury and Economic Development Directorate.

Further information may be obtained from:

Workforce Capability and Governance Division, Chief Minister, Treasury and Economic Development Directorate

Telephone: (02) 6207 6502; or

Email: psm@act.gov.au

B.9 Ecologically Sustainable Development

The ACT Government is committed to sustainable development of the ACT and encourages agencies to embed sustainability in their decision-making processes. The commitment was translated into a legislative responsibility for agencies to develop policies and programs to promote Ecologically Sustainable Development (ESD) through the *Climate Change and Greenhouse Gas Reduction Act 2010* and the *Environmental Protection Act 1997* (the *Environment Protection Act*).

Under Section 2 of the *Environment Protection Act*, ecologically sustainable development is defined as the effective integration of economic, social and environmental considerations in decision-making processes.

From 1 July 2016 Commission staff were integrated into Access Canberra/ Chief Minister, Treasury and Economic Development Directorate and as a result, the Commission had no staff, accommodation or motor vehicles in 2016-17.

Consequently, Ecologically Sustainable Development information for the ACT Gambling and Racing Commission can be sourced from the 2016-17 annual report of the Chief Minister, Treasury and Economic Development Directorate.

Further information may be obtained from:

Office of the Commissioner for Sustainability and the Environment
Telephone: (02) 6207 2626

SECTION C: FINANCIAL MANAGEMENT REPORTING

C.1 Financial Management Analysis

Management Discussion Analysis

General Overview

Objectives

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

- > effectively regulate gambling and racing activity for statutory compliance;
- > ensure compliance with statutory payments of taxes and fees;
- > keep informed about problem gambling issues and harm minimisation strategies;
- > undertake measures designed to reduce the negative impact of gambling harm;
- > review gaming legislation and policies and implement changes;
- > keep informed about developments in gaming and regulatory practices; and
- > effectively manage its resources.

Gambling revenue incorporates the following categories:

- > gaming machine taxes, levies and fees;
- > interstate lotteries taxes (New South Wales);
- > minor lottery fees (promotions and raffles);
- > casino tax and fees;
- > Totalisator licence fee;
- > 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. The Commission does not have the function of promoting or developing gambling activity in the Territory.

Risk Management

The Commission is a major collector of Government revenue in the Territory. To manage the risk associated with revenue collection, verification and compliance, Access Canberra on behalf of the Commission has a comprehensive Risk Management Plan and an internal audit program to review processes and procedures. The Risk Management Plan addresses the Commission's financial risks together with the risks associated with the approval and issue of licences for gambling providers and venue employees.

Access Canberra, on behalf of the Commission has also produced 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.

Financial Performance

The following financial information is based on audited Financial Statements for 2015-16 and 2016-17 and the forward estimates contained in the 2016-17 Statement of Intent.

In December 2014 it was announced that a number of regulatory functions across the ACT Government, including gambling regulation, would be brought together to create Access Canberra. In August 2016 an agreement between Access Canberra and the Commission on *“the provision of services for the administration of the gaming laws including the control, supervision and regulation of gaming and racing in the ACT”* (the Agreement) was executed.

The Agreement states that ‘the GRC will commission work from Access Canberra to fulfil its obligations under the *Gambling and Racing Control Act 1999* (the Act), and satisfy its objectives outlined in the 2014-2018 Strategic Plan and the 2016-2017 Statement of Intent’.

Access Canberra acknowledges the responsibilities of the Commission as a statutory authority including those specified in the Act, other gaming laws and the Commission’s Statement of Intent. Access Canberra provides staff and support to the Commission on a cost recovery basis to enable the Commission to meet its responsibilities and obligations.

From 1 July 2016, Commission staff were transferred to Access Canberra and as a result employee, superannuation and supplies and services expenses have been amended. 2016-17 and future trends in this report reflect these changes.

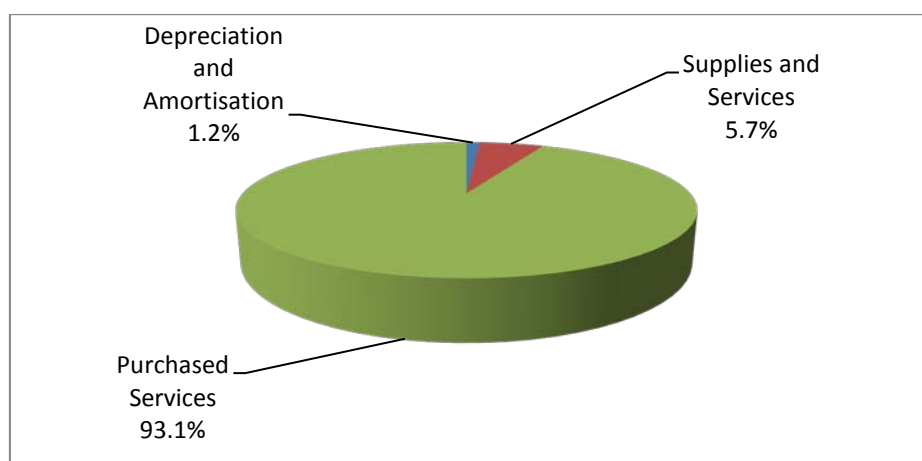
Total Expenditure

1. Components of Expenditure

Figure 1 indicates the components of the Commission’s expenditure for 2016-17 not including taxation revenue transferred to Government. As the Commission entered into an agreement with Access Canberra for the provision of services for the administration of the gaming laws including the control, supervision and regulation of gaming and racing in the ACT, the main expenditure items during the year was purchased services and supplies and services expenses. Supplies and services expenses includes problem gambling assistance fund expenses which are used to undertake projects aimed to reduce the negative impact of problem gambling.

The largest component of expenditure is purchase services which represents **93.1 per cent** of ordinary activities or **\$5.488 million**.

Figure 1 - Components of Expenditure in 2016-17



2. Comparison to Budget

Total expenditure, not including taxation revenue transferred to Government, of **\$5.893 million** was slightly lower than the 2016-17 budget of **\$5.955 million**.

3. Comparison to 2015-16 Actual Expenditure

Total expenditure, not including taxation revenue transferred to Government, was **\$0.309 million**, or **5.5 per cent**, higher than the 2015-16 actual result. This is mainly due to an increase in purchase services (**\$4.660 million**) as a result of the agreement between the Commission and Access Canberra whereby the Commission received additional support services.

This increase has been partly off-set by lower employee expenses (**\$2.835 million**); superannuation expenses (**\$0.379 million**) and lower supplies and services (**\$1.122 million**) as a result of the agreement as mentioned above.

4. Future Trends

Expenditure is budgeted to increase in 2017-18 by **\$0.126 million** this is mainly due to:

- > increased purchase services expenses as a result of indexation in 2017-18; and
- > return to full Board membership for the reporting period.

Total Income

1. Components of Income

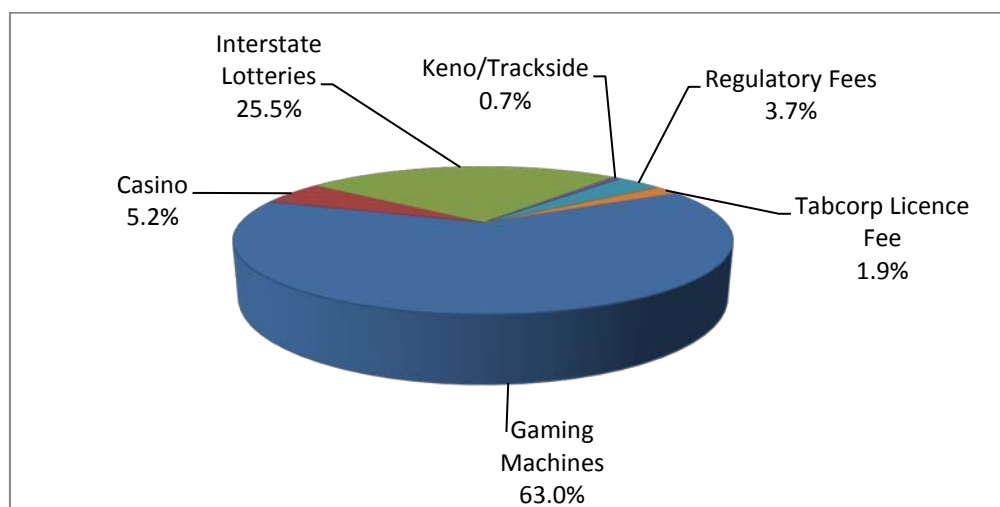
Although the Commission collects and verifies revenue from gambling taxes, levies, fees and fines, all such revenue is immediately transferred to the Territory Banking Account through daily sweeps of the Commission's Taxation Account. Taxes and Levies are received in accordance with the respective legislation or agreements held with the Commission and are based on gross profit or the level of gambling activity depending on the requirements for each product. Regulatory Fees are paid in relation to gaming operations such as licensing applications, raffle and trade promotion permit applications and general gaming and racing approvals.

The revenue that the Commission uses to fund its operating activities is appropriated through Controlled Recurrent Payments and interest from its bank accounts. In 2016-17, appropriation payments from Government totalled **\$4.853 million**.

The Commission also receives a Problem Gambling Assistance Fund levy from gaming machine licensees as well as voluntary contributions from Tabcorp ACT and Casino Canberra. These funds are used to provide problem gambling support services to the ACT community as well as other projects to reduce the negative impact of problem gambling. In 2016-17, the total amount received by the Commission in the Problem Gambling Assistance Fund was **\$1.104 million**.

Figure 2 below indicates that for the financial year ended 30 June 2017 the Commission received **\$33.441 million** or **63.0 per cent** of its total gambling revenue from gaming machine taxation.

Figure 2 - Components of Gambling Income in 2016-17



2. Comparison to Budget

Revenue

For the year ending 30 June 2017 gambling revenue was **\$53.110 million** which was **\$1.272 million** lower than the 2016-17 budget of **\$54.382 million**. This was mainly due to lower:

- > interstate lotteries revenue (**\$1.359 million**) from lower than expected ticket sales;
- > gaming machine taxation (**\$0.468 million**) due to lower gambling activity; and
- > regulatory fees (**\$0.155 million**) due to reduced fees following the introduction of red tape measures in November 2015 which included an increase in the minimum value for trade promotions and certain raffles before a permit application is required.

These decreases were partially off-set by higher casino taxation receipts (**\$0.521 million**) and higher Keno and Trackside revenue (**\$0.190 million**) due to higher gambling activity.

3. Comparison to 2015-16 Actual Income

Revenue

Gambling revenue in 2016-17 was **\$0.259 million**, or **0.5 per cent**, lower than the 2015-16 actual result. This was mainly due to decreases in interstate lotteries revenue (**\$0.887 million**) due to a decrease in ticket sales. The decrease was partially off-set by increases in taxation receipts for the casino (**\$0.475 million**) and keno/trackside (**\$0.188 million**) as a result of higher gambling activity.

