



Racing and Wagering Western Australia
ANNUAL REPORT 2011



Purpose

**To provide a positive
sustainable future for the
Western Australian
Racing Industry**



Vision

Making our racing great



Values

**Customer First
Teamwork
Achievement
Commercial Focus**

Statement of Compliance

For the year ended 31 July 2011

Hon Terry Waldron, MLA

Minister for Sport and Recreation; Racing and Gaming; Minister Assisting the Minister for Health

In accordance with *Section 61* of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of Racing and Wagering Western Australia for the financial year ended 31 July 2011.

The annual report has been prepared in accordance with the provisions of the *Financial Management Act 2006* and the *Racing and Wagering Western Australia Act 2003*.



Ross Bowe
RWWA Chairman

10 October 2011



James Freemantle
Deputy Board Chairman
and Chairman RWWA
Integrity Assurance Committee

10 October 2011

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Chapter One
Overview

Chapter One

Overview

Executive Summary

Chairman and CEO Report

Racing and Wagering Western Australia (RWVA) achieved improved trading levels in 2011 against a backdrop of poor consumer confidence and weak discretionary spending. Margin Revenue after cost of sales of \$177.7M (up 6.6% over last year) was eroded by the loss of eastern states racing due to extensive flooding and severe weather, together with reduced Fixed Odds betting margins on racing and sporting events in the last quarter of the year.

6.6% Margin Revenue growth after cost of sales

Zero growth in direct and indirect expenses other than depreciation

Direct and indirect expenses were tightly managed with no increase over the prior year other than depreciation resulting from the November 2010 implementation of RWVA's new betting system, on course and off course terminals and retail agency upgrades.

Whilst these results in isolation are pleasing, the organisation did incur

a net loss after distributions of \$9M for the financial period. In the 2009 and 2010 Annual Reports, RWVA made reference to product and pooling fees as threats to RWVA's financial performance. In 2011, it is accurate to attribute the majority of the \$9M financial loss to the substantial increase in pooling fees RWVA pays to participate in SuperTAB parimutuel pools.

Grant income received from government in 2011 as a result of the Western Australian State Government charging interstate wagering operators to bet on Western Australian product, generated \$24M for the 12 months, up \$5M on the previous corresponding period. RWVA paid to interstate and overseas racing authorities \$23.7M and \$4.6M respectively in payments. Even though the grant income received from the state government for product fees has grown considerably, RWVA still incurs a product fee liability arising from higher than expected national product fees and international product coverage.

In comparing the 2011 result to the prior year it is relevant to highlight in 2010 RWVA received two year's product fee income comprising \$11M from 2008/09 and \$18.9M in 2009/10. This extra income in 2010 buoyed RWVA's net deficit after distribution results of \$1.4M.

The New South Wales turnover based product fee case is expected to be decided in the High Court by November 2011. Once this appeal process is determined, state based

racing authorities will have greater certainty over product fee regimes, assuming no further litigation.

At present the Gaming and Wagering Commission of Western Australia (GWC) receives fees from interstate operators at a rate of 1.5% of turnover or 20% of margin, with a floor of 0.2% of turnover payable. RWVA then receives grant income from the State Government sourced from the fees collected by the GWC. RWVA is unable to speculate as to the number of Australian wagering operators compliant with the current fee structure in Western Australia, however, it is understood if the current High Court appeal is successful, racing authorities may be required to refund product fees received to date. In RWVA's case, it is difficult to estimate the net financial impact until legal decisions are determined and final fee structures are decided by racing authorities.

A key strategic objective for RWVA is to secure commercially competitive pooling and fixed price management services when current agreements expire in the latter part of 2012.

From June 2009, RWVA has been paying the higher pooling fees which as previously stated in this report, have substantially contributed to the net loss result in 2011. In order to reverse this financial outcome, RWVA is in discussion with a number of wagering organisations to achieve an improved pooling outcome.

RWWA's new betting system and terminal infrastructure has provided substantial efficiencies in terms of reduced software licensing costs, ticket savings, improved betting capacity and customer service. The new 'Phoenix' central betting system, commissioned in November 2010, has provided in eight months, substantial benefits to RWWA's service delivery and operations. It is with pride that we acknowledge the considerable efforts made by the teams that worked in these complex, critical projects.

Funding to the Western Australian racing industry in 2011 inclusive of distributions, grants and subsidies increased by \$2.9M to a total of \$110M.

\$110M distributed to racing, up \$2.9M over prior year

Consistent with the organisation's Purpose Statement '*to provide a positive sustainable future for the Western Australian Racing Industry*', RWWA committed to distributing these amounts to the three codes in Western Australia to ensure stakeholders were not negatively impacted by the short term financial challenges facing the industry. RWWA has taken a positive approach to maintaining distributions whilst ensuring strong cash reserves with the clear objective to return to surplus by 2013.

The first full year of racing industry grants was implemented in 2011 under the newly formed Racing Industry Grants Programme (RIGP). A total of 31 individual applications were approved totalling \$2.7M. Key projects receiving funding include;

1. Country Racing – New starting barriers for two venues
2. Metropolitan Racing – Plastic safety running rails at two tracks
3. WAGRA Avon Valley – Installation of track lighting for training and racing
4. York Harness Racing Club – New fast work training track
5. Albany Race Club – New stewards/jockeys and administration building
6. Pinjarra Harness – Completion of the new pavilion

The racing industry is grateful to the Western Australian Government and Minister for Racing for their support towards funding racing industry capital projects.

In addition to distributions to the racing industry, RWWA paid to the Department of Sport and Recreation from its sports betting operations, \$3.4M to fund the promotion of sports throughout Western Australia.

The wagering landscape continued to evolve throughout 2011. New technology platforms and easing regulatory regimes continue to provide incentive for new entrants to access the lucrative Australian wagering market. Following the 2002-2009 expansion in small to medium sized bookmakers licensed in the Northern Territory there has been a more recent trend of consolidation within this segment. In 2011 two international wagering operators from Europe and the United Kingdom acquired Australian bookmaking operators licensed in the Northern Territory. This trend is anticipated to continue in the coming years as international operators enter the Australian market in low wagering tax jurisdictions through both existing bookmakers and new operations.

On 14 October 2010 the report from the inquiry into the *Racing and Wagering Western Australia Act 2003* was tabled in Parliament. The Review was carried out as a requirement of the *Act*. The Review made 92 findings and 53 recommendations. Overall, the outcomes of the Review were positive towards the continued operation of RWWA with key recommendations being made around a reduction in wagering taxation and the establishment of a racing infrastructure fund.

Chapter One

Overview

Outlook

The economic environment in Australia, overshadowed by concerns in Europe and the United States, continues to impact upon consumer confidence and in turn discretionary spending generally in wagering.

RWWA's own analysis which compares key Western Australian economic data with wagering trends indicates modest growth projections for the 2012 period. The two speed economy in Western Australia which has been apparent since 2009 is expected to continue into 2012. Whilst this is a challenging economic environment particularly for retail dependant industries, RWWA is optimistic profitable growth can be achieved through successful execution of its business strategies.

Notwithstanding the flat economic background or the changing competitive landscape, RWWA is well placed strategically to grow and continue its track record of providing leadership and growth in funding to the State's racing industry.

As Chairman and Chief Executive Officer, we would like to take this opportunity to recognise the strong contribution made by staff, agents and industry participants throughout 2011 and thank them for their efforts in progressing our Vision of *Making our racing great*. We would also like to acknowledge the ongoing strong support by the Minister for Racing.

We would also like to thank all Board Members for their valuable input into the running of the organisation. Tragically, Dr Alistair Murdoch, the Board representative nominated by the greyhound industry, recently passed away. We would like to especially acknowledge his professional and conscientious contribution during his tenure on the Board and in particular his enthusiastic and knowledge advocacy on behalf of Greyhound Racing in Western Australia



Ross Bowe
Chairman



Richard Burt
Chief Executive Officer

Operational Structure

Enabling Legislation

Racing and Wagering Western Australia commenced operations on 1 August 2003 upon the promulgation of the *Racing and Wagering Western Australia Act 2003*. The act established RWWA as the controlling authority for thoroughbred, harness and greyhound racing in Western Australia, together with the responsibility for off-course TAB wagering. Implementation of RWWA's responsibilities occurred in two stages.

Effective 1 August 2003, RWWA assumed the principal club/controlling authority responsibilities of the Western Australian Turf Club, Western Australian Trotting Association and Western Australian Greyhound Racing Authority. On 30 January 2004, the *Totalisator Agency Board Betting Act 1960* was repealed and RWWA assumed responsibility for the conduct of off-course TAB wagering. The *Racing and Wagering Western Australia Regulations 2003* were enacted to establish key employee licensing procedures relating to RWWA's wagering activities and to include those provisions of the *Totalisator Agency Board (Betting) Regulations 1988* needed to control RWWA wagering activities. To complement the formation of RWWA, the Betting Control Board, established under the *Betting Control Act 1954*, was abolished and its functions transferred to the Gaming Commission of Western Australia, which was re-titled the Gaming and Wagering Commission of Western Australia. Hence, the Gaming and Wagering Commission, under the *Gaming and Wagering Commission Act 1987*, now regulates RWWA's gambling activities.

As part of the legislative package to establish RWWA, the *Totalisator Agency Board Betting Tax Act 1960* was repealed and replaced by the *Racing and Wagering Western Australia Tax Act 2003*; and the *Racing Restriction Act 2003*. Under the *Racing Restriction Act*, no thoroughbred, harness or greyhound race for prize or reward (exceeding \$50 in value) may be held without a licence from RWWA.

Legislation

The principal legislation governing RWWA is:

- *Racing and Wagering Western Australia Act 2003*
- *Racing and Wagering Western Australia Tax Act 2003*
- *Racing Restriction Act 2003*
- *Gaming and Wagering Commission Act 1987*
- *Betting Control Act 1954*.

Other legislation to which RWWA must comply includes the following. The list is not exhaustive but represents the legislation which impacts on the general operation of RWWA.

- *Anti-Money Laundering and Counter Terrorism Financing Act 2006*
- *Copyright Act 1968 (Commonwealth)*
- *Corruption and Crime Commission Act 2003*
- *Clerk (Racing Industry Betting) Award 1987*
- *Criminal Code Act 1913 (WA) and Criminal Code Act 1995 (Commonwealth)*
- *Electoral Act 1907*
- *Equal Opportunity Act 1984*

- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Gaming and Betting (Contract Securities) Act 1985*
- *Government Officers' Salaries, Allowances and Conditions Award 1989*
- *Interactive Gambling Act 2001*
- *Long Service Leave Act 1958*
- *Occupational Safety and Health Act 1984*
- *Patents Act 1990*
- *Public Interest Disclosure Act 2003*
- *State Superannuation Act 2000*
- *Statutory Corporations (Liabilities of Directors) Act 1996*
- *Superannuation Guarantee (Administration) Act 1992*
- *Trade Marks Act 1995*
- *Trade Practice Act 1974*
- *Unclaimed Money Act 1990*
- *Workers Compensation and Injury Management Act 1981 (WA)*
- *The Fair Work (Transitional Provisions and Consequential Amendments) Bill 2009*
- *Fair Work Act 2009*.

