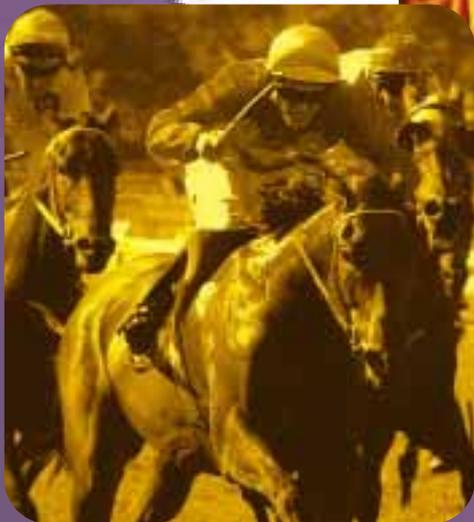
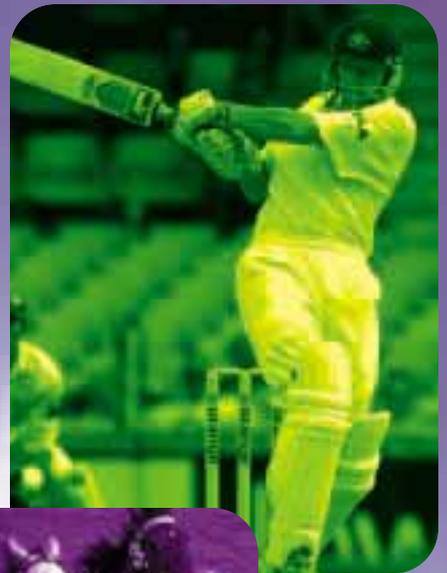


TAB ANNUAL REPORT

2002



MINISTER FOR RACING AND GAMING

I hereby submit for your information and presentation to Parliament, the Annual Report of the Totalisator Agency Board of Western Australia (TAB) for the year ended 31 July, 2002, which has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985.

Ray Walker AM
Chairman

MISSION STATEMENT

To position the TAB as a competitive and responsible community organisation in the wagering and gaming industry, providing the major source of funding for the development of racing and sports in Western Australia.

Totalisator Agency Board of W.A.

14 Hasler Road
 Osborne Park
 Western Australia 6017

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1. CHAIRMAN'S REPORT

The 2001/2002 year continued the trend of strong turnover growth and record distributions to the WA racing codes. Turnover of \$904.3 million was an increase of 5.87% over the previous year and the racing codes received \$61.5 million, which was an increase of 7.5%.

The TAB also contributed over \$40 million to the Western Australian community by way of turnover tax. Currently this is a state tax of 5.0% on turnover, which is reduced to an effective rate of 4.5% by a 0.5% rebate from the state government.

During the year the Minister for Racing and Gaming foreshadowed reforms to the racing industry and proposed that a new authority be formed to oversee the industry as from August 2003. The authority will be known as Racing and Wagering Western Australia, and will take over the administration of the TAB. The WATAB made a comprehensive submission to the Review Committee. The reforms announced by the Minister have our full support and will, we believe, result in a more co-ordinated industry and lead to a brighter future for the whole industry. The WA racing industry is one of the larger employers in the State and it is important to ensure its viability.

Of the numerous positive initiatives implemented during the year the most pleasing was the close co-operation displayed between the TAB and the WA racing industry, with the development of amended racing programs. The changes aim at increasing state and national vision coverage of WA racing. This meant it was possible to secure additional coverage of WA meetings on Sky Channel and its Pay TV product, Sky Racing. The support of the principal and provincial clubs made these changes possible.

Administration expenses were closely monitored and, despite significant system development, total expenses of \$57.4 million were only an increase of 1.6% over the previous period. Management

continues to focus on maintaining or reducing core operating expenses.

With continued emphasis on customer satisfaction, the TAB undertook a number of important customer research studies during the year. Included was a major review of its race-day information with one significant outcome being the relaunch of the new look TABForm. In addition, the TAB has developed for the first time, a formal Customer Satisfaction Monitor aimed at measuring customer satisfaction of TAB services across all distribution channels.

As in previous years, the TAB maintained its commitment towards upgrading services to customers with the upgrading of a further four agencies during the year.

I would like to acknowledge the able leadership of the Chief Executive Officer, Mr Ray Bennett and the dedication of the executive team who have combined to produce the excellent results for the year. The staff and agents also deserve acknowledgment. Their efforts have ensured the success of this proud Western Australian organisation.

My thanks also to my fellow Board members for their contribution to another successful year and the good governance of the TAB.

Ray Walker
Chairman



2. CHIEF EXECUTIVE OFFICER'S REPORT

The TAB continued its strong performance during 2001/2002, achieving new record sales in both racing and sports with growth rates of 5% in racing and 94.4% in sports, helped significantly by the interest in World Cup Soccer which attracted some \$4.2 million in turnover.

Distributions to the Racing and Sports Industries were at an all time high with \$58.1 million being distributed from TAB profits and a further \$3.5 million by way of unclaimed dividends.

The most significant event of the period was the announcement by the Minister for Racing and Gaming of proposals to reform the Racing Industry by the creation of a new body to be known as Racing and Wagering Western Australia (RAWWA). The underlying principles of the new body are totally supported by the TAB and we look forward to the early establishment of the new body in line with the Minister's target of 1 August 2003.

Considerable effort has been put into the control of expenses and thanks to the efforts of all staff, expenses before projects were reduced by 0.58% during the period. The continued search for cost savings also identified other areas of savings, which in 2002/2003 will see a reduction in costs of some \$800,000 achieved through savings in the operation of Racing Radio and the publication of TABForm.

The realisation of these savings and the projected control of future costs have allowed the TAB to take up the costs of vision from the venue to Sky for all Sky TAB programs. These costs, of some \$780,000 are of direct benefit to the Racing Industry which, previously met these costs from TAB distributions. In addition, the TAB will pay a subsidy to race clubs where they agree to a change in race date or venue to facilitate the commitment to Sky. This subsidy represents an additional flow of funding to the industry of some \$300,000.

Racing Radio operations have been extensively reviewed and the opportunity taken to expand the role of race callers to include on-course announcement duties. It is anticipated that this will further reduce the costs to race clubs.

After extensive research, TABForm, the largest selling form guide in Australia, was significantly expanded, albeit with an increase in price. Early results are encouraging with a high level of user acceptance and uplift in turnover in those meetings where form has been expanded.

The TAB is continuing its long-term program of works to improve upon the existing business while utilising emerging technologies to develop new business opportunities. The transfer of some \$2.5 million from profit to reserves has been made to fund project commitments for the program of works, amounting to \$3.4 million.