Gains

Income from gains was **\$0.231 million** or **100.0 per cent** decreased from the 2015-16 actual result. This is mainly due to a one-off Restructure Fund Receivable with three staff members taking a voluntary redundancy following an organisational restructure in 2015-16.

4. Future Trends

Based on current revenue projections total gambling revenue for 2017-18 is budgeted to increase by **\$1.103 million** compared to the 2016-17 actual. This is mainly due to expected increases in interstate Lotteries (**\$1.657 million**). The increase is expected to be partially offset by decreases in other gaming revenue.

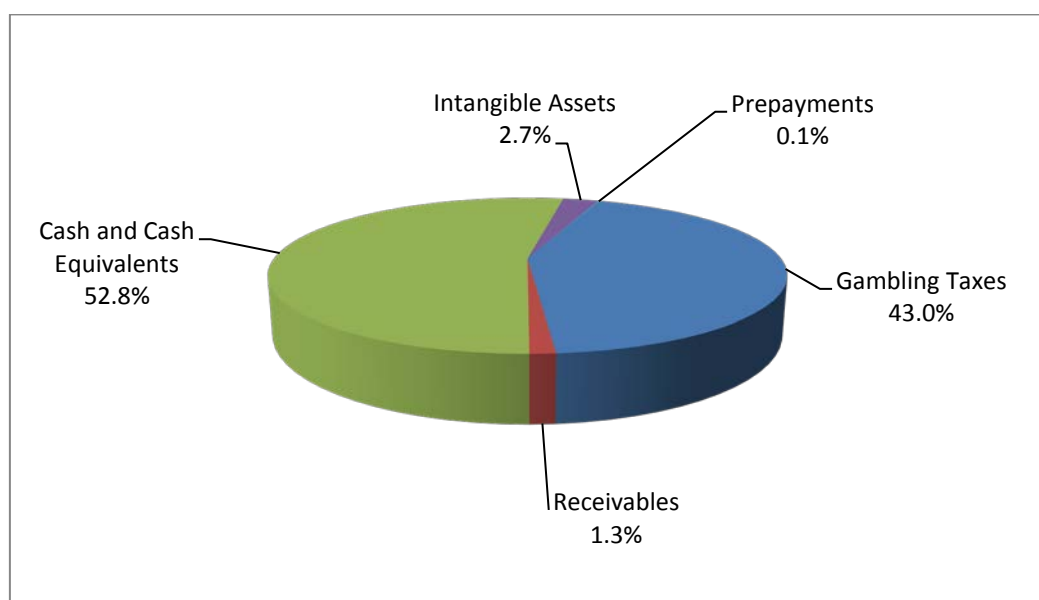
Commission's Financial Position

Total Assets

1. Components of Total Assets

Figure 3 below indicates that for the financial year ended 30 June 2017, **43.0 per cent** of the Commission's assets were accrued gambling taxes and **52.8 per cent** were cash and cash equivalents.

Figure 3 – Total Assets as at 30 June 2017



2. Comparison to Budget

The total asset position as at 30 June 2017 of **\$9.023 million** is **\$0.601 million** higher than the 2016-17 budget of **\$8.422 million**. The increase is mainly due to on higher cash and cash equivalents (**\$0.433 million**) due to positive cash flows generated from operating activities.

3. Comparison to 2015-16 Actuals

The Commission's total asset position decreased **\$2.080 million** from 2015-16 actual result of **\$11.103 million** mainly due to a decrease in:

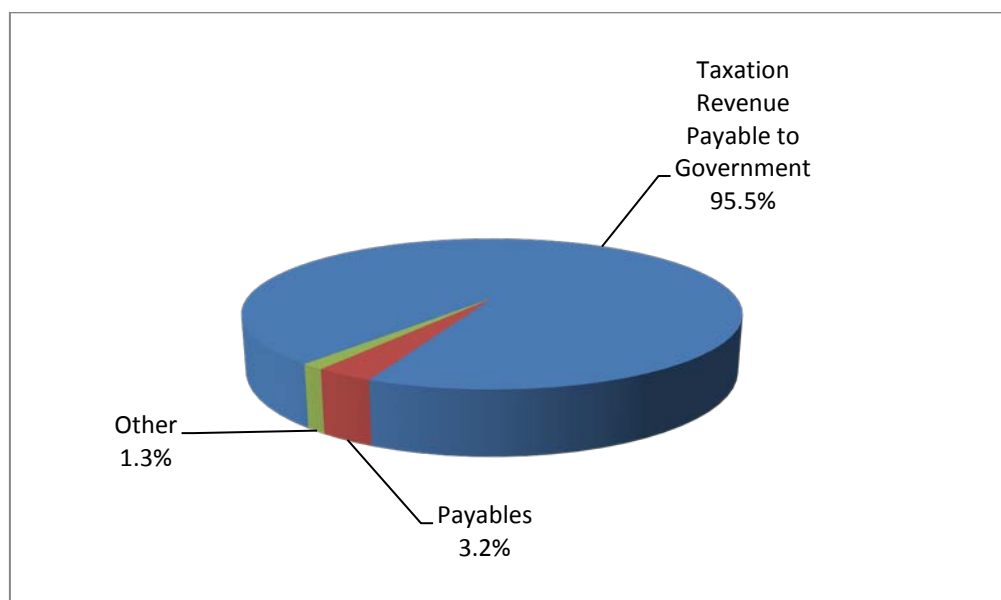
- > cash and cash equivalents (**\$0.408 million**) as a result of increased expenditure for the Commission's gaming database due to both legislative requirement and business operational needs;
- > gambling taxes receivables (**\$1.362 million**) mainly due to decreased Interstate Lotteries Duty as a result of the payment for May 2016 due in June 2016 not being received in 2015-16; and
- > receivables (**\$0.365 million**) mainly due to one- off reimbursement from the Restructure Fund for three staff taking a voluntary redundancy not being received in 2015-16.

Total Liabilities

1. Components of Total Liabilities

Figure 4 below indicates that the majority of the Commission's liabilities as at 30 June 2017 relate to taxation revenue payable to Government (95.5 per cent).

Figure 4 – Total Liabilities as at 30 June 2017



2. Comparison to Budget

The Commission's liabilities for the year ended 30 June 2017 of **\$4.016 million** is **\$0.214 million** lower than the 2016-17 budget of **\$4.230 million**. This is mainly due to lower taxation revenue payable to Government (**\$0.140 million**) as a result of lower than expected taxation revenue in June 2017.

3. Comparison to 2015-16 Actuals

Total liabilities decreased **\$2.294 million** from 2015-16 actual results of **\$6.310 million** mainly due to lower:

- > taxation revenue payable to Government (**\$1.354 million**) as a result of decreased Interstate Lotteries Duty. In 2015-16, the payment for May 2016 due in June 2016 was not received during the 2015-16 reporting period. All Taxes and Levies received by the Commission are transferred on a daily basis to the ACT Government; and
- > employee benefits (**\$0.926 million**) mainly due to all the staff members have been transferred to Access Canberra as per agreement mentioned previously.

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 further funding from the ACT Government to meet short-term debts. *Table 1* indicates the liquidity position of the Commission.

Table 20: Current Ratio

Description	Prior Year Actual 2015-16 \$'000s	Current Year Budget 2016-17 \$'000s	Current Year Actual 2016-17 \$'000s	Forward Year Budget 2017-18 \$'000s	Forward Year Budget 2018-19 \$'000s	Forward Year Budget 2019-20 \$'000s
Current Assets	10,792	8,340	8,658	8,961	9,151	9,344
Current Liabilities	6,272	4,230	4,016	4,119	4,122	4,125
Current Ratio	1.72:1	1.97:1	2.16:1	2.18:1	2.22:1	2.27:1

The Commission's current ratio for the financial year ended 30 June 2017 is **2.16 to 1** which is higher than the budgeted current ratio of **1.97 to 1**. The higher ratio reflects increased cash and cash equivalents (**\$0.433 million**) from the positive cash flows generated from operating activities.

The Commission has undertaken work on future projects with the intention of further work around the Public Health approach to harm minimisation.

Notwithstanding the anticipated additional expenditures, the Commission expects a strong level of liquidity to be maintained in the forward years.

C.2 Financial Statements



AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY 

Sensitive: Auditor-General

A17/22

Mr John Haskins
Chair
Governing Board
ACT Gambling and Racing Commission
Level 3-5, Cosmopolitan Building
21 Bowes Place
Woden ACT 2606

Dear Mr Haskins

**AUDIT REPORT – ACT GAMBLING AND RACING COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

The Audit Office has completed the audit of the financial statements of the ACT Gambling and Racing Commission for the year ended 30 June 2017.

Attached is the audited financial statements and an unqualified audit report.

I have provided a copy of the audited financial statements and audit report to the Attorney-General, Mr Gordon Ramsay MLA.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Ajay Sharma'.

Ajay Sharma
Acting Director, Financial Audits
24 August 2017

c.c. Mr David Snowden, Chief Executive Officer
Ms Margaret McKay, Acting Deputy Director

Level 4, 11 Moore Street Canberra City ACT 2601 PO Box 275 Civic Square ACT 2608
T 02 6207 0833 F 02 6207 0826 E actauditorgeneral@act.gov.au W www.audit.act.gov.au

INDEPENDENT AUDIT REPORT**ACT GAMBLING AND RACING COMMISSION****To the Members of the ACT Legislative Assembly****Audit opinion**

I am providing an **unqualified audit opinion** on the financial statements of the ACT Gambling and Racing Commission (the Commission) for the year ended 30 June 2017. The financial statements comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement, statement of appropriation and accompanying notes.

In my opinion, the financial statements:

- (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 Commission and results of its operations and cash flows.

Basis for the audit opinion

The audit was conducted in accordance with the Australian Auditing Standards. I have complied with the requirements of the Accounting Professional and Ethical Standards 110 *Code of Ethics for Professional Accountants*.

I believe that sufficient evidence was obtained during the audit to provide a basis for the audit opinion.

Responsibility for preparing and fairly presenting the financial statements

The Governing Board of the Commission is responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Financial Management Act 1996* and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Commission to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

Responsibility for the audit of the financial statements

Under the *Financial Management Act 1996*, the Auditor-General is responsible for issuing an audit report that includes an independent audit opinion on the financial statements of the Commission.