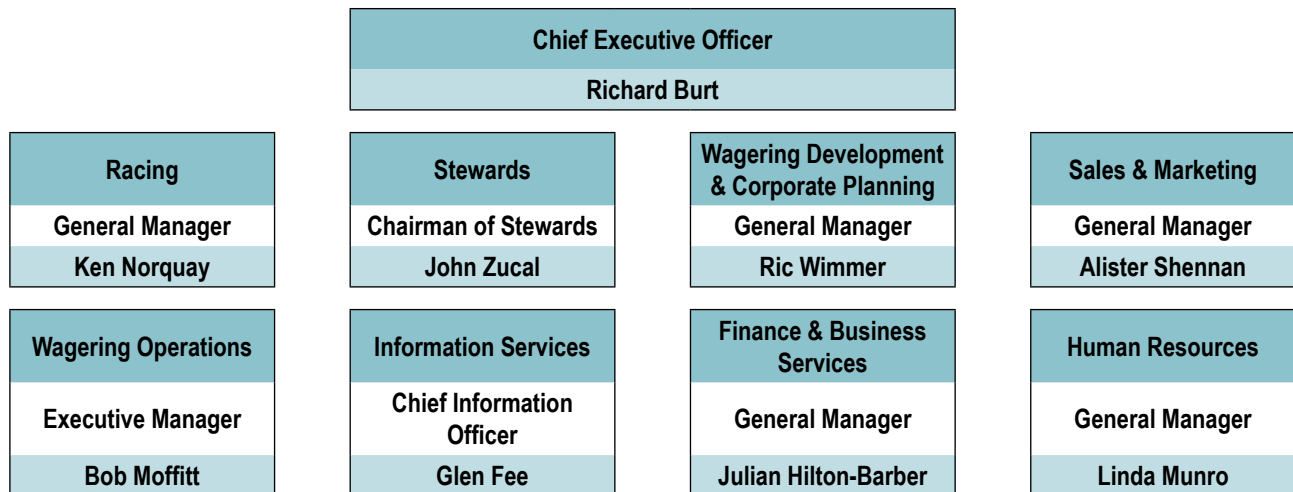
Responsible Minister

The Hon Terry Waldron MLA (Minister for Sport and Recreation; Racing and Gaming; Minister Assisting the Minister for Health) is the Minister responsible for Racing and Wagering Western Australia.

Chapter One Overview

Organisation Structure

The organisational structure of RWWA is based on a corporate model comprising a number of divisions which oversee the varying activities of the organisation.



Racing and Wagering Western Australia Board

The governance of RWWA's business and affairs is under the direction of the RWWA Board.



Standing (L-R): Dr Alistair Murdoch, Mr John Bradshaw, Mr Robert Pearson, Mr Michael Ryan, Mr Ross Cooper. Seated (L-R): Mr James Freemantle, Mr Ross Bowe, Dr Lianne Cretney-Barnes

Board Members

Mr Ross G. Bowe (Chairman)	First appointed 1 August 2003
Mr James M. Freemantle (Deputy Chairman)	First appointed 20 October 2003
Mr Ross A. Cooper (Nominated by Harness Racing Industry Bodies)	First appointed 1 August 2003
Dr Alistair I. Murdoch (Nominated by Greyhound Racing Industry Bodies)	First appointed 1 August 2009
Mr Robert C. Pearson (Nominated by Thoroughbred Racing Industry Bodies)	First appointed 1 August 2003
Mr Michael J. Ryan (Has expertise in I.T. and Communications)	First appointed 1 August 2003
Dr Lianne Cretney-Barnes (Has expertise in Business Administration, Management and Marketing)	First appointed 1 February 2011
Mr John L. Bradshaw (Has expertise in Regional Development)	First appointed 1 February 2011
Mr Ronald J. McFarlane	Director from: 1 August 2003 - 31 January 2011
Mr Ian F. Taylor	Director from: 1 August 2003 - 31 January 2011

Board Committees

The Board has established committees to oversee various functions of the organisation and industry. These committees have delegated authority to perform certain functions and exercise powers of the Board. The formal committees of the Board, their terms of reference and membership are listed below:

Integrity Assurance Committee
<p>The Integrity Assurance Committee (IAC) has primary oversight of those aspects of RWWA's functions that relate to; stewards, drug testing and control, licensing and registration, handicapping and racing appeals.</p> <p>The IAC also performs the role of RWWA's Audit Committee and has oversight for the Internal Audit Function, Risk Management, and Legislative Compliance. The IAC also reviews and approves the Annual Report.</p> <p><u>Members Include:</u></p> <ul style="list-style-type: none"> • Mr James M. Freemantle (Chairman) • Mr Michael Ryan • Dr Lianne Cretney-Barnes • Mr Ross G. Bowe (ex-officio) • Mr Richard A. Burt (Deputy)

Racing Operations Committee
<p>This committee is responsible for the racing functions of RWWA. Its responsibilities include consulting with industry bodies, programming and racing dates, loans, grants and distributions.</p> <p><u>Members include:</u></p> <ul style="list-style-type: none"> • Mr Robert C. Pearson (Chairman) • Mr Ross A. Cooper (Deputy Chairman) • Dr Alistair I. Murdoch • Mr John L. Bradshaw • Mr Ross G. Bowe (ex-officio) • Mr Richard A. Burt (Deputy)

Performance Management Framework

Relationship to Government Goals

Outcomes Based Service Delivery				
<i>Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians</i>				
Desired Outcomes	Effectiveness Indicators	Services Provided	Efficiency Indicators	
To achieve an optimum level of funding for the development of racing and sports in Western Australia	5	Value of Grants distributed to clubs	Grants administration, evaluation and distribution	-
To efficiently administer, and provide effective leadership in the development, integrity and welfare of the racing industry in Western Australia	4	Distribution to Industry	Administration of industry distribution to the clubs	-
	6	% of Winners Swabbed / Returned Negative	Maintain the integrity of the Western Australian racing industry	-
		Average number of starters in Western Australian races	Guarantee the ongoing welfare and sustainability of the Western Australian racing industry	-
To provide an efficient, competitive and responsible wagering service for Western Australia	11	Primary Betting System availability	Provision of a betting system which is efficient, reliable, maintainable and capable	2 Number of bets processed

Financial and Economic Responsibility						
<i>Responsibly managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector</i>						
Desired Outcomes	Effectiveness Indicators	Services Provided	Efficiency Indicators			
To efficiently administer the racing and wagering industry in Western Australia	3	Operating Profit (excluding the profit/loss from sale of assets) before distribution to codes	Provision of Racing, Wagering, Financial, Marketing, Human Resources, IT, Strategic and other services	7	Staff (FTE)	
				8	Margin per employee	
				9	Profit per employee	
	13			Racing and Steward expenses per WA race meeting	10	Return on Assets (operating profit as a percentage of total assets)
					12	Annual growth in TAB Turnover on WA Racing
To provide a competitive wagering service for Western Australia	1	Margin	Provision of services to support Wagering	-		

RWWA's key performance indicators (1 to 13) are aligned to the above Government goals (i.e. Outcomes Based Service Delivery and Financial and Economic Responsibility).

RWWA's key performance indicators (1 to 13) are also reported in the Financials section of this annual report.

Chapter Two

Report on Operations

Report on Operations

Racing

The racing division is responsible for racing operations including fixture planning, racing systems and information maintenance, handicapping and grading, programming, stakes supervision, vision contracts, industry consultation, country club promotion, racing industry development, control of RWWA-owned animal industry training venues, major event support and the overall strategic direction of the racing industry in Western Australia. The division also encompasses industry training, media and communication services.

Operations and Distribution

The 2010/11 season provided 874 race meetings across the 3 codes of racing, featuring a total of 8,075 races and producing 74,958 starters. Of these, 8,157 individual animals raced, including 4,191 thoroughbreds, 2,135 standardbreds and 1,831 greyhounds.

Funding for Race Clubs

In 2010/11 RWWA funded 52 clubs and 8 training venues in total including the following:

- 1 greyhound club (WAGRA) racing at 3 venues (Cannington, Mandurah and Northam);
- 35 thoroughbred clubs (including tenanted arrangements such as Coolgardie at Kalgoorlie);
- 1 thoroughbred training only venue – Lark Hill;
- 16 harness clubs (including tenanted arrangements such as Fremantle at Gloucester Park and York at Northam);
- 7 harness training only venues – Byford, Cunderdin, Dunbarton, Guildford, Jandakot, South Suburban and Wanneroo.



Total distribution funding (in the form of event and training fees) provided to Western Australia racing clubs in 2010/11 amounted to \$17.4M or 16.8% of total industry distributions (excluding capital infrastructure funding, SKY associated costs, pooling fees and product fees).

Distribution paid by RWWA for 2010/11 to Clubs and Participants is contained in the following table:

	Participants Funding Paid to Clubs	Club Funding Paid	Total Distribution Paid to Clubs	Total Return to Participants	Return to Participants as % of Distribution to Clubs
Thoroughbred	\$53,435,154	\$9,021,560	\$62,456,714	\$55,776,204	89.3%
Harness	\$23,612,212	\$4,406,339	\$28,018,550	\$23,549,169	84.0%
Greyhound	\$8,919,045	\$3,984,204	\$12,903,249	\$8,919,580	69.1%
Total	\$85,966,411	\$17,412,103	\$103,378,513	\$88,244,953	85.4%

- Total Distributions to Clubs excludes capital infrastructure funding, SKY associated costs, pooling fees and product fees
- The source of funds for distributions is made up of RWWA profits/retained earnings and government grants through Western Australia Race Fields legislation which requires all Race Fields grants to be passed to the clubs.

Chapter Two

Report on Operations

Infrastructure Grants

In July 2010 the Western Australian State Government announced a \$13M funding programme over five years towards racing infrastructure. RWWA manages the Racecourse Infrastructure Grants Programme (RIGP) for the Minister for Racing and Gaming.

In 2010/11 grant funding to the value of \$2.7M was approved by the Minister for Racing and Gaming and received by RWWA.

There was a further \$0.7M approved in principle (RWWA supported, quotes have been received but support funding is yet to be secured).

A total of 22 clubs, across the three codes have been awarded grants. The more significant grants included:

1. Pinjarra Race Club – Carpark renovation and sealing works
2. WAGRA Avon Valley - Install track lighting
3. Carnarvon Race Club - Track remediation after flooding
4. Bridgetown Harness Racing Club – New judges/stewards and broadcast tower
5. Albany Race Club - New stewards/jockeys and administration building
6. York Harness Racing Club – New fast work training track
7. Country Racing – Shared starting barriers project
8. Metropolitan Racing - New plastic safety running rails
9. Western Australian Trotting Association – New track watering truck

Lark Hill and Byford Training Centres of Excellence

The securing of long-term tenure and amenity at the State's premier training centres for thoroughbred and harness racing horses has been a critical focus throughout the period.

With RWWA's 25-year lease at Lark Hill due to expire in December 2011, intensive and robust negotiations with the Western Australian Planning Commission (WAPC) and the City of Rockingham (COR) have been ongoing to effect a transfer of land to RWWA. As part of the negotiations, agreement has been reached to annex key peripheral training areas to the existing leasehold footprint to ensure the broader requirements of the local thoroughbred training fraternity are protected. A respective Management Order, expected to be finalised in early 2012, will provide RWWA with indefinite tenure at the site and will offer certainty and confidence in progressing further staging of Master Plan works.