The next year will bring its own challenges and I am confident that the staff of the TAB has the ability to meet any challenge and succeed. Our planning for the year ahead will see the introduction of new products in the form of Quadrella and Mid-Week - Multi-Week Favourite Numbers. Our core operating expenses are targeted to reduce to 45% of net revenue after tax, which will see the following flow of funds to the racing industry:

* Distributions	\$59,783,000
* Vision payments and Subsidy	\$ 1,140,000
* Unclaimed Dividends	<u>\$ 3,500,000 (est)</u>
	<u>\$64,423,000</u>



2. CHIEF EXECUTIVE OFFICER'S REPORT cont.

The TAB returns the highest percentage of turnover to the Racing Industry of any TAB in Australia or New Zealand and we remain committed to maximising returns to the racing and sporting industries in Western Australia.

Sales Operations

The TAB generated record turnover growth and profits during 2001/2002. Corporate turnover of \$904.3 was achieved, representing growth over the previous period of \$50.2 million or 5.87%.

A key feature of the year was continued growth in meetings covered by the TAB. During the past 12 months the TAB covered an additional 397 meetings, equivalent to 4003 additional races. Increased meeting coverage occurred across all racing codes. However, it was particularly strong in Greyhound racing. The increased meeting coverage had a corresponding impact on Greyhound turnover, which grew by 10.7% during the year. The growth in Thoroughbred racing was 2.2% and in Harness racing, 6.9%.

Distribution Channels

Customers access TAB services through its 272 retail agencies or via its electronic betting and information services (made up of one of Western Australia's largest telephone Call Centres), or through the Internet, www.tabozbet.com.au

Retail sales provided the dominant contribution to TAB turnover and growth during the past 12 months. Retail agencies generated 90.6% of total turnover, due largely to the strong performance of both the Pubtab and Clubtab networks, up 8.4% and also the continued growth of the traditional agency network, up 4.5%. Overall, retail turnover was up \$45.3 million or 5.8%.

Importantly the TAB continued its property upgrade program to those agencies identified as capable of providing acceptable return on investment and in

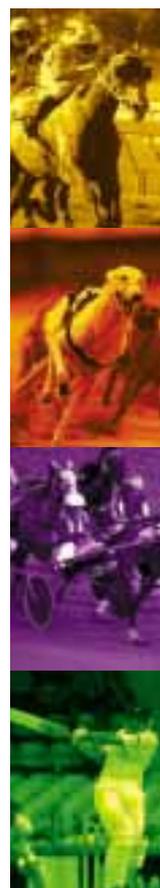
line with the TAB's long-term commitment to providing acceptable facilities to customers throughout the state. Four key developments occurred during the year.

Electronic sales grew by 6.3%. Whilst Call Centre growth was down 3.0% the electronic channel did experience growth via its Internet service, up 40.6% and via the newly introduced Interactive Voice Response (IVR) betting service which was further refined during the twelve months to better meet customers needs. IVR betting turnover grew by 29.2%, albeit on a small turnover base.

The TAB is continuing to refine and benchmark its electronic sales and information platforms to ensure they meet the needs of customers, in what is a very mobile and competitive marketplace.

The Customer Service Centre (CSC), the TAB's centralised help desk service, will be enhanced further by the introduction of the Enterprise Service Desk software which is designed to assist the CSC staff to better respond to customer and retail agent needs.

During the course of the year the TAB supported a number of staff and agent incentive schemes, in recognition of agent and staff commitment to customer service, productivity improvements and the achievement of significant increases in turnover. Key achievements for the year included the selection of TAB Agent of the Year for 2001/2002; Joondalup agent, Bill Symonds. The TAB also supported the Western Australian Hotels & Hospitality Association by sponsoring the Best Sporting Entertainment Venue, won by the Greenwood Hotel.



2. CHIEF EXECUTIVE OFFICER'S REPORT cont.

Strategic Planning & Business Development

The TAB undertook a number of important business development initiatives during the year, including:

- The introduction of fixed odds betting 'Each Way to Jump'.
- Increasing coverage of WA racing on Sky Channel and Pay TV 'Sky Racing'.
- TAB funding of racing industry vision costs contributing to the National Sky Channel program.
- The introduction of club subsidies to support clubs to change race dates/times.
- The relaunch of TABForm providing customers with significantly increased form, comment and editorial.
- The restructuring of race club charges to reflect a more equitable use of TAB systems and services.
- The introduction of a TAB AFL Tipping Competition.

Other key projects were initiated during the period with introduction expected in the next financial period. These include:

- A major review of the TAB's distribution systems, incorporating customer-information display in agencies, site planning of outlets, and agent contracts and remuneration structures.
- TAB products and pooling alliance options.
- Introduction of Quadrella parimutual betting to be introduced in Spring 2002.
- An expansion of Favourite Numbers to include a new mid-week game.
- Enhancement of fixed odds betting event information.
- The introduction of TAB account deposits via credit cards.

Information Services

In addition to meeting the day-to-day demand for racing services throughout the year the focus of the Information Services effort during the 2001/2002 financial year was the implementation of a number

of business initiatives and system-stability improvements, through the delivery of defined priorities within the TAB Program of Works.

Implementation of new business initiatives included:

- Trifecta Shut the Gate
- Fixed Odds Betting on Each Way Racing to Jump
- Enhancements and performance improvements to the TAB Internet site

The development of a new Quadrella product also commenced during the year and this will be implemented in time for the 2002 Melbourne Cup.

Activities to improve system stability included modification to the agency Teletext information system, implementation of new printing system software for all agencies, and the implementation of new printers in all country agencies. These enhancements resulted in a substantial reduction in the number of support calls related to these services and improved availability of the agency Teletext information.

Corporate Information

In an effort to meet the increased demand for management information and to ensure the integrity of information being distributed throughout all divisions of the TAB, a Corporate Information Centre was established in the latter part of the year. This provides a central point of contact for all internal and external information requests, ensuring a coordinated approach to information dissemination from the data warehouse.

Project Office

The delivery of the TAB Program of Works has progressed in accordance with the estimates provided early in 2001 and the management of this effort has been strengthened through the engagement of a new Project Director. The delivery structure and project management methodology



2. CHIEF EXECUTIVE OFFICER'S REPORT cont.

have been successful in providing a flexible environment, capable of handling the substantial project demands, however these will be further refined under the guidance of the new Project Director.

Operational Services

The capability of the Raceday Control Centre, to accommodate the continued growth in the number of meetings, was improved through the implementation of an application to automate the loading of riders and drivers. Another project initiated to ensure the continued capability of servicing the increased racing demand, was the upgrade of the mainframe computers. This upgrade was initiated early 2002, as part of the ongoing capacity planning activity, and is expected to be completed in time for the 2002 Melbourne Cup.

Strategic Activities

A Self-Serve terminal Proof of Concept was initiated during the year and this was demonstrated to key stakeholders in the latter part of 2001. The strategy to implement new technology in TAB outlets is being formulated in conjunction with the outcome of three key strategic review projects, which commenced in May 2002. These include:

- IT Alliance
- Distributor Network Review
- Pooling Alliance Review

Finance and Administration

The focus for the year continued to be on the core themes of cost control, value adding, improved management reporting and proactive risk management.