As required by Australian Auditing Standards, the auditors:

- applied professional judgement and maintained scepticism;
- identified and assessed the risks of material misstatements due to error or fraud and implemented procedures to address these risks so that sufficient evidence was obtained to form an audit opinion. The risk of not detecting material misstatements due to fraud is higher than the risk due to error, as fraud may involve collusion, forgery, intentional omissions or misrepresentations or the override of internal controls;
- obtained an understanding of internal controls to design audit procedures for forming an audit opinion;
- evaluated accounting policies and estimates used to prepare the financial statements and disclosures made in the financial statements;
- evaluated the overall presentation and content of the financial statements, including whether they present the underlying transactions and events in a manner that achieves fair presentation;
- reported the scope and timing of the audit and any significant deficiencies in internal controls identified during the audit to the Governing Board of the Commission; and
- assessed the going concern* basis of accounting used in the preparation of the financial statements.

(*Where the auditor concludes that a material uncertainty exists which cast significant doubt on the appropriateness of using the going concern basis of accounting, the auditor is required to draw attention in the audit report to the relevant disclosures in the financial statements or, if such disclosures are inadequate, the audit opinion is to be modified. The auditor's conclusions on the going concern basis of accounting are based on the audit evidence obtained up to the date of this audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.)

Limitations on the scope of the audit

An audit provides a high level of assurance about whether the financial statements are free from material misstatements, whether due to fraud or error. However, an audit cannot provide a guarantee that no material misstatements exist due to the use of selective testing, limitations of internal control, persuasive rather than conclusive nature of audit evidence and use of professional judgement in gathering and evaluating evidence.

An audit does not provide assurance on the:

- reasonableness of budget information included in the financial statements;
- prudence of decisions made by the Commission;
- adequacy of controls implemented by the Commission; or
- integrity of audited financial statements presented electronically or information hyperlinked to or from the financial statements. Assurance can only be provided for the printed copy of the audited financial statements.



Ajay Sharma
Acting Director, Financial Audits
24 August 2017



ACT
Government



GAMBLING
AND
RACING
COMMISSION

ACT Gambling and Racing Commission Financial Statements For the Year Ended 30 June 2017

Statement of Responsibility

In my opinion, the Financial Statements are in agreement with the ACT Gambling and Racing Commission's accounts and records and fairly reflect the financial operations of the ACT Gambling and Racing Commission for the year ended 30 June 2017 and the financial position of the ACT Gambling and Racing Commission on that date.

John Haskins
Chairperson
ACT Gambling and Racing Commission
22 August 2017



ACT
Government



GAMBLING
AND
RACING
COMMISSION

ACT Gambling and Racing Commission Financial Statements For the Year Ended 30 June 2017

Statement by the Chief Executive Officer

In my opinion, the Financial Statements have been prepared in accordance with the Australian Accounting Standards, and are in agreement with the ACT Gambling and Racing Commission's accounts and records and fairly reflect the financial operations of the ACT Gambling and Racing Commission for the year ended 30 June 2017 and the financial position of the ACT Gambling and Racing Commission on that date.

David Snowden
Chief Executive Officer
ACT Gambling and Racing Commission
22 August 2017

ACT GAMBLING AND RACING COMMISSION

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2017**

ACT Gambling and Racing Commission
Operating Statement
For the Year Ended 30 June 2017

	Note No.	Actual 2017 \$'000	Original Budget 2017 \$'000	Actual 2016 \$'000
Income				
<i>Revenue</i>				
Controlled Recurrent Payments	3	4,853	4,853	4,726
Taxation and Levies Collected on Behalf of the Territory	4	50,122	51,238	50,238
Regulatory Fees	5	2,988	3,144	3,131
Interest	6	146	101	142
Resources Received Free of Charge	7	-	25	13
Other Revenue	8	1,108	1,120	1,242
Total Revenue		59,217	60,481	59,492
<i>Gains</i>				
Other Gains	9	1	-	232
Total Gains		1	-	232
Total Income		59,218	60,481	59,724
Expenses				
Employee Expenses	10	-	125	2,835
Superannuation Expenses	11	-	13	379
Supplies and Services	12	335	1,120	1,457
Purchased Services	13	5,488	4,656	828
Amortisation	14	70	41	85
Taxation and Levies Revenue Transferred to Government		53,111	54,382	53,370
Total Expenses		59,004	60,337	58,954
Operating Surplus		214	144	770

The above Operating Statement should be read in conjunction with the accompanying notes.

The ACT Gambling and Racing Commission has only one output class, and as such, the above Operating Statement is also the Commission's Operating Statement for the Gambling Regulation and Harm Minimisation Output Class. The Gambling Regulation and Harm Minimisation Output Class covers:

- the regulation of gambling and racing activities in accordance with the ACT gaming laws including the correct payment of gambling taxes, levies and fees; and
- the monitoring and research of the social effects of gambling and problem gambling in the ACT and the provision of education services.

ACT Gambling and Racing Commission
Balance Sheet
As at 30 June 2017

	Note	Actual	Original	Actual
	No.	2017	Budget	2016
		\$'000	\$'000	\$'000
Current Assets				
Cash and Cash Equivalents	16	4,702	4,259	5,110
Receivables	17	3,947	4,069	5,673
Prepayments		9	12	9
Total Current Assets		8,658	8,340	10,792
Non-Current Assets				
Plant and Equipment		-	10	-
Intangible Assets	18	241	72	311
Capital Works in Progress	19	124	-	-
Total Non-Current Assets		365	82	311
Total Assets		9,023	8,422	11,103
Current Liabilities				
Payables	20	3,965	4,105	5,349
Employee Benefits	21	-	90	888
Other Liabilities	22	51	35	35
Total Current Liabilities		4,016	4,230	6,272
Non-Current Liabilities				
Employee Benefits	21	-	-	38
Total Non-Current Liabilities		-	-	38
Total Liabilities		4,016	4,230	6,310
Net Assets		5,007	4,192	4,793
Equity				
Accumulated Funds		5,007	4,189	4,793
Asset Revaluation Surplus		-	3	-
Total Equity		5,007	4,192	4,793

The above Balance Sheet should be read in conjunction with the accompanying notes.

ACT Gambling and Racing Commission
Statement of Changes in Equity
For the Year Ended 30 June 2017

For the Year Ended 30 June 2017

	Accumulated Funds Actual 2017 \$'000	Total Equity Actual 2017 \$'000	Original Budget 2017 \$'000
Balance at 1 July 2016	4,793	4,793	4,048
Comprehensive Income			
Operating Surplus	214	214	144
Total Comprehensive Income	214	214	144
Balance at 30 June 2017	5,007	5,007	4,192

For the Year Ended 30 June 2016

	Accumulated Funds Actual 2016 \$'000	Asset Revaluation Surplus Actual 2016 \$'000	Total Equity Actual 2016 \$'000
Balance at 1 July 2015	4,020	3	4,023
Comprehensive Income			
Operating Surplus	770	-	770
Total Comprehensive Income	770	-	770
Transactions Involving Owners Affecting Accumulated Funds			
Decrease in the Asset Revaluation Surplus	3	(3)	-
Total Transactions Involving Owners Affecting Accumulated Funds	3	(3)	-
Balance at 30 June 2016	4,793	-	4,793

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

ACT Gambling and Racing Commission
Cash Flow Statement
For the Year Ended 30 June 2017

	Note No.	Actual 2017 \$'000	Original Budget 2017 \$'000	Actual 2016 \$'000
Cash Flows from Operating Activities				
Receipts				
Controlled Recurrent Payments		4,853	4,853	4,726
Taxation and Levies Collected on Behalf of the Territory		51,498	51,238	49,018
Regulatory Fees		2,988	3,144	3,131
Interest Received		146	101	142
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		106	119	231
Goods and Services Tax Collected from Customers		9	-	25
Other Receipts		1,483	1,120	1,089
Total Receipts from Operating Activities		61,083	60,575	58,362
Payments				
Employee		-	125	2,899
Superannuation		-	13	391
Supplies and Services		656	1,120	1,491
Purchased Services		5,385	4,564	752
Taxation and Levies Revenue Transferred to Government		54,463	54,382	52,149
Goods and Services Tax Remitted to the Australian Taxation Office		22	-	28
Goods and Services Tax Paid to Suppliers		102	119	238
Total Payments from Operating Activities		60,628	60,323	57,948
Net Cash Inflows from Operating Activities	27	455	252	414
Cash Flows from Investing Activities				
Payments				
Payments for Property, Plant and Equipment and Capital Works		-	10	-
Payments for Intangibles		-	-	190
Total Payments from Investing Activities		-	10	190
Net Cash (Outflows) from Investing Activities		-	(10)	(190)

ACT Gambling and Racing Commission
Cash Flow Statement - Continued
For the Year Ended 30 June 2017

	Note	Actual	Original	Actual
	No.	2017	Budget	2016
		\$'000	\$'000	\$'000
Cash Flows from Financing Activities				
Payments				
Payment of Transferred Cash Balances		863	946	-
Total Payment from Financing Activities		863	946	-
Net Cash (Outflows) from Financing Activities		(863)	(946)	-
 Net (Decrease)/Increase in Cash and Cash				
Equivalents		(408)	(704)	224
Cash and Cash Equivalents at the Beginning of the				
Reporting Period		5,110	4,963	4,886
Cash and Cash Equivalents at the End of the				
Reporting Period	27	4,702	4,259	5,110

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

**ACT Gambling and Racing Commission
Controlled Statement of Appropriation
For the Year Ended 30 June 2017**

	Original Budget 2017 \$'000	Total Appropriated 2017 \$'000	Appropriation Drawn 2017 \$'000	Appropriation Drawn 2016 \$'000
Controlled				
Controlled Recurrent Payments	4,853	4,853	4,853	4,726
Total Controlled Appropriation	4,853	4,853	4,853	4,726

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

Column Heading Explanations

The *Original Budget* column shows the amounts that appear in the Cash Flow Statement in the ACT Gambling and Racing Commission's Statement of Intent. This amount also appears in the Cash Flow Statement.

The *Total Appropriated* column is inclusive of all appropriation variations occurring after the Original Budget.

The *Appropriation Drawn* is the total amount of appropriation received by the ACT Gambling and Racing Commission during the year. This amount also appears in the Cash Flow Statement.

ACT Gambling and Racing Commission

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For the Year Ended 30 June 2017

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Note	2	Significant Accounting Policies (see Appendices A, B and C)
		Appendix A – Basis of Preparation of the Financial Statements
		Appendix B – Significant Accounting Policies
		Appendix C - Impact of Accounting Standards Issued But Yet to be Applied

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ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 1. Objectives of the ACT Gambling and Racing Commission

The primary objectives of the ACT Gambling and Racing Commission (the Commission) are to:

- regulate gambling and racing activities in accordance with ACT gaming laws;
- ensure compliance by gaming organisations and persons with the payment of fee and tax liabilities;
- review gaming laws to ensure their continued relevance and appropriateness; and
- monitor and research the social effects of gambling and problem gambling in the ACT and provide counselling and education services.

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

Note 2. Significant Accounting Policies

Refer to the following appendices for the notes comprising significant accounting policies and other explanatory information.