The RWWA owned Byford complex continues to provide the highest number of starters and winners produced from any one training venue in Western Australia. Significant planning has been undertaken throughout the period in preparation for major capital works commencing in 2011/12, which will further enhance the quality of services and facilities available to stakeholders.

The exponential urbanisation of the Byford region and potential impact on the long-term viability of the complex and local training community has been monitored closely. RWWA, in collaboration with the Byford Trotting Club and industry stakeholders, has engaged in active consultation with the Shire of Serpentine Jarrahdale to ensure the amenity of the broader harness training precinct is fully considered and protected in respective town planning decision making.



Chapter Two

Report on Operations

Thoroughbreds

Major Activities in Relation to Thoroughbred Racing

- RWWA provided race clubs with payments for stakes and subsidies of \$50.1M.
- The Westspeed Scheme provided owners and breeders with an additional \$3.2M in bonuses.
- Race clubs conducted a total of 301 race meetings (including non-TAB meetings) and 2,269 races and paid \$52.4M in stakes and subsidies for the season. The Western Australian thoroughbred race clubs paid a total of \$48.1M in prize money, with 24,272 starters. There were 4,191 individual thoroughbreds that raced.
- TAB wagering on Western Australian thoroughbred racing increased from last year by \$9.2M or 4.1% with 8 more race meetings.
- The Magic Millions Yearling Sales recorded an aggregate for the premier sale of \$12.2M (down 7.3%), however, the average price increased to \$44,639 representing an increase of 8.3% on the previous year's sale. The clearance rate for the sale dropped to 67%, compared to 78% in the previous year.
- The Australian Pattern Committee upgraded the Winterbottom Stakes to Group One status while the WATC Derby was downgraded to a Group Two event for the next running. The Northam Stakes was also granted listed status for the next running.



Group One Railway Stakes winner *Gathering*



Group One Kingston Town Classic winner and WA Horse of the Year
Playing God

Greyhounds

Major Activities in Relation to Greyhound Racing

- RWWA provided the Western Australian Greyhound Racing Association (WAGRA) with base and feature stake funding of \$8.46M.
- The WESTCHASE Incentive Scheme paid out \$455.2K for the year, down marginally on 2009/10, with 251 individual greyhounds earning bonuses for their connections.
- WAGRA conducted 3,489 races at 288 meetings, which provided 27,291 racing opportunities for 1,831 individual greyhounds.
- TAB wagering on Western Australian greyhound racing increased from last year by \$13.5M or 23.4% with more race meetings.
- The number of local greyhound races with national vision increased from 2,940 in 2009/10 to 3,404 in the first full year of operation of the second SKY Racing channel, SKY 2. This equated to 97.6% of all Western Australia greyhound races conducted. In the latter part of the year SKY Racing commenced providing vision of selected local greyhound events on a Thursday, Friday and Saturday night on both SKY 1 and SKY 2, which assisted in driving TAB turnover.
- The RWWA Information Services Division commenced development of OzChase, the joint venture greyhound racing system to be used by RWWA and Greyhound Racing New South Wales (GRNSW). RWWA will design, build, host and

maintain the racing system here in Western Australia. Phase 1 of the system 'went live' in New South Wales on 9 May 2011, in time for GRNSW to commence the re-licensing of their participants for 2011-2013. Phase 1 included most aspects of the Registration and Licensing functions of the system. By year end, Greyhound Racing South Australia Ltd had signed a third party user agreement to move onto the new system in 2012, whilst negotiations continued with other likely users in the Northern Territory and Tasmania.



2010 Greyhound of the Year *Pedrosa* pictured with his trainer Paul Stuart after winning the 2010 Group 2 WA Derby



Harness

Major Activities in Relation to Harness Racing

- Funding for the Pinjarra Harness Race Club pavilion was provided by RWWA (\$750K), Western Australian Government (\$1M) and Royalties for Regions (\$745K). The facility provides the best harness race day public facility in country Western Australia and the local and wider community with a much needed first class non-race day function centre in the region.
- RWWA provided harness racing clubs with payments for stakes of \$21.2M.
- RWWA paid out an additional \$820K in WestBred bonuses (including \$40K State Sires Series bonuses).
- Race clubs conducted 285 race meetings and 2,317 races, which provided 23,395 racing opportunities for 2,135 individual horses. The total stakes paid by Western Australian harness clubs during the period in review amounted to \$21.2M.
- TAB wagering on Western Australian harness racing increased from last year by \$1M or 1.34%.
- Due to the devastating earthquake in Christchurch in February, the 2011 Inter Dominion venue was changed to Auckland where West Australian owned and trained IM THEMIGHTYQUINN finished second in the March final.
- As a consequence to the change of venue for the Inter Dominion, the Australasian Young Drivers Championship was rescheduled to June where Western Australia was well represented by leading young driver Justin Prentice, who finished a creditable 5th overall, in a fantastic line up of Australasia's best young drivers.
- Local Chris Voak won the Western Australian Rising Stars Series and then went on to also win the Rising Stars Series in New South Wales in June. Chris was at the bottom of the points tally at the end of the first meeting and made the most of his opportunities to win the series by a narrow margin.
- There was continued improvement in the SKY coverage of Western Australia harness racing with 86% of all Western Australia harness races telecast on SKY, including for the first time, Cup meetings at Wagin and Central Wheatbelt.
- On 29 July 2011 the Commissioner for Consumer Protection gazetted an order transferring the property, rights and liabilities of the Fremantle Harness Racing Club to the Western Australia Trotting Association and since that date the amalgamation of the one metropolitan harness entity has traded as Gloucester Park Harness Racing. This amalgamation was a strategic outcome contained in RWWA's 'Protecting our Product' Strategic Plan for harness released in June 2010.



Has The Answers became the first WA Bred Pacer to earn \$1 million with his second successive victory in the Channel 9 Winter Cup

Report on Operations

Media and Promotional Highlights

Club Promotions

Provided publicity and editorial promotion to West Australian country racing clubs via on-course and off-course wagering and patronage initiatives including:

- State wide electronic exposure through Golden West television (GWN), RadioWest and print exposure via The West Australian regional newspaper affiliates.
- Renegotiation of a 12-month contract with the Swan Brewery.
- Provided club support via corporate hospitality to Kalgoorlie and Bunbury Cups by hosting RWWA funded functions.
- Assisted clubs with general promotion, media and marketing activities.
- Assisted wagering department in tailoring promotional activities to account holders for major race meetings.

Industry Marketing

- Managed and coordinated industry events and functions.
- Conducted inaugural 2011 Western Australian Racing Symposium.
- Conducted four award nights, The West Australian Racing Industry Hall of Fame 2010, where 16 Inductees were included.
Harness Horse of the Year, where pacer IM THEMIGHTYQUINN won Horse of the Year.
Apprentice Jockey Awards, where Kyra Yuill took out the Leading Metro Rider award, and the Greyhound of the Year, awarded to PEDROSA.
- Continued promotion of the wagering strategy “Your TAB – Bet Local” campaign.
- Successfully targeted advertising revenue through Racing Ahead industry publications.
- Provided RWWA communications to both industry and community via media releases, club circulars and three code strategic plan quarterly updates.



The West Australian
RACING INDUSTRY
HALL OF FAME



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Report on Operations

Industry Training Highlights

- RWWA secured funding for training delivery from the Department of Training and Workforce Development for the training of Apprentice Jockeys in Certificate IV in Racing – Jockey and Certificate IV in Racing - Harness Race Driver.
- 10 apprentice jockeys commenced in 2010/11, two of whom are school-based. Five apprentices graduated into the Jockey ranks and Damian Lane transferred to Victoria to complete his apprenticeship based there.
- RWWA supported the National Apprentice Jockey Challenge with a heat held at Ascot in April, won by local apprentice Campbell McCallum. Kyra Yuill, Campbell McCallum, Ryan Hill, Damian Lane, Michael Grantham and Hayley Diener represented WA in the various interstate heats.
- Twenty C Grade Drivers commenced driving in trials during the year. Additionally there are currently two Cadet Drivers, one of whom is driving in trials and the other is not yet at this level.
- The *Touchstone Farm* Rising Stars series for Apprentice Jockeys again proved popular, with Michael Grantham winning the thoroughbred series and the *Player* Junior Drivers series was won by Chris Voak.
- The partnering with the Western Australian College of Agriculture, Narrogin, to deliver the Certificate II in Racing – Stablehand and the Certificate III in Racing – Trackwork Rider has provided Year 11 and 12 students at the college with the opportunity to develop skills in the racing industry whilst still at school. Last year the programme produced 14 licensed Exercise Riders and five Fastwork Riders.



Cadet drivers on the training track



8yo gelding *Interange* has had 121 starts for stakemoney of \$353,840. He could be classified as a 'schoolmaster' for apprentice riders with no less than 16 individual apprentices having ridden him in his career.

Stewards

This division which includes Stewards from all three codes and Racecourse Investigators is responsible for all matters pertaining to the proper conduct and integrity of racing in Western Australia.

The major focus of the Stewards throughout the year was the maintenance and enhancement of integrity standards at all meetings across the three codes and strict enforcement of the rules of racing.

The MawSafe plastic running rail has now been installed at Ascot and Belmont Park racetracks with further installations programmed for the Bunbury and Pinjarra racetracks before the commencement of the 2011/12 racing season. It is RWWA's strategy to roll out the plastic rail to all key racing venues. The value of the rail was evident in two separate incidents at Ascot where serious injury was averted to both horse and rider.

Following research into Greyhound Breeding Practices, RWWA in conjunction with the Greyhound industry has now introduced the licensing of Greyhound Breeders. Apart from certain criteria, on-going education is seen as a foundation into breeding practices. RWWA sees this as a significant enhancement of animal welfare.

Extensive drug testing of racing animals across the three codes continues to be a key integrity component. RWWA recently purchased a Beckman Unicel DxC600 Clinical Analyser for use by the ChemCentre for best practice in TCO2 testing. Swabbing of metropolitan, provincial and country winners, random testing of unplaced runners, out of competition testing and testing at official trials constitutes the sampling strategies. Statistics for 2010/11 across the three codes are as follows:

Thoroughbred	Samples	Positives
Post Race	1981	3
TCO2	1456	1
EPO	48	-

Harness	Samples	Positives
Post Race	1186	-
TCO2	2704	1
EPO	42	-

Greyhound	Samples	Positives
Post Race	1116	-
EPO	53	-

Other major initiatives over the past year included:

- Improved Harness Stewards race day vision.
- Continued installation of regulation inside running rail and outside rail at all country racetracks as a minimum standard.
- Successful implementation of microchipping of greyhounds.

Chapter Two

Report on Operations

Sales and Marketing

The key focus over the last twelve months has been the addition and improvement of our wagering channels in both the electronic and retail spaces. This has been underpinned with significant advances in our account management utilising sophisticated customer relationship management practices.

Retail

RWWA continues to enjoy over 74% of its wagering business through its 315 retail outlets. Turnover remained in line with last year reflecting the strength of cash vs account for the majority of our customer base. Retail will continue to be a core area of investment for RWWA over the next five years. Over the last three years RWWA has invested significantly in upgrading its terminal fleet and core betting systems. This provides an excellent platform for the business to continue its growth.

In addition to the new terminals and bet engine RWWA has been focusing on rolling out *Project Connect*. This is a significant programme that will upgrade our retail premises with a more contemporary retail fit-out. Both our dedicated and licensed premises are receiving upgrades.