A system for loading and adjusting departmental budgets was implemented. This has improved the useability and efficiency of the budget process. The effectiveness of the budget has been improved by focussing on the key variables impacting on the financial outcomes to be achieved.

The contract for the provision of the TAB's banking services was re-tendered, with the National Australia Bank being successful. With respect to the TAB cash investment activities, flexibility has been increased with the inclusion of the State Government Public Bank Account into the list of approved investments.

A new initiative was introduced to improve business planning and reporting through the introduction of a 'seven factor', balanced scorecard approach comprising growth, internal processes, people, customers, financial, risk and community respect. Initiatives within these categories are now directly linked from the strategic and business planning processes, through to the performance management system and service level standards, and are in the process of being integrated into management reporting.

A benchmark analysis was conducted against the AS/NZS Standard 'Information Technology - Code of Practice for Information Security Management'. The results were reassuring and the conclusion was that the TAB complies with best practice in all important areas.

Ray Bennett

Chief Executive Officer

TAB Executive Management

Ric Wimmer

General Manager Sales

Julian Hilton-Barber

General Manager Finance and Administration

Glen Fee

Chief Information Officer

Richard Burt

General Manager Strategic Planning and Business Development

RESPONSIBLE MINISTER

Hon Nick Griffiths LLB MLC

Minister for Racing & Gaming; Government Enterprise; Goldfields-Esperance.



3. BOARD MEMBERS

A board appointed by the Minister for Racing and Gaming governs the TAB. The Board comprises six (6) individuals with "expertise relevant to the functions of the TAB and its operations, including expertise in management, finance, business or commerce or knowledge of, and expertise in, the racing industry."

The role of the Board is to set policies and strategies

for the future direction of the organisation and to make decisions necessary to meet the TAB's objectives and performance targets. The Board also appoints the Chief Executive Officer.

Board members as at 31 July 2002, and their terms of office, are outlined below.

Board Members During 2001/2002	First Appointed	Current Term Expires
<p>My Raymond R D Walker, AM (Chairman). First appointed 28.06.96. Company Director. Was employed by HBF from 1952, Chief Executive 1975 - 1993 and on the Board until 1998. Director Lifecare Health Ltd.</p>	28 June 1996	30 November 2002
<p>Professor John V Yovich (Deputy Chairman). First appointed 28.06.01. Vice Chancellor Murdoch University, WA. Is a leader in the veterinary profession. Also has vast knowledge of all facets of the WA Racing Industry. Was Vice-Chairman of the Western Australian Turf Club (1996-98). Was a member of the Racecourse Development Trust (1994-99).</p>	28 June 2001	31 December 2002
<p>Mrs Judith B McGowan. First appointed 28.06.01. Barrister and Solicitor of the Supreme Court of Western Australia. Lecturer in Law at Curtin University since 1976 and has vast experience in business law education both at the University and for private industry. Former part time referee on the Small Claims Tribunal. Has served on Law Society committees, the University Staff Credit Union, the Aquinas College Board and the Dental Board of WA.</p>	28 June 2001	31 December 2002
<p>Mr Ross A Cooper. First appointed 28.06.01. Retired. Was a Form Analyst with the Western Australian Trotting Association providing analytical assessment of race performance and assisting in maintaining confidence and integrity in the conduct of racing. Was a licensed bookmaker at thoroughbred, harness and greyhound race meetings in Western Australia (1976-2001). Is a life member of the WA Bookmakers' Association. Was a delegate to both the WA Thoroughbred Racing Industry Council and Harness Racing Industry Council. Was a member of the Betting Control Board (1994-1998)</p>	28 June 2001	31 December 2002
<p>Mrs Enid (Nena) F Snooks. First appointed 07.08.01. Licensed Real Estate Agent and Auctioneer since 1987 and has her own company, Nena Snooks Real Estate. Has been involved in the Real Estate Industry since 1981. Was a primary school teacher and a lecturer in Mathematics and Communications at Edith Cowan University.</p>	7 August 2001	31 December 2002
<p>Mr Michael J Ryan. First appointed 07.08.01. Retired. Has had over 25 years experience as a Manager in the Transport, Information & Communications Technology Industries and has had a wide and current range of contracts at senior level in the Western Australian and Australian Corporate and Government marketplace. Is currently on the Board of His Majesty's Theatre and the Starlight Foundation.</p>	7 August 2001	31 December 2002
<p>The Board has also established an Internal Audit Sub-Committee and a Disputes Review Committee to oversee specific aspects of the organisation's administration.</p> <p>Mr Ray Walker, as Chairman of the TAB, is an ex-officio member of the Betting Control Board and Prof. Yovich is a Deputy Member.</p>		

4. CEO'S STATEMENT OF COMPLIANCE

Human Resources

The TAB's full-time equivalent (FTE) staffing include full-time, part-time and casual employees, has decreased from 170 to 160 during this reporting period. This is due to the bonding of six (6) TAB retail outlets (the staff from these agencies are no longer TAB staff as each is an independent business).

Equal Employment Opportunity

Equal Employment Opportunity (EEO) principles were applied in the advertising and selection of staff for the filling of vacant positions and in the implementation of human resource management practices. In addition, an EEO and Diversity Management Plan has been developed for the TAB and lodged with the Equal Opportunity Commission.

Disability Services Plan

The TAB's Disability Services Plan has been implemented during this reporting period. Strategies relevant to training have been actioned. The current Network Review will consider distribution and design of TAB facilities in light of the needs of people with disabilities. Similarly, these issues for licenced premises are to be examined by mid-2003.

Occupational Safety and Health

The TAB Occupational Safety and Health Advisory Committee is now fully functional and has implemented the Occupational Safety and Health Plan and reporting processes across the TAB. The committee has dealt with a variety of issues, including the general maintenance, cleanliness, lighting and security of buildings, personal security of staff and TAB vehicles, standards of the working environment for staff, bomb threat and emergency evacuation procedures.

Workers' Compensation and Rehabilitation

During the reporting period one claim was made under the Workers' Compensation and Rehabilitation Act.

The following table outlines the indicators as required by the Treasurer's Instruction 903(4)(vii)c:

Item	Year	
	2001/2002	2000/2001
Total number of claims	1	1
Frequency Rate	0	0
Estimated cost of claims per \$100 of payroll (includes ongoing claims from 1999/2000)	0.0166	0.0177
Premium rate	0.83	1.2
Rehabilitation success rate	n/a	n/a

Employee Relations

With the Government's abolition of Workplace Agreements, twelve staff members converted to the *Government Officers' Salaries, Allowances and Conditions General Agreement 2002*, and all new staff members, are employed under the conditions of this agreement.

Government changes to Modes of Employment have been incorporated into the recruitment practices of the TAB.

The TAB has renegotiated an Enterprise Agreement for casual staff, listed as schedule C of the Clerks' (Racing Industry - Betting) Award 1978, which has been well received.