Appendix A - Basis of Preparation of the Financial Statements

Appendix B - Significant Accounting Policies

Appendix C - Impact of Accounting Standards Issued But Yet to be Applied

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 3. Controlled Recurrent Payments

Controlled Recurrent Payments (CRP) are revenue received from the ACT Government to fund the costs of delivering outputs. The ACT Government pays CRP appropriation on a fortnightly basis.

	2017	2016
	\$'000	\$'000
Revenue from the ACT Government		
Controlled Recurrent Payments	4,853	4,726
Total Controlled Recurrent Payments	4,853	4,726

Note 4. Taxation and Levies Collected on Behalf of the Territory

Taxation and Levies are collected on behalf of the Territory from licensed gambling operators. Taxes and Levies are received on a monthly basis in accordance with the respective legislation or agreements held with the Commission and are based on gross profit or the level of gambling activity depending on the requirements for each product. All Taxes and Levies received by the Commission are transferred on a daily basis to the ACT Government.

Gaming Machines	33,441	33,332
Interstate Lotteries ¹	13,527	14,414
Casino ²	2,775	2,301
Keno and Trackside Levy ³	379	191
Total Taxation Collected on Behalf of the Territory	50,122	50,238

1. The decrease in Interstate Lotteries is due to lower ticket sales in 2016-17.
2. The increase in Casino Taxation is due to increased gambling activity in 2016-17.
3. The increase in the Keno and Trackside Levy is due to increased gambling activity in 2016-17.

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 5. Regulatory Fees

Regulatory Fees Collected on behalf of the Territory are paid in relation to gaming operations such as licensing applications, raffle and trade promotion permit applications and general gaming and racing approvals. All regulatory fees received by the Commission are transferred on a daily basis to the ACT Government.

	2017	2016
	\$'000	\$'000
Regulatory Fees		
Gaming Machines	230	256
Lotteries ¹	1,707	1,811
Casino	19	15
Totalisator	1,031	1,017
Sports Bookmaking	1	29
Racing	-	3
Total Regulatory Fees	2,988	3,131

- The decrease in lotteries fees is due to red tape reduction measures introduced in November 2015. Part of the measures included an increase in the minimum value for trade promotions and certain raffles before a permit application is required.

Note 6. Interest

The ACT Gambling and Racing Commission earns interest from cash held in its bank accounts with the Westpac Bank as part of the whole-of-government banking arrangements.

Revenue from Non-ACT Government Entities

Interest	146	142
Total Interest Revenue from Non-ACT Government Entities	146	142

Note 7. Resources Received Free of Charge

Resources received free of charge relates to goods and/or services being provided free of charge from other agencies within the ACT Government.

Revenue from ACT Government Entities

Legal Services ¹	-	13
Total Resources Received Free of Charge	-	13

- The decrease in Resources Received Free of Charge is due to the Commission not requiring the use of the ACT Government Solicitors Office during the reporting period.

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 8. Other Revenue

Other Revenue arises from the core activities of the ACT Gambling and Racing Commission. Other Revenue is distinct from Other Gains, as Other Gains are not part of the core activities of the Commission. Revenue to the Problem Gambling Assistance Fund consist of a levy on gaming machine licensees and voluntary contributions from Casino Canberra and Tabcorp ACT Ltd.

	2017	2016
	\$'000	\$'000
Revenue from ACT Government Entities		
Other	4	-
Total Other Revenue from ACT Government Entities	4	-
Revenue from Non-ACT Government Entities		
Problem Gambling Assistance Fund ¹	1,104	1,242
Total Other Revenue from Non-ACT Government Entities	1,104	1,242
Total Other Revenue	1,108	1,242

1. The decrease in revenue to the Problem Gambling Assistance Fund is mainly due to a contribution from NSW Government in 2015-16 for a Client Cohort Longitudinal Study which did not occur in 2016-17.

Note 9. Other Gains

Other gains are transactions that are not part of the Commission's core activities. Other gains are distinct from Other Revenue, as Other Revenue arises from the core activities of the Commission.

Unclaimed Prize Money	1	1
Restructure Fund Receipts ¹	-	231
Total Other Gains	1	232

1. The decrease in other gains from Restructure Fund Receipts is due to three staff taking a voluntary redundancy in 2015-16 following an organisational restructure.

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 10. Employee Expenses

	2017 \$'000	2016 \$'000
Wages and Salaries ^{1,3}	-	2,414
Annual Leave Expense ¹	-	127
Long Service Leave Expense ¹	-	43
Workers' Compensation Insurance Premium ¹	-	19
Termination Expense ²	-	232
Total Employee Expenses	-	2,835

1. The reduction in the employee expenses is due to the transfer of Commission staff to Access Canberra from 1 July 2016.
2. The reduction in Termination Expense is due to three staff taking a voluntary redundancy in 2015-16 following an organisational restructure.
3. Commission Members' remuneration were reclassified from employee expenses to supplies and services (2015-16 adjustment of \$119,000).

Note 11. Superannuation Expenses

Superannuation Contributions to the Territory Banking Account ¹	-	210
Productivity Benefit ¹	-	27
Superannuation to External Providers ^{1,2}	-	142
Total Superannuation Expenses	-	379

1. The reduction in the superannuation expenses is due to the transfer of Commission's staff to Access Canberra.
2. Commission Members' remuneration were reclassified from superannuation expenses to supplies and services (2015-16 adjustment of \$12,000).

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 12. Supplies and Services

	2017 \$'000	2016 \$'000
Rent and Related Expenses ¹	-	346
Travel ¹	-	7
Research Expenses ¹	-	229
General Administration Costs ¹	-	90
Audit Fees ¹	-	42
Personnel Services ¹	-	74
ICT Support Services ¹	-	190
Legal Fees ¹	-	13
Other ³	119	131
Payment from the Problem Gambling Assistance Fund ²	216	335
Total Supplies and Services	335	1,457

1. The decrease in supplies and services is due the expenditure being paid by Access Canberra under an agreement entered into between the Commission and Access Canberra on the provision of services for the administration of gaming laws including the control, supervision and regulation of gaming and racing in the ACT. As a result, Purchase Service Payments have increased (refer Note 13).
2. The decrease in Payment from the Problem Gambling Assistance Fund is mainly due to reduced expenses for the Client Cohort Longitudinal Study and reduced ICT supports costs for the ACT Gamblers Exclusion Database.
3. Commission Member's remuneration were previously reported as employee expenses and have been reported as supplies and services following transfer of Commission's staff to Access Canberra from 1 July 2016. The comparatives have also been amended to facilitate comparison.

Note 13. Purchased Services

Purchased services are amounts paid to obtain services from other ACT Government agencies and external parties.

Other Purchased Services ¹	4,656	-
Problem Gambling Support Services	832	828
Total Purchased Services	5,488	828

1. The increase in Other Purchased Services is due to the Commission entering into an agreement with Access Canberra on the provision of services for the administration of gaming laws including the control, supervision and regulation of gaming and racing in the ACT. As part of the agreement, Access Canberra will provide staff and support to the Commission on a cost recovery basis to enable the Commission to meet its responsibilities and obligations.

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 14. Amortisation

	2017	2016
	\$'000	\$'000
Amortisation		
Intangible Assets	70	85
Total Amortisation	70	85

Note 15. Auditor's Remuneration

Auditor's remuneration consists of financial audit services provided to the Commission by the ACT Audit Office. No other services were provided by the ACT Audit Office. The Commission's Audit Fees are paid by Access Canberra.

Audit Services

Audit Fees Paid or Payable to the ACT Audit Office	44	42
Total Audit Fees	44	42

Note 16. Cash and Cash Equivalents

The ACT Gambling and Racing Commission holds four bank accounts with the Westpac Bank as part of the whole-of-government banking arrangements that earned an average floating interest rate of 2.37% (2015-16 2.82%).

Cash at Bank	4,702	5,110
Total Cash and Cash Equivalents	4,702	5,110

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 17. Receivables

	2017	2016
	\$'000	\$'000
Gaming Machine Taxation	2,447	2,681
Interstate Lotteries Duty ¹	1,110	2,281
Casino Taxation	272	221
Keno and Trackside Levy	-	8
Sub-Total (Gambling Taxes)	3,829	5,191
Problem Gambling Assistance Fund Levy	79	86
Other Trade Receivables ²	26	392
Net GST Receivable	13	4
(Sub-Total) Other Receivables	118	482
Total Receivables	3,947	5,673

1. The decrease in Interstate Lotteries Duty is due to the payment for May 2016 being received during the reporting period.
2. The decrease in Other Trade Receivables is mainly due to outstanding amounts in 2015-16 received from the restructure fund for three staff taking a voluntary redundancy and NSW Office of Liquor and Gaming for their contribution to the Client Cohort Longitudinal Study.

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 17. Receivables – Continued

Ageing of Receivables

	Not Overdue	Overdue			Total
		Less than 30 Days	30 to 60 Days	Greater than 60	
	\$'000	\$'000	\$'000	\$'000	\$'000
2017					
Not Impaired¹					
Receivables	3,947	-	-	-	3,947
Impaired					
Receivables	-	-	-	-	-
2016					
Not Impaired¹					
Receivables	4,396	1,277	-	-	5,673
Impaired					
Receivables	-	-	-	-	-

1. 'Not Impaired' refers to Net Receivables (that is, Gross Receivables less Impaired Receivables).

Classification of ACT Government/Non-ACT Government Receivables	2017 \$'000	2016 \$'000
Receivables with ACT Government Entities		
Other Trade Receivables	3	231
Total Receivables with ACT Government Entities	3	231
Receivables with Non-ACT Government Entities		
Gambling Taxes	3,829	5,191
Problem Gambling Assistance Fund Levy	79	86
Other Trade Receivables	23	161
Net Goods and Services Tax Receivable	13	4
Total Receivables with Non-ACT Government Entities	3,944	5,442
Total Receivables	3,947	5,673

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 18. Intangible Assets

The Commission has externally purchased software consisting of a Gaming Machine Database and an ACT Gamblers' Exclusion Database.

	2017	2016
	\$'000	\$'000
<i>Externally Purchased Software</i>		
Computer Software at Cost	709	709
Less: Accumulated Amortisation	(468)	(398)
<i>Total Externally Purchased Software</i>	241	311
Total Intangible Assets	241	311

Reconciliation of Intangible Assets

The following table shows the movement of each class of Intangible Assets in 2017 and 2016.

2017	Externally Purchased Software \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	311	311
Amortisation	(70)	(70)
Carrying Amount at the End of the Reporting Period	241	241

2016	Externally Purchased Software \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	205	205
Additions	191	191
Amortisation	(85)	(85)
Carrying Amount at the End of the Reporting Period	311	311

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

NOTE 19. Capital Works In Progress

Capital Works In Progress are assets being constructed over periods of time in excess of the present reporting period. These assets often require extensive installation work or integration with other assets, and contrast with simpler assets that are ready for use when acquired, such as motor vehicles and equipment. Capital Works in Progress are not depreciated as the Directorate is not currently deriving any economic benefit from them.