A strong feature of this year's retail planning has been the further roll out of Self Service machines in licensed clubs and pubs. RWWA now has 83 sites. The technology is proving popular with customers. This popularity is expected to increase as new software is loaded that makes Fixed Odds wagering simpler for customers.

As part of this project RWWA is working to lift the overall standard of our customer service offering through the retail network. Significant progress has been made in this area. One of the most exciting developments has been the introduction of a new blended learning environment for agent training. Agents can now participate online in classroom and in agencies with their training and development. Online has also provided the ability to service more remote sites through the internet. A new agent portal also supports both the operation and training requirements.

RWWA will be working closely with its agent network to improve business performance utilising a clearly defined set of expectations around performance and behaviour. In conjunction with this, a new contract is available for agents who wish to participate under a margin based remuneration structure.

RWWA's focus is to work on the people, processes and retail standards over the next three years and convert the increased customer service standards into improved trading performance




Online

Through the year RWWA continued to make improvements to its online offering. Online wagering continued its strong growth rates with our core business growing by over 13%. The most significant enhancements occurred in the third quarter with the launch of our mobile application TABtouch. mobi. Customers have adopted this new channel quickly with 2,500 customers now using the application. Turnover in the first three months was \$3M.

A further initiative also saw RWWA launch TAB active in Western Australia. This initiative allows customers with an account to bet using their Foxtel remote while watching SKY Racing. This completes a strong channel offering across all platforms.

Underpinning the online activity RWWA has been working to enhance its customer management programmes looking to increase the loyalty and longevity of its account customers. This is the most competitive sector of the market with aggressive online price and product competition. Over the last 12 months RWWA has invested in its systems and processes and expects to be well placed to compete aggressively in this segment.




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Our new smartphone site is like carrying a Player TAB with you. Check the Player odds and place bets wherever, whenever.

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project **CONNECT**
TO CONNECT AND REWARD

Chapter Two

Report on Operations

Information Services

The Information Services Division is responsible for providing technical, consulting and support services for the day-to-day delivery of wagering services throughout Western Australia. The division provides technical support services for all RWWA wagering and racing information systems, ticket machines, the data communications network, information security, project delivery, Racing Radio and all wagering related technical infrastructure.

During the 2010/11 year the most significant deliverable was the implementation of a new wagering application to replace the legacy mainframe system. The new system 'went live' in November 2010 and RWWA now has a wagering system with the flexibility and scalability to adapt to the changing wagering market. The implementation of this new wagering system also included the replacement of a number of other mainframe applications, including a customer management system. This system replacement enabled RWWA to decommission the mainframe computer.

Other key operational and strategic deliverables during the 2010/11 year included:

- The deployment of Phase 1 of a Greyhound Racing System developed jointly with Greyhound Racing New South Wales. This phase included Licensing and Registration for participants and greyhounds. The second phase is scheduled for delivery in the first quarter of 2012 and negotiations with other Greyhound Racing jurisdictions to use this new system are being progressed.
- The development and implementation of a new mobile wagering application. The Parimutuel application was deployed in February 2011 and the initial phase of Fixed Odds mobile wagering was implemented in July 2011.
- A joint development with a third party, Two Way TV, was completed and implemented in July 2011. This application provides the ability to place parimutuel bets using a Foxtel remote handset through SKY Racing channels.

Other software development work completed during the 2010/11 year included:

- a more scalable and flexible version of the Fixed Odds Betting software.
- redevelopment of the Self Service Terminal software to include Fixed Odds Betting.
- implementation of a centralised information Portal for Retail Agencies.

The focus for the 2011/12 year will be the completion of the new Greyhound Racing System.

Below: Computer Operations Centre



Wagering Development and Corporate Planning

This division is responsible for undertaking RWWA's strategic planning and wagering development activities. This includes the provision of the following:

- Organisational strategy evaluation including the development of strategies supporting the long-term sustainability of the industry.
- Major business initiatives including development of strategic alliances, business case preparation for new revenue opportunities and coordination of RWWA's strategic research and market intelligence function.

- Management of corporate information, business and product analysis and the provision of support to both the wagering and racing business units.
- Corporate strategic planning and the development of new wagering related business initiatives. Key strategic risks are also identified and addressed by the area.

Also, the Board and Executive team strategic planning processes are coordinated by the division, including a focus on the identification and consideration of significant trends in the wagering industry and on the activities of competitors. The ability of RWWA to maintain and grow its position in a rapidly changing wagering and gambling landscape is also regularly examined.

Below: The Big Screen



Chapter Two

Report on Operations

Wagering Operations

The primary responsibilities of this division are:

Retail Administration –

- Agent Contracts - Management of Assignable Business Licenses, Retail Sales Licenses, Service Level 2 (PubTAB) and Service Level 3 (Self Service Agency) contracts.
- Managed Agencies – Management of 9 Managed Agencies.
- SKY Channel – Administration of the Whole of State Agreement and individual wagering and non-wagering contracts.
- Giddyup – Administration of agent contracts.
- Websites – Administers the TAB Agent Portal and TAB's For Sale Websites.
- Agent Assistance – Provides agent assistance in both business and operational matters.

Wagering Operations –

- Raceday Control – Including event loading, monitoring and daily raceday services.
- Agent Help Desk – First point of call for agent and retail customers seeking wagering assistance (operational and technical).
- System and Process Change – Manages changes to internal systems and processes to ensure the TAB network operates efficiently and effectively.

Retail Property –

- Management of all RWWA (TAB) owned and leased properties including property lease negotiations and the sourcing or divestment of properties.
- Manages the repairs and maintenance of all TAB agencies

- Establishes new outlets identified by Sales and Marketing and manages the upgrades and refurbishments of all TAB agencies.

Call Centre –

- Management of approximately 100 casual telephone operators.
- Manage the day to day wagering activities conducted through the call centre.

Retail Network

As at the end of the 2010/11 Financial Year, RWWA's retail network consisted of 315 agencies segmented in the following categories:

- Fulltime TAB Agencies - 91
- PubTAB/ClubTAB Agencies - 141
- Self Service Agencies (Licensed Premises) - 83

In line with RWWA's agency refurbishment programme the following number of agencies were upgraded to the new design standards:

- Fulltime Agencies - 2
- PubTAB/ClubTAB's - 38

To ensure the continuance of a feasible wagering service in a number of smaller country towns, RWWA converted 35 existing PubTAB agencies to Self Service. The change in agency type has increased the profitability for both licensee and RWWA with minimal impact on turnover.

For the 2011/12 financial year it is expected that the total number of refurbishments will be comparable to this financial year, however, an increased focus will be applied to the fulltime agency network.

Process Improvements

Throughout 2010/11 RWWA continued to make process improvements both internally and in the retail network which has resulted in an increase in productivity and reduced operational costs.

The development of a late cancellation process for the TAB agencies has seen a reduction in calls to the Agency Helpdesk of 3,000 per annum and a reduction in the on-going value of reimbursement to agencies of approximately \$200K per annum.

Changes to the printing processes, through outlet printers and terminals have also seen a reduction in agency calls to the helpdesk of approximately 20,000 calls per annum.

Considerable work has also been undertaken throughout the year in making enhancements to the entire fleet of wagering terminals, including new software for the Self Service Terminals improving the Fixed Odds betting process, the availability of bet ticket scanning on the information terminals, minimising the time customers spend checking tickets at the wagering terminals and process improvements on the operator assisted terminals.

The establishment of an Agent Portal and an on-line training program has significantly improved the level of communication between RWWA Administration and the Retail Network. All operational manuals, Responsible Wagering and Compliance training, marketing tools and general communications are now conducted online through the Agent Portal.

The introduction of the TAB's For Sale Website has offered another cost efficient means for agents to advertise and sell their licenses.



Chapter Two

Report on Operations

Finance and Business Services

This division is responsible for financial management and strategy, business services, audit, risk and business continuity systems, wagering compliance and legal matters and licensing and registration of racing participants.

Areas of major focus this year have included:

- Integrating RWWA's new betting system with the financial operations.
- Implementing a restructure of the financial business units to better align responsibilities, improve flexibility and service outcomes.
- Improving service delivery through greater consultation and communication across the organisation.

Human Resources

The Human Resources (HR) division is responsible for the development and implementation of human resource management strategy and effective management of all related workplace and employee relations functions across the organisation.

The division provides support to staff and managers on all employment related matters including recruitment, induction, performance management, interpretation and application of policies and workplace conditions. Advice and support to line managers in their people skills and workforce planning has grown in requirement as the organisation continues to develop and change. In addition, the delivery of Payroll services and the management of staff data and reporting sit within this division.

During the reporting period, the focus for the HR team has been to enhance its value by partnering with managers to achieve outcomes which balance business considerations together with promoting an effective and engaged workplace. This is very much in keeping with the organisation's desired culture of leveraging input and expertise across different functional areas.

The year has seen significant attention on the organisation's culture as an important strategy in driving business performance. As the organisation has redefined its Purpose, Vision and Values, the Human Resources team has been working to support and drive the necessary communications and actions needed to embed the changes. This has included a programme to build leadership capabilities through feedback and coaching.

The latter part of the year has also seen initiatives arising out of the Values and Behaviours Reward and Recognition Programme which has been established to gain traction in conjunction with a revised performance development framework.

Below: Yalgoo Cup start



Chapter Three
Significant Issues and Trends

Key trends and challenges faced by Racing and Wagering Western Australia

Product Fees / Race Fields Legislation

Continuing legal challenges to Race Fields legislation in other jurisdictions with key court rulings still pending, meant the status of Race Fields fees was still not resolved during the year. RWWA is continuing to review the ongoing financial impact of Race Fields fees based upon the validity of the current legislative frameworks and pricing methodologies being upheld. Some uncertainty will remain, irrespective of any court rulings, as racing authorities in other jurisdictions may seek to amend either the method or price charged for Race Fields product fees (e.g. as recommended by Mr Peter Yates in the Final Report of the Victorian Thoroughbred Wagering Review). It is clear that the Grant income provided by the Western Australian Government (derived from Western Australia Race Fields product fees) is critical to the long term funding of racing in Western Australia.

Wagering Licence

In July 2011, the Victorian Government resolved long standing uncertainty by announcing it had awarded the Victorian Wagering and Betting Licence to Tabcorp, the incumbent. The new Licence, which is for a period of 12 years, commencing in August 2012, incorporates a reduction in wagering taxation rates and includes the right to establish a betting exchange within Victoria. Under the terms of the new licence Tabcorp and the Victorian Racing Industry are to form a 50/50 joint venture.

RWWA's existing SuperTAB pooling agreement expires in August 2012. Continuing access to the current SuperTAB pooling arrangements, from commencement of the new Victorian Wagering and Betting Licence, is uncertain for current pooling participants until Tabcorp and the Victorian Racing Industry finalise the joint venture arrangements. RWWA may seek to negotiate a new pooling agreement or evaluate alternative arrangements.

It is possible that the commencement of the new Victorian Wagering and Betting Licence arrangements along with the up-coming expiration of the totalisator exclusivity arrangements in New South Wales and Queensland, may bring about significant change to the Australian wagering landscape post 2012. RWWA continues to evaluate actual and potential changes within the Australian wagering landscape so as to ensure appropriate long term strategies are enacted to maintain the sustainability of the Western Australian racing industry.