Public Sector Standards

1. In the administration of the TAB, I have complied with the revised Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics, the TAB Code of Conduct and Core Values and Behaviours.
2. Policies and guidelines that have been revised, are documented and available to all staff. New staff members are made aware of this information during their induction.
3. The Manager Human Resources is responsible for ensuring compliance with Public Sector Standards and ethical codes through the provision of a monitoring and advisory role to line managers. This responsibility is reflected in the position's duty statement. Human Resource Officers monitor all transactions for recruitment and selection, transfer, secondment, discipline, performance management, redeployment, temporary deployment (acting), grievance resolution and termination for consistency with TAB policies.
4. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments.
5. Applications made for breach of standards review and the corresponding outcomes for the reporting outcomes are;
 - Number of breaches lodged - nil
 - Number of breaches found, including details of multiple breaches per application - n/a
 - Number of breaches still under review - n/a
 - Material breaches - n/a
 - Non-material breaches - n/a

Waste Paper Recycling

The TAB has established appropriate recycling arrangements for its waste paper. Waste paper is either shredded and stored on-site or is disposed in lockable bins both of which are removed for recycling on an as required basis.



4. CEO'S STATEMENT OF COMPLIANCE cont.

TAB Marketing Expenditure

Advertising Agencies	303	\$23,662.35
	Bowtell Clarke & Yole	\$221,401.94
	Interaction	\$7,434.00
Advertising Agencies Total		\$252,498.29
Direct Mail Organisations	Post Data	\$7,563.00
Market Research Agencies	Media Monitors (WA)	\$4,223.53
Market Research Agencies Total		\$4,223.53
Market Research Organisations	Hides Consulting Group	\$66,503.65
	Service Audits Market Research	\$3,057.00
Market Research Organisations Total		\$69,560.65
Media Advertising Organisations	Southern Cross Broadcasting	\$47,320.00
	West Australian Newspapers Ltd	\$890,935.78
Media Advertising Organisations Total		\$938,255.78
Media Agencies	Media Decisions WA	\$640,024.94
Media Agencies Total		\$640,024.94
Polling Organisations	Nil	Nil
Polling Organisations Total	Nil	Nil

NB: \$878,094 Media Expenditure with West Australian Newspapers Ltd is for the Production of TABForm.



5. THE ACT AND COMPLIANCE WITH WRITTEN LAWS

Legislative Amendments

There were a number of amendments made to the Totalisator Agency Board (Betting) Act 1960 ("the Act") and the Totalisator Agency Board (Betting) Regulations 1988 ("the Regulations") during the course of the year.

The Regulations were amended and came into effect on 23 October 2001 which;

- Clarified the TAB's authority to conduct betting via the Internet;
- Empowered persons authorised by the Betting Control Board, when carrying out an inspection under section 36(1) of the TAB Act 1960 to make and retain copies of documents; and
- Allow for the cancellation of bets received by telephone or Internet only when the bet is \$200 or less and the amendment cancellation is made no less than 15 minutes before the scheduled starting time of the race or sporting event.

An amendment was made to Regulation 36 of the Regulations and came into effect on 6 November 2001 providing for the inclusion of the following race courses in the list of prescribed racecourse for the purpose of section 20 of the Act.

- Wanneroo Paceway, Wanneroo (6/11); and
- Byford Trotting Complex, Byford (6/11).

A further amendment was made to Regulation 36 on 22 March 2002 to include:

- Nad-A-Sheeba Racecourse, Dubai, UAE (22/3);
- Churchill Downs Racecourse, Kentucky, USA (22/3) and
- Arlington Park Racecourse, Chicago USA (22/3),

in the list of prescribed racecourses for the purpose of Section 20 of the Act.

Effective from 21st January, 2002 the Quartet commission rate was reduced from 25% to 20% as provided for in the Betting Control Amendment Act (No.3) 2001.

The TAB Sportsbet rules were amended on 8th May, 2002 to bring them into line with the TABCorp Sportsbet rules and in particular to clarify when the outcome of an event is determined and what is to happen with funds when an event is cancelled, stopped, postponed or the outcome is disputed.

The Totalisator Agency Board (Modification of Operations) Act 2002 was assented to on 8th July, 2002 (its commencement date). The purpose of this Act is to extend

the life of the Totalisator Agency Board (Modification of Operations) Act 2001.

The Betting Legislation Amendment Act 2001 was also assented to on 8th July, 2002, which made changes to the operation of the TAB as follows:

- Limiting the extent of which the TAB may be sued to recover bets that were received by the TAB other than in accordance with the legislation.
- Providing an authority for the CEO of the TAB to exercise powers and functions of the Board of the TAB pursuant to a power of delegation.

Enabling Legislation

The principal legislation governing the TAB is the Totalisator Agency Board Betting Act 1960 ("the Act") and the Totalisator Agency Board Betting Regulations 1988 together with the Betting Control Act 1954 and Betting Control Regulations 1978.

Other legislation to which the TAB must comply, but does not administer, includes the following. This list is not exhaustive but represents the legislation which impacts on the general operation of the TAB.

Anti-corruption Commission Act 1988
 Clerks (Racing Industry Betting) Award 1978
 Electoral Act 1907
 Equal Opportunity Act 1984
 Financial Administration and Audit Act 1985
 Financial Transaction Reports Act 1988 (Cwth)
 Freedom of Information Act 1992
 Government Employees Superannuation Act 1987
 Government Officers Salaries, Allowances and Conditions Award 1989
 Industrial Relations Act 1979
 State Records Act 2000
 Occupational Safety and Health Act 1984
 Public Sector Management Act 1994
 State Supply Commission Act 1991
 Totalisator Agency Board Betting Tax Act 1960
 Totalisator Agency Board (Modification of Operations) Act 2002
 Unclaimed Money Act 1990
 Workers Compensation and Assistance 1981
 Workplace Agreements Act 1993 (Cwth)

Legislation, together with commercial principles, therefore governs the operation of the TAB.

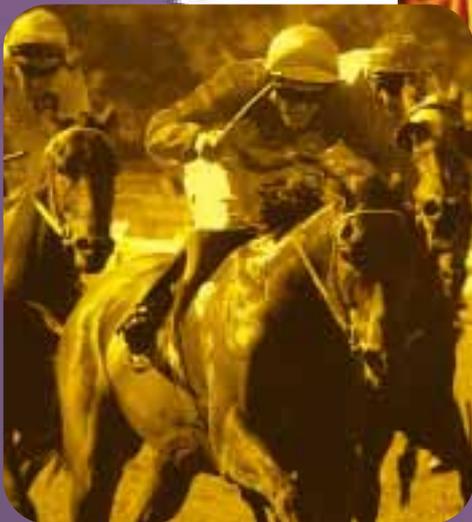
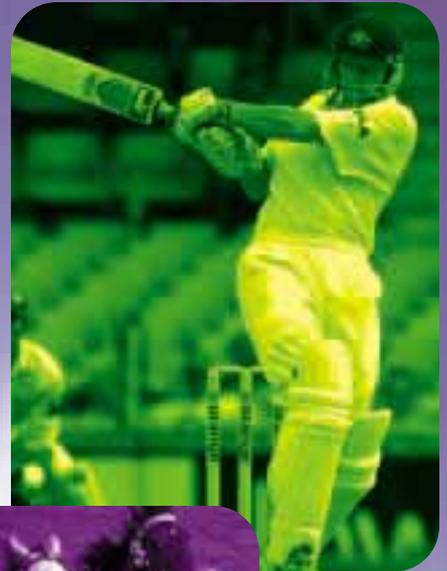




FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

2002





TOTALISATOR AGENCY BOARD
**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 JULY 2002**

		2002 (\$000)	2001 (\$000)
Revenue			
Revenue from ordinary activities			
Trading profit	2(a)	114,366	105,804
Interest revenue		1,461	1,757
Profit on disposal of non-current assets		208	936
Other revenue	2(b)	2,010	2,962
Total Revenue from Ordinary Activities		118,045	111,459
Expenses			
Expenses from ordinary activities			
Sales & Marketing		41,985	41,160
Information Technology		9,292	9,536
Finance & Administration	3	3,394	4,295
Total expenses from ordinary activities before project expenses and distributions		54,671	54,991
Projects		2,729	1,497
Total expenses from ordinary activities after project expenses and before distributions		57,400	56,488
Distribution to racing and sports industries	8	58,110	54,050
Total Expenses from Ordinary Activities		115,510	110,538
Net Profit		2,535	921



TOTALISATOR AGENCY BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2002

	Notes	2002 (\$000)	2001 (\$000)
Current Assets			
Cash assets	11	30,444	24,959
Receivables	13	4,918	3,632
Prepayments		364	168
Inventories	12	945	1,111
Total Current Assets		36,671	29,870
Non-Current Assets			
Property, Plant & Equipment	10	17,542	18,090
Capital Work-in-progress		210	1,109
Receivables	13	225	374
Total Non-Current Assets		17,977	19,573
Total Assets		54,648	49,443
Current Liabilities			
Payables	14	15,405	12,748
Provisions	15	1,059	1,047
Total Current Liabilities		16,464	13,795
Non-Current Liabilities			
Provisions	15	304	303
Total Non-Current Liabilities		304	303
Total Liabilities		16,768	14,098
Net Assets		37,880	35,345
Equity			
Capital Account		14,744	14,744
Capital Reserve	9	3,009	4,455
Asset Replacement Reserve	9	19,558	15,582
General Reserve	9	500	500
Retained Profits	5	69	64
Total Equity		37,880	35,345



TOTALISATOR AGENCY BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2002

	Notes	2002 (\$000) Inflows (Outflows)	2001 (\$000) Inflows (Outflows)
Cash Flows from Operating Activities			
Receipts			
Receipts from customers		905,083	857,475
Interest received		1,451	1,680
Payments			
Payments to customers, creditors and employees		(841,262)	(805,131)
Amount distributed		(58,110)	(54,050)
Interest paid	3	(20)	(30)
Net cash provided by Operating Activities	6	7,142	(56)
Cash Flows from Investing Activities			
Payments for Land, Improvements, Equipment & Fittings		(2,028)	155
Proceeds from Land, Improvements, Equipment & Fittings	2(b)	371	1,183
Net cash (used in)/provided by Investing Activities		(1,657)	1,338
Net increase in cash held		5,485	1,282
Cash Assets at the beginning of the financial year		24,959	23,677
Cash Assets at the End of the Financial Year	7	30,444	24,959

1. ACCOUNTING POLICIES

Policies adopted in the preparation of the accounts for the year ended 31 July 2002 are consistent with those in previous years.

a. Basis of Accounting

The financial statements are prepared in accordance with the Financial Administration and Audit Act 1985. Subject to the exceptions noted in these accounting policies, the financial statements have been drawn up on the basis of historical cost principles. The accrual basis of accounting has been applied.

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and UIG Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act 1985 and the Treasurer's Instructions are legislative provisions governing preparation of financial statements and take precedence over Australian Accounting Standards and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements. If any such modification has a material or significant financial effect upon the reported results, details of that modification and, where practicable, the resulting financial effect are disclosed in individual notes to these financial statements.

b. Allocation of funds of the TAB

Sections 28 of Totalisator Agency Board Betting Act of 1960, provide for the balance of funds remaining, after deductions covered by Section 28 (1) (a) to (e), which includes transfer of funds to reserve accounts and payments to the Western Australian Greyhound Racing Authority and the Sports Betting fund, the Western Australian Turf Club and Western Australian Trotting Association, as prescribed. Section 27(b) deals with the allocation of funds from Fixed Odds Betting and section 28(a) deals with tote sporting events.

c. Changes in Comparative Figures

Where necessary, comparative figures for 2001 have been adjusted to conform with changes in presentation made in 2002.

d. Depreciation and Amortisation

Depreciation is calculated on a straight line basis over the estimated life of each asset and is charged to the Statement of Financial Performance to conform with standard accounting practice. It is current policy to write-off in-house software development costs at source. Useful lives for each class of depreciable assets are:

Buildings	10 to 40 years
Equipment & Fittings	5 to 15 years
Leasehold Improvements	5 to 15 years

e. Accrued Employee Benefits

These entitlements are calculated at the current remuneration rate. Unpaid benefits due for annual and long service leave which have accrued to employees for services to date have been fully provided for in the accounts accordance with AAS30 ("Accounting for Employee Entitlements").

f. Receivables, Payables, Accrued Salaries

Receivables are recognised as the amounts receivable and are due for settlement no more than 30 days from the date of recognition. Agents settle on a weekly basis.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubts as to collection exists and in any event where the debt is more than 60 days overdue.

Payables, including accruals not yet billed, are recognised when the TAB becomes obliged to make future payments as a result of a purchase of assets or services. Accounts payable are generally settled within 30 days.

Accrued salaries represents the amount due to staff but unpaid at the end of the financial year as the end of the last pay period for that financial year does not coincide with the end of the financial year. The TAB considers the carrying amount approximates net fair value.

g. Superannuation

Government Employees Superannuation

Staff may contribute to the Gold State Superannuation Scheme, a defined benefit and lump sum scheme now closed to new members. All staff who do not contribute to this scheme become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

The liability for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by quarterly payment of employer contributions to the Government Employees Superannuation Board.