Assets which are under construction include computer software.

	2017	2016
	\$'000	\$'000
Software Works in Progress ¹	124	-
Total Capital Works in Progress	124	-

1. The increase in Software Works in Progress is due to enhancements to the Gaming Machine Database in the reporting period.

Reconciliation of Capital Works in Progress

The following table shows the movement of Capital Works in Progress during 2016-17.

	Software Works in Progress \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	-	-
Additions	124	124
Carrying Amount at the End of the Reporting Period	124	124

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 20. Payables

	2017	2016
	\$'000	\$'000
Trade Payables	1	78
Accrued Expenses	127	80
Sub-Total	128	158
Taxation and Levies Revenue Payable to Government ¹	3,837	5,191
Total Payables	3,965	5,349

1. The decrease in Taxation and Levies Revenue Payable to Government is mainly due to the payment of Interstate Lotteries for May 2016 being received during the reporting period. All Taxes and Levies received by the Commission are transferred on a daily basis to the ACT Government.

Payables are aged as follows:

Not Overdue	3,965	5,349
Total Payables	3,965	5,349

Classification of ACT Government/Non-ACT Government Payables

Payables with ACT Government Entities

Trade Payables	-	1
Accrued Expenses	124	80
Taxation and Levies Revenue Payable to Government	3,837	5,191
Total Payables with ACT Government Entities	3,961	5,272

Payables with Non-ACT Government Entities

Trade Payables	1	77
Accrued Expenses	3	-
Total Payables with Non-ACT Government Entities	4	77
Total Payables	3,965	5,349

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 21. Employee Benefits

Current Employee Benefits	2017 \$'000	2016 \$'000
Annual Leave ¹	-	224
Long Service Leave ¹	-	601
Accrued Wages and Salaries ¹	-	63
Total Current Employee Benefits	-	888
Non-Current Employee Benefits		
Long Service Leave	-	38
Total Non-Current Employee Benefits	-	38
Total Employee Benefits	-	926
Estimate of when Leave is Payable		
Estimated Amount Payable within 12 months		
Annual Leave	-	180
Accrued Wages and Salaries	-	63
Total Employee Benefits Payable within 12 months	-	243
Estimated Amount Payable after 12 months		
Annual Leave	-	44
Long Service Leave	-	639
Total Employee Benefits Payable after 12 months	-	683
Total Employee Benefits	-	926

At 30 June 2017, the ACT Gambling and Racing Commission employed no full-time equivalent staff. There were 20.6 FTE staff at 30 June 2016.

- The reduction in employee benefits is due to the transfer of Commission staff to Access Canberra from 1 July 2016.

Note 22. Other Liabilities

Current Other Liabilities		
Other - Security Deposits (Interactive Gambling)	36	35
Revenue Received in Advance	15	-
Total Current Other Liabilities	51	35

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 23. Financial Instruments

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised with respect to each class of financial asset and financial liability are disclosed in Note 2 (see Appendix B) *Significant Accounting Policies*.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

A significant proportion of financial assets are held in floating interest rate arrangements, however, all financial liabilities are non-interest bearing. This means the Commission is not exposed to movements in interest payable however, it is exposed to movements in interest receivable.

Interest rate risk for financial assets is managed by the Commission by only investing in floating interest rate investments that are low risk. There have been no changes in risk exposure or processes for managing risk since the last financial reporting period.

Sensitivity Analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Commission as it has been determined that the possible impact on income, expenses or total equity from fluctuations in interest rates is immaterial.

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 Commission's credit risk is limited to the amount of the financial assets it holds net of any allowance for impairment. The Commission expects to collect all financial assets that are not past due or impaired.

Cash at bank is held with a high credit quality financial institution under Whole-of-Government banking arrangements. Cash at bank is held with the Westpac Bank.

The majority of the Commission's receivables are taxes payable by gaming licensees. The Commission reviews outstanding receivables on a monthly basis with the option of prosecution or disciplinary action being taken against gaming licensees with overdue or unpaid taxes. Unpaid outstanding balances are referred to the ACT Government Solicitor's Office for legal action if all other options have been exhausted.

There have been no changes in the process for managing credit risk since the last reporting period.

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

NOTE 23. Financial Instruments – Continued

Liquidity Risk

Liquidity risk is the risk that the Commission will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. To limit its exposure to liquidity risk the Commission ensures that it has a sufficient amount of current financial assets to meet its current financial liabilities. The main source of cash to pay these obligations is appropriation from the ACT Government which is paid to the Commission on a fortnightly basis throughout the year. The Commission manages its liquidity risk through forecasting appropriation drawdown requirements to enable payment of anticipated obligations. This ensures that the Commission has enough cash to meet its emerging financial liabilities. See the maturity analysis below for further details of when financial assets and liabilities mature.

The Commission's exposure to liquidity risk and the management of this liquidity risk has not changed since the previous reporting period.

Fair Value of Financial Assets and Liabilities

The carrying amounts and fair values of financial assets and liabilities at the end of the reporting period are:

	Note No	Carrying Amount 2017 \$'000	Fair Value Amount 2017 \$'000	Carrying Amount 2016 \$'000	Fair Value Amount 2016 \$'000
Financial Assets					
Cash and Cash Equivalents	16	4,702	4,702	5,110	5,110
Receivables - Other Trade Receivables	17	26	26	392	392
Total Financial Assets		4,728	4,728	5,502	5,502
Financial Liabilities					
Payables	20	128	128	158	158
Total Financial Liabilities		128	128	158	158

Note: Assets and liabilities that are not contractual (such as those created as a result of statutory requirements imposed by governments) are not financial assets and liabilities. As such, non-contractual receivables and payables are not included in the financial instruments note.

Fair Value Hierarchy

All financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such no Fair Value Hierarchy disclosures have been made.

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 23. Financial Instruments – Continued

The following table sets out the Commission's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2017. Financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

2017	Note No.	Weighted Average Interest Rate	Floating	Fixed Interest Maturing In:			Non-Interest Bearing	Total
			Interest	1 Year	Over 1 Year	Over		
			Rate	or Less	to 5 Years	5 Years		
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents	16	2.37%	4,702	-	-	-	-	4,702
Receivables	17		-	-	-	-	26	26
Total Financial Assets			4,702	-	-	-	26	4,728
Financial Liabilities								
Payables	20		-	-	-	-	128	128
Total Financial Liabilities			-	-	-	-	128	128
Net Financial Assets			4,702	-	-	-	(102)	4,600

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 23. Financial Instruments – Continued

The following table sets out the Commission's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2016. Financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

2016	Note No.	Weighted Average Interest Rate	Floating	Fixed Interest Maturing In:			Non-Interest Bearing	Total
			Interest	1 Year	Over 1 Year	Over		
			Rate	or Less	to 5 Years	5 Years		
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents	16	2.82%	5,110	-	-	-	-	5,110
Receivables	17		-	-	-	-	392	392
Total Financial Assets			5,110	-	-	-	392	5,502
Financial Liabilities								
Payables	20		-	-	-	-	158	158
Total Financial Liabilities			-	-	-	-	158	158
Net Financial Assets			5,110	-	-	-	234	5,344

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 23. Financial Instruments - Continued

Carrying Amount of Each Category of Financial Asset and Financial Liability

	2017	2016
	\$'000	\$'000
Financial Assets		
Loans and Receivables Measured at Amortised Cost	26	392
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	128	158

The Commission does not have any financial assets in the 'Financial Assets at Fair Value through Profit and Loss' category, the 'Available for Sale' category or the 'Held to Maturity' category and as such these categories are not included above. Also, the Commission does not have any financial liabilities in the 'Financial Liabilities at Fair Value through Profit and Loss' category and, as such, this category is not included above.

Note 24. Related Party Disclosures

A related party is a person that controls or has significant influence over the reporting entity, or is a member of the Key Management Personnel (KMP) of the reporting entity or its parent entity, and includes their close family members and entities in which the KMP and/or their close family members individually or jointly have controlling interests.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Commission, directly or indirectly.

KMP of the Commission are Members of the Governing Board. The members of the Governing Board during 2016-17 were:

Mr J Haskins	Chair
Ms A Tay	Deputy Chair
Mr P Baxter	Member
Ms R Vassarotti	Member (1 July 2016 to 28 February 2017)
Ms C Franklin	Member (Appointment commenced 6 June 2017)
Mr D Snowden	Chief Executive Officer

One of the KMP of the Commission are employees of Chief Minister, Treasury and Economic Development Directorate (CMTEDD) and are compensated by CMTEDD.

Compensation by the Commission to KMP is set out below:

	2017
	\$'000
Board Member fees	119
Total Compensation by the Commission to KMP	119

ACT Gambling and Racing Commission

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2017

Note 24. Related Party Disclosures - continued

Transactions with Key Management Personnel

There were no transactions with KMP that were material to the financial statements of the Commission.

Transactions with parties related to Key Management Personnel

There were no transactions with parties related to KMP, including transactions with KMP's close family members or other related entities that were material to the financial statements of the Commission.

Transactions with other ACT Government controlled entities

All transactions with ACT Government controlled entities are disclosed in the relevant notes to the financial Statements of the Commission.

Note 25. Commitments

Other Commitments

Other commitments consist of a contract with Relationships Australia Canberra and Region Inc. for the provision of Problem Gambling Support Services. Other commitments contracted at reporting date that have not been recognised as liabilities are payable as follows. These amounts are reported as GST exclusive:

	2017	2016
	\$'000	\$'000
Within one year	824	824
Later than one year but not later than five years	824	-
Total Other Commitments¹	1,648	824

1. The increase in Other Commitments relates to the Commission taking up the two year option on the contract for the provision of problem gambling support services by Relationships Australia Canberra and Region Inc.

Note 26. Contingent Liabilities

The Commission manages unclaimed prize monies relating to prizes which have remained unclaimed. The Commission's contingent liability amount on the potential claims is \$2,346,008 (2016 \$2,344,824).