Corporate Bookmaker Consolidation

Corporate bookmakers located in the Northern Territory generate in excess of 20% of Australia's racing and sports wagering turnover. Consolidation of the corporate bookmaker segment is underway with Sportingbet PLC, a UK based bookmaker, finalising arrangements to acquire Australia's largest bookmaker, Centrebet. Further consolidation within this segment is likely in the short to medium term with other European based bookmakers seeking to enter the Australian market through acquisition of existing corporate bookmakers or establishment of Australian subsidiaries.

Corporate bookmakers operating in the Northern Territory with competitive advantages such as reduced rates of taxation and racing industry funding obligations have progressively shifted market share away from totalisator operators. This change in market share continues to undermine RWWA's ability to adequately fund the Western Australian racing industry. Notwithstanding, competition is strong within the overall wagering market and corporate bookmakers are also experiencing shifts in market share between themselves. RWWA is actively pursuing opportunities to maintain and grow its position within the overall wagering market.

Federal Government Sports Betting (Integrity) Regulation

The Federal Government is in the process of reviewing sports betting integrity. The objective is to safeguard the integrity of major sports conducted in Australia. This has the support of Australia's peak professional sporting organisations. The Coalition of Major Professional and Participation Sports is seeking stronger laws to safeguard against betting corruption including the veto power over exotic in-play bets plus jail terms for those involved in match fixing.

RWWA fully supports the proposed initiatives. Whilst a legal framework is being progressed, it is unlikely to be in place until 2013. The main thrust of the legal framework includes:

- Nationally consistent criminality provisions
- Nationally mandated agreements between betting agencies and sports controlling bodies
- Codes of conduct for sporting bodies
- The appointment of a national integrity body

Chapter Four
Disclosures and Legal Compliance

Chapter Four Opinion of the Auditor General



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

RACING AND WAGERING WESTERN AUSTRALIA

Report on the Financial Statements

I have audited the accounts and financial statements of Racing and Wagering Western Australia.

The financial statements comprise the Statement of Financial Position as at 31 July 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Racing and Wagering Western Australia's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of Racing and Wagering Western Australia at 31 July 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls

I have audited the controls exercised by Racing and Wagering Western Australia. The Board is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Board based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the controls exercised by Racing and Wagering Western Australia are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Report on the Key Performance Indicators

I have audited the key performance indicators of Racing and Wagering Western Australia. The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the key performance indicators of Racing and Wagering Western Australia are relevant and appropriate to assist users to assess Racing and Wagering Western Australia's performance and fairly represent indicated performance for the year ended 31 July 2011.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.

GLEN CLARKE
ACTING AUDITOR GENERAL
11 October 2011

Disclosures and Legal Compliance

Certification of Financial Statements

For the year ended 31 July 2011

The accompanying financial statements of Racing and Wagering Western Australia have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 31 July 2011 and the financial position as at 31 July 2011.

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.



Ross Bowe

James Freemantle

Julian Hilton-Barber

RWWA Chairman

Deputy Board Chairman and
Chairman RWWA Integrity
Assurance Committee

General Manager Finance and
Business Services

10 October 2011

10 October 2011

10 October 2011

Disclosures and Legal Compliance

RACING AND WAGERING WESTERN AUSTRALIA
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 July 2011

Income	Notes	2011 \$000	2010 \$000
Revenue			
Margin	2	264,102	246,682
Interest revenue		2,208	1,736
Other revenue	4	19,766	19,631
Total Revenue		286,076	268,049
Gains			
Gain on disposal of non-current assets	5	-	537
Total Gains		-	537
Total Income		286,076	268,586
Expenses			
Expenses			
Cost of sales		51,437	47,196
Wagering Tax	3	33,996	31,656
Racing Services	6, 29	14,066	13,247
Wagering Services	6, 29	77,369	76,081
Support Services	6, 29	28,026	26,956
Projects	29	3,618	5,078
Grants and subsidies	7	5,934	4,144
Distribution to racing and sports industries	8	107,551	106,498
Loss on disposal of non-current assets	5	13	-
Total Expenses		322,011	310,856
Profit/(Loss) before grants and subsidies from State Government		(35,935)	(42,269)
Grants and subsidies from State Government	7	26,944	40,821
Profit/(Loss) for the period		(8,991)	(1,448)
Other Comprehensive Income			
Changes in asset revaluation surplus	20	3,526	(498)
Gains/losses recognised directly in equity		-	-
Total Other Comprehensive Income		3,526	(498)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(5,465)	(1,946)

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Disclosures and Legal Compliance

RACING AND WAGERING WESTERN AUSTRALIA
STATEMENT OF FINANCIAL POSITION
 As at 31 July 2011

Assets	Notes	2011	2010
		\$000	\$000
Current Assets			
Cash and cash equivalents	21	39,583	42,251
Inventories	9	417	275
Receivables	10	2,497	3,068
Other current assets	12	2,546	3,827
Non-current assets classified as held for sale	13	1,149	-
Total Current Assets		46,192	49,421
Non-Current Assets			
Investments	11	552	552
Receivables	10	-	-
Other Non-current assets	12	958	1,425
Property, plant and equipment	14	55,139	58,000
Capital works in progress		2,089	22,717
Intangible Assets	15	31,341	8,807
Total Non-Current Assets		90,078	91,502
Total Assets		136,270	140,923
Liabilities			
Current Liabilities			
Payables	17	38,085	36,963
Provisions	18	5,002	3,753
Other liabilities	19	483	483
Total Current Liabilities		43,570	41,199
Non-Current Liabilities			
Payables	17	1,030	995
Provisions	18	1,203	2,320
Other liabilities	19	3,044	3,521
Total Non-Current Liabilities		5,277	6,836
Total Liabilities		48,847	48,035
Net Assets		87,424	92,888
Equity			
Contributed Equity	20	60,884	60,884
Reserves	20	26,540	32,004
Retained Earnings		-	-
Total Equity		87,424	92,888

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

Disclosures and Legal Compliance

RACING AND WAGERING WESTERN AUSTRALIA
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 July 2011

	Note	Contributed Equity \$000	General Reserves \$000	Asset Revaluation Reserves \$000	Accumulated Surplus/ (Deficit) \$000	Total Equity \$000
Balance at 1 August 2009	20	60,884	20,492	13,457	-	94,833
Changes in accounting policy or correction of prior period errors		-	-	-	-	-
Restated balance at 1 August 2009		60,884	20,492	13,457	-	94,833
Total comprehensive income for the year		-	(1,448)	(498)	-	(1,946)
Transactions with owners in their capacity as owners:						
Capital appropriations		-	-	-	-	-
Other contributions by owners		-	-	-	-	-
Transfers between reserves		-	498	(498)	-	-
Distributions to owners		-	-	-	-	-
Total						
Balance at the end of period		60,884	19,544	12,461	-	92,888
Balance at 1 August 2010		60,884	19,544	12,461	-	92,888
Total comprehensive income for the year		-	(8,991)	3,526	-	(5,465)
Transactions with owners in their capacity as owners:						
Capital appropriations		-	-	-	-	-
Other contributions by owners		-	-	-	-	-
Transfers between reserves		-	-	-	-	-
Distributions to owners		-	-	-	-	-
Balance at 31 July 2011		60,884	10,553	15,987	-	87,424

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

Disclosures and Legal Compliance

RACING AND WAGERING WESTERN AUSTRALIA
STATEMENT OF CASH FLOWS
For the year ended 31 July 2011

Cash Flows from Operating Activities	Notes	2011	2010
		\$000	\$000
Receipts			
Receipts from customers		1,715,198	1,587,306
Interest received		2,208	1,736
GST receipts on sales		32,019	31,821
GST receipts from taxation authority		-	-
Other receipts		11,042	11,191
Payments			
Customers		(1,441,777)	(1,331,180)
Creditors		(154,198)	(151,060)
Employee benefits		(30,813)	(29,577)
Distributions, Grants and Subsidies		(113,486)	(110,642)
Interest paid		(45)	(39)
GST payments on purchases		(13,437)	(14,293)
GST payments to taxation authority		(18,262)	(17,399)
Other payments		(9,139)	(2,045)
Net cash provided by/(used in) operating activities	21	(20,689)	(24,181)
Cash Flows from Investing Activities			
Expenses			
Proceeds from sales of non-current assets		224	1,355
Purchase of non-current assets		(9,147)	(23,735)
Proceeds from sale of investments		-	-
Purchase of investment		-	-
Net cash provided by/(used in) investing activities		(8,923)	(22,380)
Cash Flows from State Government			
Government Grant reimbursement		26,944	40,821
Net cash provided by State Government		26,944	40,821
Net Increase/(decrease) in cash and cash equivalents		(2,668)	(5,739)
Cash and cash equivalents at the beginning of period		42,251	47,990
Cash and cash equivalents at the end of period	21	39,583	42,251

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

Disclosures and Legal Compliance

Notes to the Financial Statements

For the year ending 31 July 2011

Australian Accounting Standards

General

RWWA's financial statements for the year ended 31 July 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

RWWA has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

RWWA cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by *Treasurer's Instruction (TI) 1101* 'Application of Australian Accounting Standards and Other Pronouncements'. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Authority for the annual reporting period ended 31 July 2011.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Statement

The financial statements constitute a general purpose financial report, which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board 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 Management Act and the *Treasurer's Instructions* are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting (except for Grant Income which is recognised on a cash basis) using the historical cost convention, except for land, building and infrastructure which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the accounting standards are described below:

Employee Benefits Provision

These calculations include estimates on the discount rates, future salary rates and the settlement of leave liabilities.

(c) Reporting Entity

The reporting entity comprises Racing and Wagering Western Australia.

Disclosures and Legal Compliance

(d) Income

Revenue

This 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.

Interest

Interest income is accrued on a time basis by reference to the outstanding principal and the effective interest rate applicable.

Unclaimed Dividends

Betting dividends are deducted from turnover to arrive at the commission on turnover. In accordance with the *RWWA Act 2003* (Section 104), dividends that are not claimed within seven months are included as income under Other Revenue.

Asset Disposals

The gain or loss on the disposal of assets is recognised at the date the significant risks and rewards of ownership of the asset passes to the buyer, usually when the purchaser takes delivery of the asset. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Government Grants and Subsidies

The Western Australian Government provides partial reimbursement for GST paid on the operator's margin.

Under the *Gaming and Wagering Commission Act 1987* (section 110B), the Gaming and Wagering

Commission may credit RWWA with proceeds from the Western Australian Race Fields legislation. *The Racing and Wagering Western Australia Act 2003* (section 107A) requires these funds to be credited into a special purpose account for distribution to registered racing clubs in Western Australia. *Treasurer's Instruction 1102* requires these amounts to be disclosed as Grants from the State Government.

These grants are not recognised by RWWA until receipted, at which time certainty of control can be assumed.

(e) Product Fee Expense

Product Fees are generally charged to wagering operators (including RWWA) by the State controlling bodies of each racing code for the use of Race Fields listings. Additional product fees on sporting events and international racing are negotiated with the relevant controlling bodies. Permission to use Western Australian Race Fields is controlled by the Western Australian Department of Racing, Gaming and Liquor.

(f) Tax

Section 102 of the *RWWA Act 2003* requires RWWA to pay tax in respect of bets at the rate imposed by Sections 4 and 5.