The note disclosure required by paragraph 51(e) of AAS 30 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the TAB. Accordingly, deriving the information for the TAB is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

Racing Industry Superannuation Fund

This is an accumulated fund for casual staff, managed by GIO.

h. Net Fair Values of Financial Assets and Liabilities

Monetary financial assets and liabilities not traded in an organised financial market are determined on the cost basis of carrying amounts of accounts receivables, accounts payable and accruals (which approximates net market value).

i. Inventories

Stocks are valued at the lower of cost and net realisable value.

j. Operating Leases

The operating leases are for buildings and office equipment where the lessor effectively retains all of the risks and benefits incident to ownership of the items held under the operating leases. Equal installments of the lease payments are charged to the operating statements over the lease terms, as this is representative of the pattern of benefits to be derived from the leased property.

k. Revenue

Sales revenue represents revenue earned from the sale of goods and services net of returns, allowances and duties and taxes paid. Betting receipts are only recognised as revenue when the events to which they relate are finalised. Other revenue is fully described in the operating statement.

l. Deferred Expenses

Expenses are deferred where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover those deferred costs. The amount of expenditure carried forward is reviewed each year.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2002 CONT.**

	Notes	2002 (\$000)	2001 (\$000)
2 (a) Trading Profit			
Turnover		904,347	854,166
Dividends & on-course operation		(749,893)	(708,019)
Commission on turnover		154,454	146,147
Tax on turnover	4	(40,088)	(40,343)
		114,366	105,804
2 (b) Other Revenue			
External settlement recoup		1,179	2,082
Recoup accounts		831	880
Total other revenue		2,010	2,962
Other disclosure items			
Sale proceeds of fixed assets		371	1,183
3. Expenses from Ordinary Activities			
Interest expense		20	30
Write-off of sports promotion expenses (note 20)		0	320
4. Tax on Turnover			
Section 25(b) of the Totalisator Agency Board Betting Act 1960 requires the TAB to pay tax in respect of bets at the rate imposed by Section 2 of the Totalisator Agency Board Betting Tax Act 1960. The tax rate for tote turnover was 5%, FOB sports was 0.5% and FOB racing was 2%.			
Turnover Tax Payable to Consolidated Revenue		44,522	42,393
Tax Rebate			
Turnover Tax rebate received / receivable from Department of Racing, Gaming & Liquor.			
		(4,434)	(2,050)
		40,088	40,343
In February 2001 the State Government announced its intention to reduce the tax on tote (excluding sports) Turnover (Betting Tax) to 4.5%. The above rebate of 0.5% is an interim arrangement between the Department of Racing, Gaming & Liquor and the Treasury Department.			
5. Retained Profit			
Opening balance		64	44
Net profit		2,535	921
Transfer to reserve	*****	(2,530)	(901)
Closing balance		69	64

***** This amount for 2002 includes an additional transfer to fund commitments for approved projects - Refer Note 22



	2002	2001
	(\$000)	(\$000)
6. Reconciliation of Net Cash provided by Operating Activities to Operating Profit		
Operating profit-net of distribution	2,535	921
(Less) items classified as investing/financing activities:		
Gain on sale of assets	(208)	(936)
Add/(Less) non-cash items:		
Depreciation and amortisation	3,312	3,468
Provision for annual leave and long service leave	13	35
	<hr/>	<hr/>
Net cash provided by operating activities before change in assets and liabilities	5,652	3,488
Changes in assets and liabilities		
(Increase) / Decrease in accounts receivables	(1,274)	347
(Increase) in accrued income / prepayments	(58)	(144)
(Increase) / Decrease in inventories	166	(358)
(Decrease) / Increase in trade creditors	830	(3,750)
Increase in other creditors	1,826	361
Net cash provided by operating activities	7,142	(56)

7. Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flow is reconciled to the related items in the Statement of Financial Position as follows:

Cash and short term deposits	(Note 11)	30,444	24,959
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For the purpose of the statement of cash flows, cash includes cash on hand, at bank & at agencies.



**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2002 CONT.**

	2002 (\$000)	2001 (\$000)
8. Amount Distributed		
Racing	32,093	30,002
Trotting	17,284	16,016
Greyhounds	8,700	8,032
Sports	33	0
Total	58,110	54,050

Unclaimed Dividends and unclaimed refunds paid during the year

Section 23A provides that dividends and refunds uncollected after seven months shall be paid to the Racecourse Development Trust, Greyhound Racing Authority and Sports Betting Fund as directed by the TAB Act. These amounts are included in Dividends at Note 2(a)

Amount paid during the year

Racecourse Development Trust (Racing & Trotting)	2,612	2,427
Greyhound Racing Authority	847	774
Sports Betting Fund	33	25
Total	3,492	3,226

9. Capital Reserve, Asset Replacement Reserve and General Reserve

	Balance 31/07/01 (\$000)	Transfer from / (to) Operating Statement (\$000)	Transfer (from) /to Other Reserves (\$000)	Balance 31/07/02 (\$000)
Capital Reserve (*)	4,455	0	(1,446)	3,009
Asset Replacement Reserve (**)	15,582	2,530	1,446	19,558
General Reserve	500	0	0	500
	20,537	2,530	0	23,067

*Capital Reserve accounts represent the amount fully expended on the non current assets of the business. Transfers between these reserves and the asset replacement reserve will occur as non current assets are purchased or disposed.

**Asset Replacement Reserve represents amounts set aside for future capital expenditure. Movements in any year arise from the transfer of 1% of Net Revenue After Tax, any profit on sale of non-current assets and cash equivalent of the depreciation charge. From time to time, transfers may also occur to fund significant project development costs not capitalised. The 1% transfer is set by the Board on an annual basis. Transfers will also occur between this and the capital reserve accounts as non-current assets are purchased or disposed.



**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2002 CONT.**

	2002 (\$000)	2001 (\$000)
10. Property, Plant & Equipment		
Land (at cost)	1,228	1,250
Buildings (at cost)	13,716	12,972
Less accumulated depreciation	(4,571)	(4,318)
	9,145	8,654
Leasehold improvements (at cost)	7,948	7,311
Less accumulated amortisation	(4,207)	(3,657)
	3,741	3,654
Equipment & Fittings (at cost)	20,916	19,993
Less accumulated depreciation	(17,488)	(15,461)
	3,428	4,532
Total	17,542	18,090

Reconciliation of opening and closing balances

	Land	Buildings	Leasehold	Equipment & Fittings
Carrying amount at start of the year	1,250	8,654	3,654	4,532
Additions		1,111	637	1,279
Transfer	0	0	0	0
Disposals	(22)	(225)		(16)
Depreciation		(395)	(550)	(2,367)
Carrying amount at end of the year	1,228	9,145	3,741	3,428

11. Cash Assets

Cash at bank	1,954	3,150
Asset replacement short term investments	19,509	13,929
Other short term investments	8,981	7,880
Total	30,444	24,959

Interest rates at 31st July 2002:

- Cash accounts - Between 3.72% and 4.75%
(2001 between 4.43% and 6.00%)
- Short term investments - Between 4.00% and 5.02% (maturing within 60 days)
(2001 between 5.02% and 6.39%)

Credit risk and interest rate risk are minimised as all short term deposits are held with large banks which have acceptable credit ratings.