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 27. Cash Flow Reconciliation

(a) Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period in the Cash Flow Statement to the Equivalent Items in the Balance Sheet

	2017	2016
	\$'000	\$'000
Total Cash and Cash Equivalents Disclosed in the Balance Sheet	4,702	5,110
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement	4,702	5,110

(b) Reconciliation of the Operating Surplus to the Net Cash Outflows from Operating Activities

Operating Surplus	214	770
Add/(Less) Non-Cash Items		
Amortisation	70	85
Cash Before Changes in Operating Assets and Liabilities	284	855
Changes in Operating Assets and Liabilities		
Decrease/(Increase) in Receivables	1,726	(1,614)
Decrease in Prepayments	-	3
(Decrease)/Increase in Payables	(154)	30
(Decrease) in Employee Benefits	(63)	(80)
(Decrease)/Increase in Taxation Revenue Payable	(1,354)	1,220
Increase in Other Liabilities	16	-
Net Changes in Operating Assets and Liabilities	171	(441)
Net Cash Inflows from Operating Activities	455	414

ACT Gambling and Racing Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2017

Note 28. Budgetary Reporting

The following are brief explanations of major line item variances between budget estimates and actual outcomes. Variances are considered to be major variances if **both** of the following criteria are met:

- (a) The line item is a significant line item: where either the line item actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or more than 10% of sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- (b) The variances (original budget to actual) are greater than plus (+) or minus (-) 10% of the budget for the financial statement line item.

Operating Statement – No variances that met the criteria above were identified in the Operating Statement

Balance Sheet Line Items	Actual	Original	Variance	Variance
	2017 \$'000	Budget ^a 2017 \$'000		Explanation %
Cash and Cash Equivalents	4,702	4,259	443	10.4 Note 1
Intangible Assets	241	72	169	236.1 Note 2
Capital Works in Progress ^b	124	0	124	# Note 3

- a. Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2016-17 Statement of Intent). These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.
- b. Variance % for Capital Works in Progress cannot be determined as the Original Budget for 2017 was nil.

Notes

- 1. Cash and Cash Equivalents were higher than anticipated mainly due to positive cash flows from the Problem Gambling Assistance Fund.
- 2. Intangible Assets were higher than anticipated mainly due to enhancements made to the Gaming Machine Database and the ACT Gamblers Exclusion database in 2015-16 that was not expected to occur.
- 3. Capital Works in Progress were higher than anticipated due to enhancements to the Gaming Machine Database.

Statement of Changes in Equity – these line items are covered in other financial statements.

Cash Flow Statement – no variances that met the criteria above were identified in the Cash Flow Statement.

ACT Gambling and Racing Commission
Appendix A - Basis of Preparation of the Financial Statements
Forming Part of Note 2 of the Financial Statements
For the Year Ended 30 June 2017

Legislative Requirement

The *Financial Management Act 1996* (FMA) requires the preparation of annual financial statements for ACT Government agencies.

The FMA and the *Financial Management Guidelines* issued under the Act requires that the Commission's financial statements include:

- i. an Operating Statement for the reporting period;
- ii. a Balance Sheet at the end of the reporting period;
- iii. a Statement of Changes in Equity for the reporting period;
- iv. a Cash Flow Statement for the reporting period;
- v. a Statement of Appropriation for the reporting period;
- vi. an Operating Statement for each class of output for the reporting period;
- vii. the significant accounting policies adopted for the reporting period; and
- viii. such other statements as are necessary to fairly reflect the financial operations of the agency during the reporting period and its financial position at the end of the reporting period.

These general-purpose financial statements have been prepared to comply with Australian Accounting Standards as required by the FMA. These financial statements have been prepared in accordance with:

- i. Australian Accounting Standards; and
- ii. ACT Accounting and Disclosure Policies.

Accrual Accounting

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.

Currency

These financial statements are presented in Australian dollars which is the Commission's functional currency.

Individual Reporting Entity

The Commission is an individual reporting entity.

ACT Gambling and Racing Commission
Appendix A - Basis of Preparation of the Financial Statements – Continued
Forming Part of Note 2 of the Financial Statements
For the Year Ended 30 June 2017

Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the Commission for the year ended 30 June 2017 and the financial position of the Commission as at 30 June 2017.

Comparative Figures

Budget Figures

The *Financial Management Act 1996* requires the financial statements to facilitate a comparison with the Commission's Statement of Intent. The budgeted numbers in the financial statements are the original budget numbers that appear in the Statement of Intent.

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous reporting period for all amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

Where the presentation or classification of items in the financial statements is amended the comparative amounts have been reclassified where practical. Where a reclassification has occurred, the nature, amount and reason for the reclassification is provided.

Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000). Use of "-" represents zero amounts or amounts rounded down to zero.

ACT Gambling and Racing Commission
Appendix B - Significant Accounting Policies
Forming Part of Note 2 of the Financial Statements
For the Year Ended 30 June 2017

Significant Accounting Policies – Income

Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable in the Operating Statement.

Note 3 – Controlled Recurrent Payments

Controlled Recurrent Payments are recognised as revenue when the Commission gains control over the funding. Control over appropriated funds is obtained upon the receipt of cash.

Note 4 – Taxation and Levies Collected on Behalf of the Territory

Taxes and levies are recognised as revenue in the period in which the payment relates. Fees are recognised as revenue at the time of payment. Fines are recognised as revenue on the issue of the relevant disciplinary notice.

Taxation, Levies and Regulatory Fee revenue are collected on behalf of the Territory.

Note 6 – Interest

Interest revenue is recognised using the effective interest method.

Note 7 – Resources Received and Provided Free of Charge

Resources received free of charge are recorded as a revenue and expense in the Operating Statement at fair value. The revenue is separately disclosed under resources received free of charge, with the expense being recorded in the line item to which it relates. Services that are received free of charge are only recorded in the Operating Statement if they can be reliably measured and would have been purchased if not provided to the Commission free of charge.

Note 8 – Other Revenue

Revenue Received in Advance

Revenue received in advance is recognised as a liability if there is a present obligation to return the funds received, otherwise all are recorded as revenue.

ACT Gambling and Racing Commission
Appendix B - Significant Accounting Policies - Continued
Forming Part of Note 2 of the Financial Statements
For the Year Ended 30 June 2017

Significant Accounting Policies – Expenses

Note 10 – Employee Expenses

Employee benefits include:

- short-term employee benefits such as wages and salaries, annual leave loading and applicable on-costs, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services;
- other long-term benefits such as long service leave and annual leave; and
- termination benefits.

On-costs include annual leave, long service leave, superannuation and other costs that are incurred when employees take annual leave and long service leave.

(See Appendix B – Note 21 Employee Benefits for accrued wages and salaries, and annual and long service leave).

Note 11 – Superannuation Expenses

The Commission receives funding for superannuation payments as part of the Controlled Recurrent Payments. The Commission then makes fortnightly payments to the Territory Banking Account to extinguish the Commission's superannuation liability for employees who are members of the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS).

This payment does not include the CSS and PSS productivity component which is paid directly to the Commonwealth Superannuation Corporation (CSC) by the Commission.

Superannuation payments have also been made directly to superannuation funds for those members of the Public Sector who are part of superannuation accumulation schemes. This includes the Public Sector Superannuation Scheme Accumulation Plan (PSSAP) and schemes of employee choice.

The Commission's accruing superannuation liability obligations are expensed as they are incurred.

Superannuation Liability Recognition

The superannuation liability for the Territory's relevant share of the employer financed portion of entitlements of all employees participating in the CSS and PSS schemes who became Territory employees with effect on or after 1 July 1989 is recognised at a total Territory level in the Chief Minister, Treasury and Economic Development Directorate's Superannuation Provision Account.

The ACT Government reimburses the CSC annually for the Territory's share of employer superannuation benefits paid to entitled Territory employees who are, or were members of the CSS and PSS. These reimbursement payments are made from the Superannuation Provision Account.

Note 12 – Supplies and Services

Insurance

The Commission insures all of its major risks through the ACT Insurance Authority. The excess payable under this arrangement varies depending on each class of insurance held.

ACT Gambling and Racing Commission
Appendix B - Significant Accounting Policies - Continued
Forming Part of Note 2 of the Financial Statements
For the Year Ended 30 June 2017

Significant Accounting Policies – Expenses Continued

Note 14 – Amortisation

Amortisation is used in relation to intangible assets.

Amortisation for non-current assets is determined as follows:

<u>Class of Asset</u>	<u>Depreciation/Amortisation Method</u>	<u>Useful Life (Years)</u>
Externally Purchased Intangibles	Straight Line	Five years

The useful life of each major asset is reassessed on an annual basis.

Significant Accounting Policies – Assets

Assets – Current and Non-Current

Assets are classified as current or non-current in the Balance Sheet and in the relevant notes. Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Assets which do not fall within the current classification are classified as non-current.

Note 16 – Cash and Cash Equivalents

Cash includes cash at bank.

Cash equivalents are short-term highly liquid investments that are readily converted to known amounts of cash which are subject to an insignificant risk of changes in value.

Note 17 – Receivables

Accounts Receivables

Accounts receivable (including accrued gambling taxes and levies and other trade receivables) are initially recognised at fair value and are subsequently measured at amortised cost with any adjustments to the carrying amount being recorded in the Operating Statement.

Accrued gambling taxes and levies arise in the normal course of gambling related activity. It is a statutory requirement that gambling taxes and levies for a particular month be paid in the following month.

Impairment Losses - Receivables

The allowance for impairment losses represents the amount of trade receivables, accrued gambling taxes and levies and other trade receivables the Commission estimates will not be paid. The allowance for impairment losses is based on objective evidence and a review of overdue balances. The Commission considers the following is objective evidence of impairment:

- becoming aware of financial difficulties of debtors;
- default payments; or
- debts more than 90 days overdue.

ACT Gambling and Racing Commission
Appendix B - Significant Accounting Policies - Continued
Forming Part of Note 2 of the Financial Statements
For the Year Ended 30 June 2017

Significant Accounting Policies – Assets Continued

Note 17 – Receivables Continued

The amount of the allowance is recognised in the Operating Statement. The allowance for impairment losses is written off against the allowance account when the Commission ceases action to collect the debt as it considers that it will cost more to recover the debt than the debt is worth.

Significant Accounting Judgements and Estimates – Allowance for Impairment Losses

The Commission has estimated the allowance for impairment losses for receivables. An allowance is raised for any impairment of receivables based on a review of all outstanding receivables at year end.

Note 18 – Intangible Assets

The Commission's intangible assets are comprised of externally acquired software for internal use. Externally acquired software is recognised and capitalised when:

- (a) it is probable that the expected future economic benefits that are attributable to the software will flow to the Commission;
- (b) the cost of the software can be measured reliably; and
- (c) the acquisition cost is equal to or exceeds \$50,000.

Capitalised software has finite useful life. Software is amortised on a straight-line basis over its useful life, over a period not exceeding 5 years.

Intangible Assets are measured at cost.

Significant Accounting Policies – Liabilities

Liabilities – Current and Non-Current

Liabilities are classified as current or non-current in the Balance sheet and in the relevant notes. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Liabilities which do not fall within the current classification are classified as non-current.

Note 20 – Payables

Payables are initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement. All amounts are normally settled within 30 days after the invoice date.

Payables include Trade Payables and Accrued Expenses.