Parimutuel and Fixed Odds Betting (FOB)

The tax rate for Parimutuel Sports betting is 5.0% of turnover, whereas the tax rate for Parimutuel Racing is 11.91% of gross revenue. The tax rate for Fixed Odds Betting (FOB) Sports is 0.5% of turnover and FOB Racing is 2.0% of turnover.

(g) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST, except where the amount of the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of the GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash Flows are included in the Cash Flows Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows. The GST on operator's margin, which is reimbursed by the Western Australian Government, is classified as cash flows from State Government.

(h) Property, Plant and Equipment and Infrastructure

Capitalisation/Expensing of assets

Items of property, plant and equipment costing over \$5,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost.

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Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land, buildings and the cost model for all other property, plant and equipment and infrastructure. Land and buildings are carried at fair value less accumulated depreciation on buildings and accumulated impairment losses. All other items of property, plant and equipment and infrastructure are carried at cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset. (i.e. written-down current replacement cost).

Independent valuations of land and buildings are provided on an annual basis by Landgate (Valuation Services).

Derecognition

Upon disposal or derecognition of an item of property, any revaluation relating to that asset is transferred to retained earnings.

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in note 14 'Property, Plant and Equipment'.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method, using rates which are reviewed regularly. Estimated useful lives for each class of depreciable asset are:

	2010/11
Buildings	10 to 40 years
Infrastructure	10 years
Leasehold Improvements ^(a)	5 to 15 years
Motor vehicles	5 years
Machinery Plant and Equipment	5 years
Furniture and Fittings	5 years
Computer Equipment	4 years
Software ^(b)	4 years

^(a) Leasehold Improvements useful life will depend on duration of lease.

^(b) Software that is integral to the operation of related hardware.

(i) Intangible Assets

Capitalisation/Expensing of Assets

Acquisitions and internally generated intangible assets costing over \$10,000 are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than \$10,000 are immediately expensed directly to the Statement of Comprehensive Income.

All acquired and internally developed intangible assets are initially measured at cost.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed regularly. All intangible assets controlled by RWWA have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Software ^(a)	4 years
Web site costs	3 to 5 years
Domain names	10 years

^(a) Software that is not integral to the operation of any related hardware.

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Computer Software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset.

Web site costs

Web site costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

Domain Names

Domain names have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

(j) Impairment of Assets

Property, plant and equipment and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

(k) Non-Current Assets Classified as Held for Sale

Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell and are presented separately from other assets in the Statement of Financial Position. Assets classified as held for sale are not depreciated or amortised.

(l) Leases

RWWA holds a number of operating leases for buildings and operating equipment. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties and equipment.

(m) Financial Instruments

In addition to cash, RWWA has two categories of financial instrument:

- Receivables and Loans
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables and Loans

Financial Liabilities

- Payables
- Agents Deposits.

Initial recognition and measurement is at fair value. The transaction cost of face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(n) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes restricted cash and cash equivalents. These include cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(o) Accrued Salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of financial year. Accrued salaries are settled within a fortnight of the financial year end. RWWA considers the carrying amount of accrued salaries to be equivalent to its net fair value.

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(p) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Inventories not held for resale are valued at cost unless they are no longer required, in which case they are valued at net realisable value.

(q) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that RWWA will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. Agents settle on a weekly basis.

(r) Payables

Payables are recognised when RWWA becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(s) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

(i) Provisions – Employee Benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual Leave

The liability for annual leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service. The expected future payments are discounted to present value using market yields at the reporting date

on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as current liability as RWWA does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Long Service Leave

The liability for long service leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Long service leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service. The expected future payments are discounted to present value using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as RWWA does not have an unconditional right to defer

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settlement of the liability for at least 12 months after the reporting date. Conditional long service leave provisions are classified as non-current liabilities because RWWA has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Superannuation

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme now closed to new members. Employees commencing employment prior to 16 April 2007 who were not members of GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. RWWA makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS.

The GSS Scheme, the WSS Scheme, and the GESBS Scheme, where the current service superannuation charge is paid by RWWA to the GESB, are defined contribution schemes. The liabilities for current service superannuation charges under the GSS Scheme, the WSS Scheme, and the GESBS Scheme are extinguished by the concurrent

payment of employer contributions to the GESB.

The Gold State Superannuation Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, from an agency perspective, apart from the transfer benefits, it is a defined contribution plan under AASB 119.

AMP manages the AMP Custom Superannuation Fund, an accumulation fund for casual staff.

(ii) Provisions – Other

Employment On-Costs

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of RWWA's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision.'

(t) Superannuation Expense

The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due.

(u) Associates

Associates are those entities in which the authority has significant influence, but not control, over the financial and operating policies.

Investments in associates are carried at cost less any charge for impairment.

(v) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

DISCLOSURE OF CHANGES IN ACCOUNTING POLICY AND ESTIMATES

Initial application of an Australian Accounting Standard

RWWA has applied the following Australian Accounting Standards and Australian Accounting Interpretations for annual reporting periods beginning on or after 1 August 2010 that impacted on RWWA:

2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139].

Under amendments to AASB 117, the classification of land elements of all existing leases has been reassessed to determine whether they are in the nature of operating or finance leases. As leases of land & buildings recognised in the financial statements have not been found to significantly expose the Authority to the risks/rewards attributable to the control of land, no changes to accounting estimates have been included in the Financial Statements and Notes to the Financial Statements.

Under amendments to AASB 107, only expenditures that result in a recognised asset are eligible for classification as investing activities in the Statement of Cash Flows. All investing cash flows reported in the Authority's Statement of Cash Flows relate to increases in recognised assets

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Voluntary changes in Accounting Policy

RWWA has changed the recognition of Grant income to be based on a cash basis so that Government Grants are not recognised until RWWA has control over the assets. The impact on the financial statements for the current and prior years is as follows:

	2011 \$000	2010 \$000	2009 \$000
STATEMENT OF COMPREHENSIVE INCOME			
Grants and Subsidies from State Government	(97)	(1,751)	0
BALANCE SHEET			
Receivables	(1,847)	(1,751)	0
STATEMENT OF CHANGES IN EQUITY			
Total Comprehensive income for the year	(97)	(1,751)	0
STATEMENT OF CASH FLOWS			
Cash Flows from Operating Activities – Other Receipts	(97)	(1,751)	0
Cash Flows from State Government	(97)	(1,751)	0

Future impact of Australian Accounting Standards not yet operative

RWWA cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Applications of Australian Accounting Standards and Other Pronouncements'. Consequently, RWWA has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. Where applicable, RWWA plans to apply these Standards and their interpretations from their application date:

Title	Operative for reporting periods beginning on/after
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]</i> . The amendment to AASB 7 <i>Financial Instruments: Disclosures</i> requires modification to the disclosure of categories of financial assets. RWWA does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.	1 January 2013
AASB 2009-12 <i>Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]</i> This Standard introduces a number of terminology changes. There is no financial impact on RWWA resulting from the application of this revised Standard.	1 January 2011
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i> . This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. The Standard does not have any financial impact on RWWA. However it may affect disclosures in the financial statements of RWWA if the reduced disclosure requirements apply. Department of Treasury and Finance has not yet determined the application or the potential impact of the new Standard for agencies.	1 July 2013

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<p>AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>.</p> <p>This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.</p> <p>The Standard is not expected to have any financial impact on RWWA. However this Standard may reduce some note disclosures in financial statements of RWWA. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 July 2013
<p>AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]</i>.</p> <p>This Amending Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 July 2011
<p>AASB 2010-5 <i>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (October 2010)</i></p> <p>This Standard introduces a number of terminology changes as well as minor presentation changes to the notes to the Financial Statements. There is no financial impact on RWWA resulting from the application of this revised Standard.</p>	1 January 2011
<p>AASB 2010-6 <i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]</i></p> <p>This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets.</p> <p>The Standard is not expected to have any financial impact on RWWA. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 July 2011
<p>AASB 9 <i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was reissued on 6 Dec 2010 and RWWA is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies.</p>	1 January 2013
<p>AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]</i></p> <p>This Amending Standard makes consequential adjustments to other Standards as a result of issuing AASB 9 <i>Financial Instruments</i> in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.</p>	1 January 2013
<p>AASB 1054 <i>Australian Additional Disclosures</i></p> <p>This Standard, in conjunction with AASB 2011 1 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project</i>, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.</p>	1 July 2011
<p>AASB 2011-1 <i>Amendments to Australian Accounting Standards arising from the Trans Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Interpretations 2, 112 & 113]</i></p> <p>This Amending Standard, in conjunction with AASB 1054 <i>Australian Additional Disclosures</i>, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.</p>	1 July 2011

Disclosures and Legal Compliance

	2011	2010
	\$000	\$000
2 Margin		
Margin on Turnover inclusive of GST	288,651	270,877
Goods and Services Tax	(24,549)	(24,195)
	264,102	246,682
<p>The Goods and Services Tax (GST) is not applied to the consumption of gambling services. It is however, applied to the operator's margin defined as the subscription (wagering less sales commission) less the amount of prizes (dividends). The State provides reimbursement to gaming operators (including RWWA) for GST paid on the operator's margin on Fixed Odds Betting and Parimutuel Sports.</p> <p><i>Treasurer's Instruction 1102</i> requires the GST reimbursement to be disclosed as a grant from the State Government rather than offset against the cost to which it applies.</p>		
3 Wagering Tax		
Tax on turnover	1,686	1,934
Tax on margin	32,310	29,722
	33,996	31,656
4 Other Revenue		
Recoup accounts	10,891	12,271
Unclaimed dividends (Racing)	8,818	7,306
Insurance recovery	-	-
Dividends	57	54
	19,766	19,631
5 Net gain/(loss) on disposal of Property, Plant, Equipment and Vehicles		
Proceeds from disposal	224	1,355
Cost of disposal	(237)	(818)
Net gain / (loss)	(13)	537

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	2011	2010
	\$000	\$000
6 Racing, Wagering and Support Services		
Employee Benefit Expense	30,945	29,795
Depreciation and Amortisation Expense	12,243	10,029
Finance Costs	45	39
Supplies and Services	42,583	42,297
Advertising and Promotions	15,533	15,422
Communications	5,456	7,300
Accommodation	6,111	6,071
Other Expenses	6,545	5,332
	119,461	116,285
7 Grants and subsidies		
Grants and subsidies expense		
Grants	3,611	1,675
Subsidies	2,323	2,470
	5,934	4,144
Grants income (includes Racefields, RIGP and other Grant Income)	26,944	40,821
8 Distributions to Racing and Sports Industries		
Thoroughbreds	62,941	61,537
Harness	28,272	28,457
Greyhounds	12,903	13,026
Sports	3,435	3,478
	107,551	106,498
9 Inventories		
Current		
Inventories not held for resale:		
At Cost:		
Tickets	303	217
Agency Consumables	111	49
Inventories held for resale:		
At Cost:		
Agency Consumables	4	9
	417	275

Disclosures and Legal Compliance

	2011	2010
	\$000	\$000
10 Receivables		
Current		
Receivables	1,612	2,453
Other Debtors	618	342
Accrued Revenue	287	278
Allowance for impairment of receivables	(20)	(5)
	2,497	3,068
Non Current		
Receivables	-	-
	-	-
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	5	26
Doubtful debts expense recognised in the income statement	36	6
Amounts written off during the year	(21)	(27)
Amount recovered during the year	-	-
Balance at end of year	20	5

RWWA does not hold any collateral as security or other credit enhancements relating to receivables.