**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2002 CONT.**

	2002 (\$000)	2001 (\$000)
12. Inventories		
Tickets in agencies	302	272
Tickets in store	623	839
Other printer paper	20	0
Total	945	1,111
13. Receivables		
Current		
Accounts receivable - agents settlement	3,103	2,691
- others	1,640	776
Provision for doubtful debts	(5)	(5)
Accrued income	180	170
	4,918	3,632
Non-Current		
Accounts receivable - others	225	374
<p>a. Credit Risk Exposure - TAB has minimal credit risk since its business is predominantly cash based, weekly settlements are due from agents in the normal course of business. The TAB does not have any significant exposure to any individual customer or counterparty.</p> <p>b. Other receivables and prepayments are non interest bearing.</p> <p>c. The TAB considers the carrying amounts of receivables represents the TAB's maximum exposure to credit risk in relation to those assets.</p>		
14. Payables		
Account betting deposits	2,468	2,073
Accounts payable	2,236	4,088
Accrued expenditure	7,244	3,194
Unclaimed dividends & refunds	2,811	2,765
Agents deposits & property bonds	646	628
Total	15,405	12,748
<p>All financial liabilities are unsecured</p> <p>a. Agents deposits and property bonds attract interest at the rate of 3.6% and these amounts are repayable at end of the contract.</p> <p>b. All other creditors, accruals and other payables are non interest bearing.</p> <p>c. The TAB considers the carrying amounts of creditors, accruals and other payables represents the TAB's maximum exposure to credit risk in relation to those liabilities.</p>		
15. Provisions		
a. Current		
- Long service leave	521	380
- Annual leave	538	667
	1,059	1,047
b. Non-current - Long service leave	304	303
16. Leases - Operating Lease Commitments		
Commitments payable		
- within one year	1,333	1,293
- later than one year and not later than two years	1,941	2,113
- later than two years and not later than five years	1,074	1,744
- later than five years	457	383
Rentals charged to operating results during the year	1,419	1,884



**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2002 CONT.**

17. Segment Reporting

	Racing		Sports		Eliminations		Consolidated	
	2002 (\$000)	2001 (\$000)	2002 (\$000)	2001 (\$000)	2002 (\$000)	2001 (\$000)	2002 (\$000)	2001 (\$000)
Operating revenue								
Sales to customers outside the consolidated entity	888,038	845,776	16,309	8,390	0	0	904,347	854,166
Other revenue from customers outside the consolidated entity	3,679	5,655			0	0	3,679	5,655
Total revenue	891,717	851,431	16,309	8,390	0	0	908,026	859,821
Segment results before distribution	59,852	55,176	793	(205)	0	0	60,645	54,971
Distribution	58,077	54,050	33	0	0	0	58,110	54,050
Segment results	1,775	1,126	760	(205)	0	0	2,535	921
Segment assets								
Total unallocated assets							54,648	49,443

18. Remuneration of Accountable Authority and Senior Officers

	2002 (\$000)	2001 (\$000)
The total fees, salaries, superannuation and other benefits received or due and receivable for the financial year, by members of the Accountable Authority, from the statutory authority or any related body.	113	109
The total of fees, salaries, superannuation and other benefits received or due and receivable for the financial year by Senior Officers other than members of the Accountable Authority, from the statutory authority or any related body.	**** 868	744

The number of members of the Accountable Authority whose total of fees, salaries and other benefits received or due and receivable for the financial year, falls within the following bands:

	No.	No.
\$0 - \$10,000	1	-
\$10,000 - \$20,000	5	5
\$30,000 - \$40,000	1	1

The number of Senior Officers other than members of the Accountable Authority, whose total of fees, salaries and other benefits received or due and receivable for the financial year, falls within the following bands:

\$100,000 - \$110,000	1	1
\$110,000 - \$120,000	0	2
\$120,000 - \$130,000	2	0
\$130,000 - \$140,000	0	2
\$140,000 - \$150,000	1	0
\$150,000 - \$160,000	0	1
\$160,000 - \$170,000	1	1
\$170,000 - \$180,000	**** 2	0

**** 2002 includes a one off redundancy payment of \$108,589

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2002 CONT.**

	2002 (\$000)	2001 (\$000)
19. Remuneration of Auditor		
The total of fees paid or due and payable for the financial year.		
Fees for external audit - Auditor General	<u>75</u>	<u>74</u>
20. Deferred Sports Promotion		
A major sports promotion project was carried out during 1999/2000 and the expenses were treated as deferred expenses. The sports betting distribution for the year (as per Section 28 of TAB Act), was utilised to set off against the deferred sports promotion account. The carrying amount is as follows :		
Total cost of sports promotion brought forward	0	320
Total cost of sports promotion during the year	0	0
Less : Allocation of Sports Betting Distribution	0	0
Write-off during the year	0	(320)
	<u>0</u>	<u>0</u>
21. Related Party Transactions		
None		
22. Commitments		
Approved Projects at the end of the financial year.	<u>3,409</u>	<u>1,776</u>
23. Contingent Liability		
The TAB, from time to time, receives claims concerning betting disputes in the normal course of its operations. A legal claim has been served on the TAB by solicitors acting on behalf of a customer. A legal opinion obtained by the TAB from Queens Counsel regards the TAB as having reasonable prospects of not being found liable and the TAB will vigorously defend the claim. The Board deems it is not necessary to make a specific provision.		



24. Variations between Actuals and Budgets

	2001/02 Actual (\$000)	2001/02 Budget (\$000)	2000/01 Actual (\$000)
Revenue			
Turnover	904,347	881,754	854,166
Less dividends & on-course operations	749,893	730,959	708,019
Commission on turnover	154,454	150,795	146,147
Less tax on turnover	40,088	39,286	40,343
Trading profit	114,366	111,509	105,804
Other Revenue			
Interest	1,461	1,500	1,757
Profit on sale of fixed assets	208	0	936
Other	2,010	2,137	2,962
Total - Other Revenue	3,679	3,637	5,655
Less : Expenses			
Sales & Marketing	41,985	41,097	41,160
Information Technology	9,291	9,285	9,536
Finance & Administration	3,394	2,955	4,295
Projects	2,729	518	1,497
Total expenses before Distribution	57,400	53,855	56,488
Distribution	58,110	56,671	54,050
Total expenses from ordinary activities	115,510	110,526	110,538
Net Profit	2,535	4,620	921

Of the \$2,535 million Net Profit, \$2,530 million was transferred to Reserves for future Project costs. Refer Note (5) for details.

Comments

Turnover increased by \$50.2 million (5.87%) over 00/01 and \$22.6 million (2.56%) over the 01/02 budget. The budgeted turnover for 02/03 is based on a 3.65% growth over 01/02.

Commission on turnover and Tax on turnover are directly linked to turnover. Turnover Tax rate for Tote was at 5% and a rebate of 1/2% of Racing turnover was deducted from gross turnover tax. Turnover Tax rates for Fixed Odds Betting were 0.5% for Sports and 2% for Racing.

Projects include \$979,000 (00/01 - \$213,000) of Development cost and \$1,751,000 (00/01 - 1,248,000) of Operational and Support cost. The reduction in net profit from budget to the actual for 2001/02 is due to increase in project cost.

Direct costs increased by \$1.2 million relating to increased turnover. Cost of Services as a percentage of turnover remained at 2.74% in 00/01 and in 01/02.