Note 21 – Employee Benefits

Wages and Salaries

Accrued wages and salaries are measured at the amount that remains unpaid to employees at the end of the reporting period.

ACT Gambling and Racing Commission
Appendix B - Significant Accounting Policies - Continued
Forming Part of Note 2 of the Financial Statements
For the Year Ended 30 June 2017

Significant Accounting Policies – Liabilities Continued

Note 21 – Employee Benefits Continued

Annual and Long Service Leave

Annual and long service leave, including applicable on-costs that are not expected to be wholly settled before twelve months after the end of the reporting period when the employees render the related service, are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At the end of each reporting period, the present value of future annual leave and long service leave payments is estimated using market yields on Commonwealth Government bonds with terms of maturity to match, as closely as possible, the estimated future cash flows.

Annual leave liabilities have been estimated on the assumption that they will be wholly settled within three years. In 2016-17, the rate used to estimate the present value of future annual leave payments is 99.8% (101.4% in 2015-16).

In 2016-17, the rate used to estimate the present value of future payments for long service leave is 103.4% (114.7% in 2015-16).

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years of qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and the applicable on-costs.

The provision for annual leave and long service leave includes estimated on-costs. As these on-costs only become payable if the employee takes annual and long service leave while in-service, the probability that employees will take annual and long service leave while in-service has been taken into account in estimating the liability for on-costs.

Annual leave and long service leave liabilities are classified as current liabilities in the Balance Sheet where there are no unconditional rights to defer the settlement of the liability for at least 12 months. Conditional long service leave liabilities are classified as non-current because the Commission has unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Significant Accounting Judgements and Estimates – Employee Benefits

Significant judgements have been applied in estimating the liability for employee benefits. The estimated liability for annual and long service leave requires a consideration of the future wage and salary levels, experience of employee departures, probability that leave will be taken in service and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required to qualify for long service leave and that on-costs will become payable.

The significant judgements and assumptions included in the estimation of annual and long service leave liabilities include an assessment by the actuary. The Australian Government Actuary performed this assessment in May 2014. The assessment by an actuary is performed every five years. However it may be performed more frequently if there is a significant contextual change in the parameters underlying the 2014 report. The next actuarial review is expected to be undertaken by May 2019.

ACT Gambling and Racing Commission
Appendix B - Significant Accounting Policies - Continued
Forming Part of Note 2 of the Financial Statements
For the Year Ended 30 June 2017

Significant Accounting Policies – Other Notes

Note 28 – Budgetary Reporting

Significant Judgements and Estimates – Note 28: Budgetary Reporting

Significant judgements have been applied in determining what variances are considered ‘major variances’ requiring explanations in Note 28: Budgetary Reporting. Variances are considered to be major variances if both of the following criteria are met:

- The line item is a significant line item: where either the line item actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or more than 10% of the sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- The variances (original budget to actual) are greater than plus (+) or minus (-) 10% of the budget for the financial statement line item.

ACT Gambling and Racing Commission
Appendix C - Impact of Accounting Standards Issued But Yet to be Applied
Forming Part of Note 2 of the Financial Statements
For the Year Ended 30 June 2017

Accounting Standards Issued but yet to be Applied

Additional new and revised accounting standards and interpretations have been issued by the Australian Accounting Standards Board but do not apply to the current reporting period. These standards and interpretations are applicable to future reporting periods. The Commission does not intend to adopt these standards and interpretations early. Where applicable, these Australian Accounting Standards will be adopted from their application date.

The following new and revised accounting standards and interpretations have been assessed for potential impact on the Commission:

- AASB 9 Financial Instruments (December 2014) (application date 1 January 2018);

This standard supersedes AASB 139 *Financial Instruments: Recognition and Measurement*. The main impact of AASB 9 is that it will change the classification, measurement and disclosures of the Commission's financial assets.

- AASB 15 Revenue from Contracts with Customers (application date 1 January 2018 for for-profit entities, 1 January 2019 for not-for-profit entities);

AASB 15 is the new standard for revenue recognition. It establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces AASB 111 *Construction Contracts* and AASB 118 *Revenue*. The Commission is currently assessing the impact of this standard and has identified there could be a potential impact on the timing of the recognition of revenue for user charges.

AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB for Not-for-Profit Entities* defers the effective date of AASB 15 for not-for-profit entities to 1 January 2019.

Based on the information available it is estimated that the effect of adopting the above pronouncements, when and where applicable, will have no material financial impact on the Commission in future reporting periods.

- AASB 1058 Income of Not- for- Profit Entities (application date 1 January 2019)

This standard clarifies and simplifies the income recognition requirements that apply to not-for-profit entities in conjunction with AASB 15 Revenue from Contracts with Customers. These standards supersede all the income recognition requirements relating to private sector not-for-profit entities, and the majority of income recognition requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. At this stage the Commission is not able to estimate the impact of this new standard on its financial statements. The Commission will make a more detailed assessment of the impact over the next 12 months.

C.3 Capital Works

In 2016-17, the Commission commenced an upgrade to the Gaming Machine Database to ensure that the database remained responsive to legislative changes. This project is expected to be completed in September 2017 at a cost of \$160,000.

Table 21: Capital Works Table for 2016-17

Project	Estimated Completion Date	Original Project Value \$	Revised Project Value \$	Prior Year Expenditure	2016-17 Actual Expenditure \$	Total Expenditure to Date \$
Gaming Machine Database	September 2017	160,000	160,000	Nil	124,000	124,000

C.4 Asset Management

The only assets maintained by the Commission are its computer software. These databases are managed by Access Canberra through a Memorandum of Understanding. Access Canberra has in place policies for the management of these assets consistent with the ACT Asset Management Strategy. The carrying value of these assets at the end of the reporting period was \$241,000.

C.5 Government Contracting

The Commission's procurement selection and management process for all contractors including consultants complied with the *Government Procurement Act 2001* and *Government Procurement Regulation 2007* and subordinate guidelines and circulars.

Procurement processes above \$25,000 have been reviewed by Shared Services Procurement, and if necessary by the Government Procurement Board, consistent with the provisions of the *Government Procurement Regulation Act 2007*.

Table 22: 2016-17 Contractual payments that exceed \$25,000

Contracting Entity	Description	Financial Year Expenditure (excl GST)	Procurement Method	Reason for use of Select Tender (where applicable)	Date Contract Let
Relationships Australia Canberra and Region	Problem Gambling Support Service for the period 1 July 2014 to 30 June 2017.	\$831,849	Open tender	N/A	June 2014
ANU Centre for Gambling Research	Research into Gambling	\$84,582	Single select	ANU Centre for Gambling Research was considered the only contractor sufficiently skilled to provide the specialist research and analysis required for these projects	November 2003

Further information may be obtained from:

Deputy Director, Policy and Coordination, Projects, Governance and Support, Access Canberra
Telephone: (02) 6207 5282

C.6 Statement of Performance



AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY 

REPORT OF FACTUAL FINDINGS

ACT GAMBLING AND RACING COMMISSION

To the Members of the ACT Legislative Assembly

Review opinion

I am providing an **unqualified review opinion** on the statement of performance of the ACT Gambling and Racing Commission (the Commission) for the year ended 30 June 2017.

During the review no matters were identified which indicate that the results of the accountability indicators reported in the statement of performance are not fairly presented in accordance with the *Financial Management Act 1996*.

Basis for the review opinion

The review was conducted in accordance with the Australian Auditing Standards. I have complied with the requirements of the Accounting Professional and Ethical Standards 110 *Code of Ethics for Professional Accountants*.

I believe that sufficient evidence was obtained during the review to provide a basis for the review opinion.

Responsibility for preparing and fairly presenting the statement of performance

The Governing Board of the Commission is responsible for:

- preparing and fairly presenting the statement of performance in accordance with the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2017*; and
- determining the internal controls necessary for the preparation and fair presentation of the statement of performance so that the results of accountability indicators and accompanying information are free from material misstatements, whether due to error or fraud.

Responsibility for the review of the statement of performance

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2017*, the Auditor-General is responsible for issuing a report of factual findings on the statement of performance of the Commission.

As required by Australian Auditing Standards, the auditors:

- applied professional judgement and maintained scepticism;
- identified and assessed the risks of material misstatements due to error or fraud* and implemented procedures to address these risks so that sufficient evidence was obtained to form a review opinion; and
- reported the scope and timing of the review and any significant deficiencies in reporting practices identified during the review to the Governing Board.

(*The risk of not detecting material misstatements due to fraud is higher than the risk due to error, as fraud may involve collusion, forgery, intentional omissions or misrepresentations or the override of internal controls.)

Limitations on the scope of the review

The review was conducted in accordance with Australian Auditing Standards applicable to review engagements, to provide limited assurance that the results of the accountability indicators reported in the statement of performance have been fairly presented in accordance with the *Financial Management Act 1996*.

A review is primarily limited to making inquiries with representatives of the Commission, performing analytical and other review procedures and examining other available evidence. These review procedures do not provide all of the evidence that would be required in an audit, therefore, the level of assurance provided is less than that given in an audit. An audit has not been performed and no audit opinion is being expressed on the statement of performance.

This review does not provide assurance on the:

- relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets;
- accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations;
- adequacy of controls implemented by the Commission; or
- integrity of reviewed statement of performance presented electronically or information hyperlinked to or from the statement of performance. Assurance can only be provided for the printed copy of the reviewed statement of performance.



Ajay Sharma
Acting Director, Financial Audits
31 August 2017

ACT GAMBLING AND RACING COMMISSION

STATEMENT OF PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2017

**ACT Gambling and Racing Commission
Statement of Performance
For the Year Ended 30 June 2017**

Statement of Responsibility

In my opinion, the Statement of Performance is in agreement with the ACT Gambling and Racing Commission's records and fairly reflects the service performance of the ACT Gambling and Racing Commission for the year ended 30 June 2017 and also fairly reflects the judgements exercised in preparing it.



John Haskins
Chairperson
ACT Gambling and Racing Commission

30 August 2017

**ACT Gambling and Racing Commission
Statement of Performance
For the Year Ended 30 June 2017**

Description of Objectives

The ACT Gambling and Racing Commission's major objectives include:

- increasing gambling operators' compliance with legislation through the Commission's comprehensive inspection program and its continued education and liaison with operators;
- increasing the accuracy of returns by operators for gambling related taxes, levies, fees and fines on behalf of the ACT Government through its continued education and liaison with operators; and
- undertaking measures designed to reduce the negative impact of gambling harm through targeted research and implementing strategies based on those research outcomes.