11 Investments

Non current

At cost:

Unlisted Shares	352	352
Associates	200	200
	552	552

Details of interests in associates are as follows:

Name	Place of incorporation and operation	Proportion of ownership interest		Proportion of voting power held		Principle activity
		2011	2010	2011	2010	
CFM Pty Ltd	Australia	50%	50%	50%	50%	Broadcaster of Race Vision

The financial statements of CFM Pty Ltd for the year ended 30 June 2011 are unaudited and have not been approved by its Board. There have been no distributions of profit post-acquisition of CFM. Additionally, there has not been any significant movement in net assets from the date of purchase. In these circumstances it is considered to be inappropriate to apply the equity method of accounting and incorporate CFM's financial information in these accounts.

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	2011	2010
	\$000	\$000
12 Other Assets		
Current		
Prepayments	2,546	3,827
	2,546	3,827
Non-Current		
Prepayments	958	1,425
	958	1,425
13 Non-current assets classified as held for sale		
Opening balance		
Freehold land	-	-
Buildings	-	-
	-	-
Assets reclassified as held for sale		
Freehold land	1,100	-
Buildings	49	-
	1,149	-
Total assets classified as held for sale		
Freehold land	1,100	-
Buildings	49	-
	1,149	-
Less assets sold		
Freehold land	-	-
Buildings	-	-
	-	-
Less assets reclassified as not held for sale		
Freehold land	-	-
Buildings	-	-
	-	-
Closing balance		
Freehold land	1,100	-
Buildings	49	-
	1,149	-

No freehold properties are in the process of being sold.

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	2011	2010
	\$000	\$000
14 Property, Plant & Equipment		
Freehold land		
At fair value	22,073	19,694
Accumulated impairment losses	-	-
	22,073	19,694
Buildings		
At fair value	7,090	7,445
Accumulated depreciation	(277)	(177)
	6,813	7,268
Leasehold improvements		
At cost	10,192	9,813
Accumulated depreciation	(7,191)	(6,047)
	3,001	3,766
Infrastructure		
At cost	5,861	5,851
Accumulated depreciation	(1,759)	(1,159)
	4,102	4,692
Machinery, Plant & Equipment		
At cost	2,401	2,038
Accumulated depreciation	(1,474)	(1,180)
	927	858
Computer Equipment		
At cost	29,796	28,952
Accumulated depreciation	(13,986)	(10,071)
	15,810	18,881
Furniture and Fittings		
At cost	2,978	2,805
Accumulated depreciation	(1,964)	(1,531)
	1,014	1,274
Motor Vehicles		
At cost	2,565	2,445
Accumulated depreciation	(1,165)	(878)
	1,400	1,567
	55,139	58,000

Freehold land and buildings were revalued as at 1 July 2010 by Landgate (Valuation Services). The valuations were performed during the year ended 31 July 2011 and recognised at 31 July 2011. The fair value of all land and buildings has been determined by reference to recent market transactions.

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out on the next page.

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	Freehold Land	Buildings	Leasehold Improvements	Infrastructure	Machinery, Plant and Equipment	Computer Equipment
2011	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	19,694	7,268	3,766	4,692	858	18,881
Additions	-	105	378	11	363	1,148
Transfers	-	-	-	-	-	-
Disposals	-	-	-	-	-	(85)
Classified as held for sale	(1,100)	(50)	-	-	-	-
Revaluation increments	3,479	47	-	-	-	-
Depreciation	-	(558)	(1,144)	(600)	(294)	(4,133)
Carrying amount at end of year	22,073	6,812	3,000	4,103	927	15,811

	Furniture and Fittings	Motor Vehicles	Total
	\$000	\$000	\$000
Carrying amount at start of year	1,274	1,567	58,000
Additions	172	521	2,698
Transfers	-	-	-
Disposals	-	(147)	(232)
Classified as held for sale	-	-	(1,150)
Revaluation increments	-	-	3,526
Depreciation	(433)	(541)	(7,703)
Carrying amount at end of year	1,013	1,400	55,139

	Freehold Land	Buildings	Leasehold Improvements	Infrastructure	Machinery, Plant and Equipment	Computer Equipment
2010	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	20,794	8,005	3,781	4,693	1,235	11,843
Additions	-	20	953	315	173	10,857
Transfers	-	-	370	269	(269)	-
Disposals	(670)	(89)	(21)	-	-	(4)
Revaluation increments	(430)	(68)	-	-	-	-
Depreciation	-	(599)	(1,318)	(586)	(281)	(3,815)
Carrying amount at end of year	19,694	7,268	3,766	4,692	858	18,881

	Furniture and Fittings	Motor Vehicles	Total
	\$000	\$000	\$000
Carrying amount at start of year	1,807	2,106	54,264
Additions	309	22	12,648
Transfers	(370)	-	-
Disposals	-	(35)	(818)
Revaluation increments	-	-	(498)
Depreciation	(472)	(526)	(7,596)
Carrying amount at end of year	1,274	1,567	58,000

Disclosures and Legal Compliance

	2011	2010
	\$000	\$000
15 Intangible Assets		
Computer software		
At cost	42,120	15,042
Accumulated amortisation	(10,793)	(6,252)
	31,327	8,790
Domain names		
At cost	25	25
Accumulated amortisation	(11)	(8)
	14	17
	31,341	8,807
<u>Reconciliation</u>		
Computer software		
Carrying amount at start of year	8,790	4,802
Additions	27,077	6,419
Amortisation	(4,541)	(2,431)
Carrying amount at end of year	31,326	8,790
Domain names		
Carrying amount at start of year	17	19
Amortisation	(2)	(2)
Carrying amount at end of year	15	17

16 Impairment of Assets

There were no indications of impairment to property, plant and equipment and intangible assets at 31 July 2011.

RWWA held no intangible assets with an indefinite useful life during the reporting period.

No surplus assets are held by RWWA as at 31 July 2011.

17 Payables

Current

Trade Payables	11,008	7,631
Unclaimed dividends and refunds	7,339	6,227
TAB Payables and Account betting deposits	7,697	8,309
Other Payables	2,785	5,379
GST Payable	1,879	1,559
Accrued Expenses	7,376	7,858
	38,085	36,963

Non Current

Agents deposits and property bonds	1,030	995
	1,030	995

Disclosures and Legal Compliance

	2011	2010
	\$000	\$000
18 Provisions		
Current		
Employee benefits provision		
Annual Leave ^(a)	2,079	2,310
Long Service Leave ^(b)	2,273	1,230
	4,352	3,540
Other provisions		
Employment on-costs ^(c)	650	213
	650	213
	5,002	3,753
Non Current		
Employee benefits provision		
Long Service Leave ^(b)	1,038	2,186
	1,038	2,186
Other provisions		
Employment on-costs ^(c)	165	134
	165	134
	1,203	2,320

^(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet dates	1,844	1,913
More than 12 months after balance sheet date	235	397
	2,079	2,310

^(b) Long service leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet dates	1,105	562
More than 12 months after balance sheet date	2,206	2,854
	3,311	3,416

^(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included under 'Other expenses' at Note 6.

Movements in Other provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

Employment on-cost provision		
Carrying amount at start of year	347	334
Additional provisions recognised	4,811	1,697
Payments/other sacrifices of economic benefits	(4,342)	(1,684)
Carrying amount at end of year	816	347

Disclosures and Legal Compliance

	2011	2010
	\$000	\$000
19 Other liabilities		
Current	483	483
Deferred Income	483	483
Non Current	3,044	3,521
Deferred Income	3,044	3,521
20 Equity		
Contributed equity		
Balance at the start of the year	60,884	60,884
Contributions	-	-
Distributions	-	-
Balance at the end of the year	60,884	60,884
Reserves		
Asset revaluation reserve:		
Balance at the start of the year	12,461	13,457
Net revaluation increments/(decrements):		
Land	3,479	(430)
Buildings	47	(68)
Transfer to General Reserve	-	(498)
Balance at the end of the year	15,987	12,461
General reserve:		
Balance at the start of the year	19,544	20,493
Transfer from Retained Earnings	(8,991)	(949)
Balance at the end of the year	10,553	19,544
Balance of reserves at end of the year	26,540	32,005
Retained earnings		
Balance at the start of the year	-	-
Result for the period	(8,991)	(1,448)
Transfer from Asset Revaluation Reserve	-	-
Transfer to General Reserve	8,991	1,448
Balance at the end of the year	-	-

General reserve

The purpose of the general reserve is to cushion the effect of turnover fluctuations, or for supplementing payments made to the racing codes; to meet capital commitments, including the repayment of borrowings; to provide for capital development in the long term interests of RWWA; to meet contingent losses; and for the maintenance, repair, improvement and equipment of premises used by RWWA or its agency.

Disclosures and Legal Compliance

	2011	2010
	\$000	\$000
21 Notes to the Statement of Cash Flows		
Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one and three months, depending upon the immediate cash requirements of RWWA, and earn interest at the respective short-term deposit rates.		
<u>Reconciliation of cash</u>		
Cash at the end of the financial year as shown in the Cash Flows Statement is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents		
Cash at bank	16,532	17,200
Cash on hand	51	50
Short-term deposits	23,000	25,000
	39,583	42,251
<u>Reconciliation of profit to net cash flows provided by/(used in) operating activities</u>		
(Loss)/Profit for the period	(8,991)	(1,448)
Non cash items:		
Depreciation and amortisation expense	12,243	10,029
Doubtful debts expense	36	6
Net (gain)/loss on sale of property, plant and equipment	13	(537)
Grants and Subsidies from State Government	(26,944)	(40,821)
(Increase)/decrease in assets:		
Receivables / Accrued Income	535	(822)
Current inventories	(142)	839
Prepayments	1,749	345
Increase/(decrease) in liabilities:		
Trade creditors	207	6,042
Other creditors	630	2,159
Other liabilities	(477)	(318)
Annual leave and long service leave provisions	(336)	205
Other current provisions	469	13
Net GST Receipts/Payments	320	128
Change in GST Receivables/Payables	-	-
Net cash provided by/(used in) operating activities	(20,689)	(24,181)

Disclosures and Legal Compliance

	2011	2010
	\$000	\$000

22 Financial Instruments

(a) Financial Risk Management objectives and policies

Financial Instruments held by RWWA are cash and cash equivalents, loans, receivables and payables.

RWWA has limited exposure to financial risks. RWWA's overall risk management programme focuses on managing the risks identified below.

Credit Risk

Credit risk arises when there is the possibility of RWWA's receivables defaulting on their contractual obligations resulting in financial loss to RWWA. The majority of the authority's trading with customers is conducted on a cash basis. Receivable balances are monitored on an ongoing basis with the result that the RWWA's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

Liquidity Risk

Liquidity risk arises when RWWA is unable to meet its financial obligations as they fall due. RWWA has appropriate procedures to manage cash flows by monitoring forecast cashflows to ensure that sufficient funds are available to meet its commitments.

Market Risk

RWWA has limited exposure to foreign currency risk on purchases that are denominated in a currency other than Australian dollars.

Other than as detailed in the interest rate sensitivity analysis table, RWWA's exposure to interest rate risk is limited because it does not have any borrowings.