Indirect costs decreased by \$0.5 million and as a percentage of Net Revenue After Tax (NRAT) decreased to 34.95% in 01/02 from 37.57% in 00/01. The reduction was achieved in spite of \$0.7 million increase in Development cost.

The decrease in Other Revenue is due to the reduction in interest rate, loss of settlement recoup from SATAB and profit on sale assets (01/02 -\$208,000 & 00/01 - \$936,000).

The distribution to the industry increased by 7.51% over 00/01 and by 2.54% over the budget. The increase is mainly due to increase in NRAT, which includes the turnover tax rebate of 1/2%.



CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Totalisator Agency Board have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the year ended 31st July, 2002 and the financial position as at 31st July, 2002.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

R R D WALKER

Chairman

Date: 27/7/2002

JOHN YOVICH

Member

Date: 27/7/2002

J HILTON-BARBER

General Manager Finance

and Administration

and Principal Accounting Officer

Date: 27/7/2002

7. OPINION OF THE AUDITOR GENERAL (Financial Statements)



AUDITOR GENERAL

To the Parliament of Western Australia

TOTALISATOR AGENCY BOARD FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 2002

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit opinion relates to the financial statements of the Totalisator Agency Board for the year ended July 31, 2002 included on the Board's web site. The Board is responsible for the integrity of the Board's web site. I have not been engaged to report on the integrity of the Board's web site. The audit opinion refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these statements. If users of this opinion are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Scope

I have audited the accounts and financial statements of the Totalisator Agency Board for the year ended July 31, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Board.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Board to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Board's financial position, its financial performance and its cash flows.

The audit opinion expressed below has been formed on the above basis.

7. OPINION OF THE AUDITOR GENERAL (Financial Statements) cont.

Totalisator Agency Board

Financial statements for the year ended July 31, 2002

Audit Opinion

In my opinion,

- (i) the controls exercised by the Totalisator Agency Board provide reasonable assurance that the receipt, expenditure and investment of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Board at July 31, 2002 and its financial performance and its cash flows for the year then ended.



D D R PEARSON
AUDITOR GENERAL
September 27, 2002

8. PERFORMANCE INDICATORS

In accordance with Section 66(1) of the Financial Administration and Audit Act 1985, the following performance indicators have been developed as a measure of efficiency and effectiveness in pursuit of the TAB's aims.

OUTCOME

To provide an efficient, effective, accessible and service-orientated betting service for Western Australia.

To achieve optimum level of profitability.

		2002	2001		2000	1999	1998	
1	Turnover	\$000	904,347	854,166	The increase of \$50.2 million is largely due to additional meeting coverage from the eastern states and an increase in sports turnover.	817,166	782,072	735,427
	% Increase		5.87	4.53		4.49	6.34	8.40
2	Number of Bets Processed	'000	118,158	110,674	The increase of 7.5 million bets was achieved with a reduction of average bet value from 7.57 to 7.51.	104,946	99,601	93,580
	% Increase/Decrease	%	6.76	5.46		5.37	14.82	4.19
3	Operating Profit (excluding the profit from sale of assets) before distribution to codes	\$000	60,437	54,035	Increase was mainly due to 5.68% increase in margin and 1/2 % reduction in turnover tax rate from February 2001. Reduction in interest income and settlement recoup and increase in major projects / developments off set the increase in Operating Profit.	50,512	52,271	46,704
	% Increase	%	11.83	6.99		-3.37	11.92	10.08
	% of Sales	%	6.68	6.33		6.18	6.68	6.35
4	Distribution to Industry	\$000	58,110	54,050	Racing +6.97% : Trotting + 7.91%: Greyhounds + 8.32% (Note : The distribution for 2001, includes 1.5 million paid out of Reserves.)	50,262	48,984	43,163
	% Increase	%	7.51	7.54		2.61	37.81	1.15
5	Return to customers as a percentage of turnover	%	82.92	82.89	Marginally increased by 0.03% in each dollar invested	82.79	82.80	82.78
6	Staff (FTE)	No.	160	170	Decrease in FTE is mainly due to the rationalisation in the utilisation of casual staff.	173	169	155
7	Turnover per employee	\$000	5,652	5,025		4,724	4,637	4,745
8	Profit per employee	\$000	378	318		292	310	301
9	Return on assets (Operating Profit as a percentage of total assets)	%	110.97	109.30	The increase in operating profits (11.83%) is compensated by the increase in total assets (10.53%) resulted in marginal increase in return on assets.	96.70	105.13	102.54
10	Computer system availability	%	99.90	99.97	There was an extraordinary volume of system modifications and upgrades during this financial period, primarily to implement system stability improvements and business initiatives identified in the TAB Program of Works. Although the large volume of changes resulted in a negative impact on system availability in the short term, the resulting changes should provide a more stable and reliable system in the longer term.	99.98	99.99	99.98
	Central betting processor	%	99.98	99.99		99.96	99.97	99.98
	Account sales	%	99.98	99.99		99.99	99.99	99.98
	Sales betting outlet	%	99.96	99.99		99.99	99.99	99.98
	Agency information services	%	99.98	99.92		99.99	99.99	99.98

Note: Above performance indicators are grouped as follows:

Efficient indicators

3, 5, 7, 8 & 9

Effective indicators

2, 4, 6 & 10

Accessibility indicators

2 & 10

Service oriented indicators

4,5 & 10

Profitability indicators

3, 8 & 9



CERTIFICATION OF PERFORMANCE INDICATORS

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Totalisator Agency Board (TAB) and fairly represent the performance of the TAB for the financial year ended 31 July 2002.

A handwritten signature in black ink, appearing to read 'R R D Walker', written in a cursive style.

R R D Walker

Chairman

Date: 27/7/2002

A handwritten signature in black ink, appearing to read 'John Yovich', written in a cursive style.

John Yovich

Member

Date: 27/7/2002

9. OPINION OF THE AUDITOR GENERAL (Performance Indicators)



AUDITOR GENERAL

To the Parliament of Western Australia

TOTALISATOR AGENCY BOARD PERFORMANCE INDICATORS FOR THE YEAR ENDED JULY 31, 2002

Matters Relating to the Electronic Presentation of the Audited Performance Indicators

This audit opinion relates to the performance indicators of the Totalisator Agency Board for the year ended July 31, 2002 included on the Board's web site. The Board is responsible for the integrity of the Board's web site. I have not been engaged to report on the integrity of the Board's web site. The audit opinion refers only to the performance indicators named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these performance indicators. If users of this opinion are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited performance indicators to confirm the information included in the audited performance indicators presented on this web site.

Scope

I have audited the key effectiveness and efficiency performance indicators of the Totalisator Agency Board for the year ended July 31, 2002 under the provisions of the Financial Administration and Audit Act 1985. The indicators are set out in the Report on Operations section of the annual report and are identified as "Key Performance Indicators (Audited)".

The Board is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Board's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Totalisator Agency Board are relevant and appropriate for assisting users to assess the Board's performance and fairly represent the indicated performance for the year ended July 31, 2002.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R. PEARSON
AUDITOR GENERAL
September 27, 2002