**ACT Gambling and Racing Commission
Statement of Performance
For the Year Ended 30 June 2017**

Output Class 1: Gambling Regulation and Harm Minimisation

Output 1.1: Gambling Regulation and Harm Minimisation

	Original Target 2016-17	Actual Result 2016-17	% Variance from Target	Reasons for Material Variance
Total cost	\$5,955,000	\$5,893,000	1.0	-
Controlled Recurrent Payments	\$4,853,000	\$4,853,000	0	-
Accountability Indicators				
<i>Keep informed about gambling issues and harm minimisation strategies</i>				
a Initiate or complete research projects; analyse significant research projects conducted elsewhere	5	4	(20.0)	Note 1
<i>Undertake measures designed to reduce the negative impact of problem gambling</i>				
b Initiate or complete projects through the Problem Gambling Assistance Fund	4	4	-	-
<i>Efficient Service Delivery</i>				
c Percentage of customers satisfied with the Gambling and Racing Commission	90%	98%	8.9	Note 2
<i>Doing business in the ACT is Easier</i>				
d Percentage of the Canberra community satisfied with the ease of interacting with the Gambling and Racing Commission	90%	100%	11.1	Note 3
<i>Healthier and Safe Community</i>				
e Number of inspections conducted	450	517	14.9	Note 4
f Compliance at time of inspection	90%	90%	-	-
g Percentage of licence application processed within service standard timeframes	95%	96%	1.1	-

The above Accountability Indicators were examined by the ACT Audit Office in accordance with the *Financial Management Act 1996*. The Total Cost and Controlled Recurrent Payments measures were not examined by the ACT Audit Office in accordance with the *Financial Management (Statement of Performance Scrutiny) Guidelines 2017*.

**ACT Gambling and Racing Commission
Statement of Performance
For the Year Ended 30 June 2017**

Reasons for Material Variance

1. The result reflects one less research project initiated, completed or analysed during the reporting period as a result of delays in the initiation of year 4 of the *Client Cohort Longitudinal Study: Pathways into problem gambling treatment and journeys beyond*.
2. The result reflects a greater level of client awareness, attitudes, behaviours and customer satisfaction of/with the Commission's corporate identity, channels and services.
3. The result reflects a greater level of satisfaction with the ease of interacting with the Commission.
4. The result reflects increased inspection activity associated with: cash facilities in gaming machine venues; compliance relating to gaming machine storage; and the greyhound racing industry.

Outcomes of Accountability Indicators

- a Keep informed about problem gambling issues and harm minimisation strategies.
 - The Commission has:
 - completed the second year of the *Client Cohort Longitudinal Study: Pathways into problem gambling treatment and journeys beyond* which was accepted by the Commission in April 2017;
 - analysed in August 2016, the research report *Innovation in Traditional Gambling Products* published by Gambling Research Australia;
 - analysed in April 2017, the research report *Assessing gambling related harm in Victoria: a public health perspective* published by Victorian Responsible Gambling Foundation; and
 - analysed in June 2017, the research report *Children's attitudes towards Electronic Gaming Machines: an exploratory qualitative study of children who attended community clubs* published by Harm Reduction Journal.

**ACT Gambling and Racing Commission
Statement of Performance
For the Year Ended 30 June 2017**

Outcomes of Accountability Indicators - Continued

- b Undertake measures designed to reduce the negative impact of problem gambling.
- The Commission has:
 - completed the project *Young People and Gambling*. This project was undertaken by the ACT Youth Coalition. This project informed the Commission about young people's experience and understanding of gambling harm and how to address their low level of gambling harm literacy;
 - initiated the project Capital Health Network – Education and Training. This project will provide education and training through events for GPs and Practice Nurses on Chronic Disease Management that will include education on addressing lifestyle issues with patients and impacts of lifestyle issues on mental health;
 - initiated the project *Gambling Contact Officer – Branding and merchandise*. This project established a brand for the Gambling Contact Officer initiative. The brand development included promotional material and individual identifiers distributed to every gaming venue in the ACT; and
 - Initiated and completed the project *Gambling Harm Awareness Week*. In 2016, the Commission facilitated Gambling Harm Awareness Week in the ACT. Previously known as Responsible Gambling Awareness Week, the change of name and focus on gambling harm reflects the Commission's adoption of a Public Health Approach to gambling harm prevention.
- c Efficient Service Delivery
- The Commission exceeded its target against this objective in the independent annual survey of licensees which measured client's awareness, attitudes, behaviour and customer satisfaction of/with the Commission's corporate identity, channels and services.
- d Doing business in the ACT is Easier
- The Commission exceeded its target against this objective in the independent annual survey of the satisfaction with ease of interacting with the Commission, which measured the awareness, attitudes, behaviour and customer satisfaction of/with the Commission's corporate identity, channels and services.
- e Healthier and Safe Community
- Number of inspections conducted
 - The Commission has exceeded its original audit target to provide assurance that the Commission is building industry and community awareness, capability and compliance.
 - Compliance at time of inspection
 - The Commission has achieved its original audit target to provide assurance that licensees comply with relevant regulations and legislation.
 - Percentage of licence applications processed within service standard timeframes
 - The Commission has exceeded its original target, which provides assurance that vast majority of licence applications received by the Commission are processed within service standard timeframes.

ATTACHMENTS

Annual Report of the Racing Appeals Tribunal

The Racing Appeals Tribunal is established by Part 5 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 being held for the purpose of betting in the ACT. The functions of the Tribunal are contained in section 39 of the Act.

Contact

Registrar of the Tribunal
Deputy Director, Policy and Coordination, Projects, Governance and Support
Access Canberra
Phone: (02) 6207 5282

Members

As at 30 June 2017, the members of the Tribunal were:

- > Mr John Kalokerinos (President)
- > Mr Andrew Satsia (Deputy President)
- > Mr Phillip Drever
- > Ms Noor Blumer
- > Ms Pamela Burton

No assessors were appointed to the Tribunal during the current reporting period.

Appeals Lodged with the Tribunal

- > Mr Michael Travers and the Canberra Racing Club Incorporated.

On 29 July 2016 Mr Michael Travers received a 10 day suspension commencing 10 August 2016 handed down by the Canberra Racing Club stewards as a result of breaching rule 137(a) of the Australian Rules of Racing for careless riding.

On 5 August 2016, Mr Travers lodged a notice of appeal and the required bond payment of \$500 with the ACT Gambling and Racing Commission.

Mr Travers also sought a stay of the operation of the decision pending the outcome of his appeal, which the Tribunal granted on 9 August 2016. Mr Travers' appeal was heard on 13 September 2016.

The Tribunal, constituted by Mr Kalokerinos, Mr Satsia and Mr Drever, dismissed the appeal and upheld the appeal against the penalty issued by the stewards in part.

- > Mr Garry Collier and the Canberra Greyhound Racing Club Incorporated.

In May 2017, Mr Garry Collier's directorship and membership of the Canberra Greyhound Racing Club was terminated by the Board of the Canberra Greyhound Racing Club.

On 5 June 2017 Mr Collier lodged a notice of appeal and the required bond payment of \$500 with the ACT Gambling and Racing Commission.

The matter is scheduled to be heard by the Tribunal in the next reporting period.

LIST OF ABBREVIATIONS AND ACRONYMS

AASB	Australian Accounting Standards Board
ACAT	ACT Civil & Administrative Tribunal
ACCC	Australian Competition and Consumer Commission
ACT	Australian Capital Territory
ACOSS	Australian Council of Social Services
ACTCOSS	ACT Council of Social Services
ACTPS	ACT Public Service
ANAO	Australian National Audit Office
ANU	Australian National University
ATM	Automated Teller Machine
AS	Australian Standard
AWA	Australian Workplace Agreement
CAIL	Casinos Austria International Limited
CALD	Culturally and Linguistically Diverse
CCTV	Closed Circuit Television
CEOs	Chief Executive Officers
CGR	Centre for Gambling Research
CoP	Code of Practice
CICA	Confederation of International Contractors' Association
CIT	Canberra Institute of Technology
CMTEDD	Chief Minister, Treasury and Economic Development Directorate
CNG	Compressed Natural Gas
CSC	Commonwealth Superannuation Corporation
CSS	Commonwealth Superannuation Scheme
EAP	Employee Assistance Program

EGMs	Electronic Gaming Machines
EPIC	Exhibition Park in Canberra
ESD	Ecologically Sustainable Development
FMA	Financial Management Act
FTE	Full Time Equivalent
GAAP	General Accepted Accounting Principles
GARG	Gambling Advisory Reference Group
GCO	Gambling Contact Officer
GICC	Gambling Industry Consultative Committee
GPO	Government Payment for Outputs
GRA	Gambling Research Australia
GRC	Gambling and Racing Commission
GRCAC	Gambling and Racing Commission Advisory Committee
GST	Goods and Services Tax
HR	Human Resource
IT	Information Technology
IFAWPCA	International Federation of Asian and Western Pacific Contractors' Association
ISO	International Organisation for Standardisation
LPG	Liquid Petroleum Gas
MoU	Memorandum of Understanding
NABERS	National Australian Built Environment Rating System
NGO	Non-Government Organisation
NSW	New South Wales
NZS	New Zealand Standard
OSCAR	Online System for Comprehensive Activity Reporting
PGAF	Problem Gambling Assistance Fund
PGSI	Problem Gambling Severity Index

PNG	Papua New Guinea
PSS	Public Sector Superannuation Scheme
PSSAP	Public Sector Superannuation Accumulation Plan
QLD	Queensland
RACR	Relationships Australia Canberra and Region
RED	Respect, Equity and Diversity
RUC	Rugby Union Club
SEA	Special Employment Agreements
SERBIR	Senior Executive Responsible for Business Integrity Risk
SSICT	Shared Services Information and Communications Technology
TABs	Totalisator Agency Boards
TRO	Territory Records Office
WHS	Workplace Health and Safety
WHSC	Workplace Health and Safety Committee

GLOSSARY OF TECHNICAL TERMS

Class B gaming machine	A gaming machine that consists of the game of draw poker or games derived from it, what requires player interaction or intervention
Class C gaming machine	A gaming machine that consists of games other than those typically played in casinos
Commission	ACT Gambling and Racing Commission
Community contribution	expenditure by gaming machine licensees on eligible community contributions under the Gaming Machine Act 2004
Compliance inspections	inspections undertaken to identify a licensee's compliance with current gaming legislation
Cross-border betting	race and sports betting in different jurisdictions
Disciplinary action	a notice of reprimand, monetary penalty or suspension or cancellation of a gaming licence.
Lottery	raffle, trade promotion, Keno, Housie etc under the <i>Lotteries Act 1964</i>
Race bookmaking	means the carrying on (whether regularly or on one or more occasions) of the business of receiving or negotiating bets on races
Race field information scheme	a statutory scheme whereby licensed wagering operators are required to obtain approval to use ACT race field information
Revenue inspections	inspections of operator activity to ensure correct payment of fees and taxes
Sports bookmaking	means the carrying on (whether regularly or on one or more occasions) of the business of receiving or negotiating sports bets

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