(b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance date are as follows:

<u>Financial Assets</u>		
Cash and cash equivalents	39,583	42,251
Receivables and Loans	2,497	3,068
<u>Financial Liabilities</u>		
Financial Liabilities measured at amortised cost ^(a)	37,235	36,398

^(a) The amount of financial liabilities measured at amortised cost excludes GST payable to the ATO (statutory receivable/payable).

(c) Financial Instrument Disclosures

Credit Risk and Interest Rate Risk Exposure

The following table details the exposure to credit risk, interest rate exposures and the ageing analysis of financial assets.

RWWA's maximum exposure to credit risk at the end of reporting period is the carrying amount of the financial assets as shown on the following table.

The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of RWWA.

The contractual maturity amounts in the table are representative of the undiscounted amounts at the end of the reporting period. An adjustment for discounting has been made where material.

RWWA does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

Disclosures and Legal Compliance

Interest rate exposures and ageing analysis of financial assets

	Weighted Average Effective Interest Rate	Interest rate exposure				Past due but not impaired					Impaired financial assets
		Carrying Amount	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing	Up to 3 months	3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	
Financial Assets	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2011											
Cash and cash equivalents	5.59%	39,583	23,000	16,532	51	-	-	-	-	-	-
Receivables and Loans		2,497	-	-	2,497	3	8	8	-	-	-
		42,080	23,000	16,532	2,548	3	8	8	-	-	-
2010											
Cash and cash equivalents	5.56%	42,251	25,000	12,015	5,235	-	-	-	-	-	-
Receivables and Loans		3,068	-	-	3,068	709	43	-	-	-	-
		45,319	25,000	12,015	8,303	709	43	-	-	-	-

Liquidity Risk

The table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the end of the reporting period. The table includes interest and principal cash flows. An adjustment has been made where material.

Interest rate exposures and ageing analysis of financial assets

	Weighted Average Effective Interest Rate	Interest rate exposure					Total Nominal Amount	Maturity date				
		Carrying Amount	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing	Adjustment for discounting		Up to 3 months	3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Financial Liabilities	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
2011												
Payables ^(a)		36,206	-	-	36,206	-	-	-	-	-	-	
Agent deposits	4.75%	1,030	-	1,030	-	-	-	-	-	-	1,030	
		37,236	-	1,030	36,206	-	-	-	-	-	1,030	
2010												
Payables ^(a)		35,403	-	-	35,403	-	-	-	-	-	-	
Agent deposits	4.32%	995	-	995	-	-	-	-	-	-	995	
		36,398	-	995	35,403	-	-	-	-	-	995	

^(a) The amount of financial liabilities measured at amortised cost excludes GST payable to the ATO (statutory receivable/payable). The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

Disclosures and Legal Compliance

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity at the end of the reporting period of the authority's financial assets and liabilities on the surplus for the period and equity for a 100 basis point in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying amount \$000	-100 basis points		+100 basis points	
		Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2011					
Financial Assets					
Cash and cash equivalents	39,583	(395)	(395)	395	395
Financial Liabilities					
Agent deposits	1,030	(10)	(10)	10	10
Total Increase/(Decrease)		(405)	(405)	405	405

	Carrying amount \$000	-100 basis points		+100 basis points	
		Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2010					
Financial Assets					
Cash and cash equivalents	42,251	(370)	(370)	370	370
Financial Liabilities					
Agent deposits	990	(10)	(10)	10	10
Total Increase/(Decrease)		(380)	(380)	380	380

Fair Values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Disclosures and Legal Compliance

	2011	2010
	\$000	\$000
23 Commitments		
Commitments are exclusive of GST.		
Capital Commitments		
Commitments in relation to capital expenditure contracted for at the reporting date but not recognised in the financial statements as liabilities are payable as follows:		
Within one year	934	-
Later than one year but not later than five years	-	-
Later than five years	-	-
	934	
The capital commitments include amounts for:		
Customer Information Terminals and communications upgrade	634	-
Other miscellaneous capital projects	-	-
Property upgrades	300	-
Motor Vehicles	-	-
Air Conditioning	-	-
Other miscellaneous capital	-	-
	934	-
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised in the financial statements as liabilities are payable as follows:		
Within one year	3,275	2,832
Later than one year but not later than five years	11,992	10,640
Later than five years	11,584	7,878
	26,851	21,350
Representing:		
Cancellable operating leases	-	-
Non-cancellable operating leases	26,851	21,350
Future finance charges on finance leases	-	-
	26,851	21,350
The non-cancellable operating lease commitments include amounts for:		
Property	26,851	21,350
Computer and office equipment	-	-
	26,851	21,350

Disclosures and Legal Compliance

	2011	2010
	\$000	\$000

24 Contingent liabilities

National Product Fees

While most Australian State governments have set their Race Fields Legislation to be applied retrospectively from 1 September 2008, if all applicable racing authorities were to exercise their available options for retrospective or transitional fees, it is estimated that an additional \$0.6M would be payable by RWWA.

25 Events occurring after the end of the reporting period

There are no significant post reporting period events.

26 Remuneration of members of the Accountable Authority and senior officers

Remuneration of members of the Accountable Authority

The number of members of the Accountable Authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

\$10,001 - \$20,000	4	-
\$30,001 - \$40,000	4	6
\$40,001 - \$50,000	1	1
\$60,001 - \$70,000	1	1

The total remuneration of members of the Accountable Authority is:

323 313

The total remuneration includes the superannuation expense incurred by RWWA in respect of members of the accountable authority.

The number of members of the Accountable Authority for 2011 includes both the two board members who retired from their positions on January 21, 2011, and their replacements who were appointed to the board on February 1, 2011.

No members of the Accountable Authority are members of the Pension Scheme.

Remuneration of Senior Officers

The number of senior officers, other than senior officers reported as members of the Accountable Authority, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

\$140,001 - \$150,000	-	1
\$160,001 - \$170,000	1	-
\$190,001 - \$200,000	1	1
\$220,001 - \$230,000	2	3
\$230,001 - \$240,000	1	-
\$250,001 - \$260,000	1	-
\$280,001 - \$290,000	1	1
\$300,001 - \$310,000	-	2
\$360,001 - \$370,000	1	-
\$450,001 - \$460,000	-	1
\$500,001 - \$510,000	1	-

The total remuneration of senior officers is:

2,447 2,367

The total remuneration includes the superannuation expense incurred by RWWA in respect of senior officers other than senior officers reported as members of the accountable authority.

No senior officers are members of the Pension Scheme.

Disclosures and Legal Compliance

	2011	2010
	\$000	\$000
27 Remuneration of Auditor		
Remuneration payable to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and Key performance indicators	113	113
28 Supplementary Financial Information		
Bad Debts Written off	36	27
29 Schedule of Income and Expense by Service		

	Racing		Wagering		Unallocated		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
INCOME								
Revenue								
Margin	-	-	264,102	246,682	-	-	264,102	246,682
Interest revenue	-	-	-	-	2,208	1,736	2,208	1,736
Other revenue	4,139	2,951	13,693	12,852	1,934	3,828	19,766	19,631
Gain on disposal of non-current assets	-	37	-	488	-	12	-	537
Total Income	4,139	2,988	277,795	260,022	4,142	5,576	286,076	268,586
EXPENSES								
Cost of sales	-	-	51,437	47,196	-	-	51,437	47,196
Wagering Tax	-	-	33,996	31,655	-	-	33,996	31,655
Racing Services	14,066	13,247	-	-	-	-	14,066	13,247
Wagering Services	-	-	77,369	76,081	-	-	77,369	76,081
Support Services	-	-	-	-	28,026	26,956	28,026	26,956
Projects	68	93	1,023	3,339	2,528	1,645	3,618	5,078
Grants and subsidies	3,611	1,675	2,323	2,470	-	-	5,934	4,144
Distribution to racing and sports industries	104,117	103,020	-	-	3,435	3,478	107,551	106,498
Loss on disposal of non-current assets	(9)	-	(1)	-	23	-	13	-
Total Expenses	121,853	118,035	166,147	160,741	34,012	32,079	322,010	310,856
Profit/(Loss) before Grants and Subsidies	(117,714)	(115,047)	111,648	99,281	(29,870)	(26,503)	(35,934)	(42,270)
Grants and subsidies from State Government (GST Reimbursement)	840	-	2,112	2,307	23,993	38,515	26,944	40,821
Profit/(Loss) for the period	(116,874)	(115,047)	113,760	101,588	(5,877)	12,012	(8,991)	(1,448)

Chapter Four

Disclosures and Legal Compliance

30 Explanatory Statement

	Comment	2011 Actual \$000	2010 Actual \$000	Variance \$000
Revenue				
Margin	(1)	264,102	246,682	17,420
Interest Revenue	(2)	2,208	1,736	472
Other Revenue		19,766	19,631	135
Gains				
Gain on disposals of non-current assets	(3)	-	537	(537)
Expenses				
Cost of sales		51,437	47,196	4,241
Wagering Tax		33,996	31,655	2,341
Racing Services		14,066	13,247	819
Wagering Services		77,369	76,081	1,288
Support Services		28,026	26,956	1,070
Projects	(4)	3,618	5,078	(1,459)
Grants and subsidies	(5)	5,934	4,144	1,790
Distribution to racing and sports industries		107,551	106,498	1,054
(Loss) on disposal of non-current assets		13	-	13
Grants and subsidies from State Government	(6)	26,944	40,821	(13,877)

Comment

Significant variations are considered to be those in excess of 10% or \$1.5M

(1) Margin increased against budget as a result of the improved economic conditions on the prior year.

(2) Interest revenue has increased over last year due to the comparatively higher interest rates available throughout the full year in comparison to the lower interest rates available, particularly in the first half of the last year.

(3) No properties were disposed of in the current year, where as the previous year recorded a profit on the sale of several properties.

(4) Project costs were less than the previous year due to a reduction in project activity over the previous year.

(5) Grants were higher than last year due to the payment of several of grants during this year, the largest being for the Pinjarra Racing Pavilion.

(6) Grants and subsidies from State Government is less than last year actuals as 2010 included a substantial retrospective component of WA Racefields Grants relating to 2008/09.

Disclosures and Legal Compliance

Certification of Key Performance Indicators

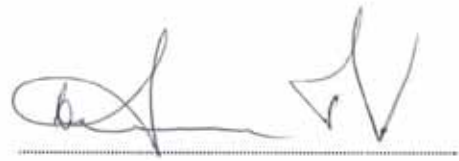
For the year ended 31 July 2011

We hereby certify that the key performance indicators for Racing and Wagering Western Australia (RWVA) are based on proper records, are relevant and appropriate for assisting users to assess the performance of RWVA and fairly represent the performance of RWVA for the financial year ended 31 July 2011.



Ross Bowe
RWVA Chairman

10 October 2011



James Freemantle
Deputy Board Chairman
and Chairman RWVA
Integrity Assurance Committee

10 October 2011

Key Performance Indicators

Outcome

To provide an efficient, competitive and responsible betting service for Western Australia.

To achieve optimum level of funding to the racing industry and for sports.

To efficiently administer, and to provide effective leadership in the development, integrity and welfare of the racing and wagering industry in Western Australia.

	Notes		2011 Actual	2011 Target	2010 Actual
1	Margin	\$000	264,102		246,682
2	Number of Bets Processed	'000	198,025	215,370	205,061
3	Operating Profit excluding the profit/loss from sale of assets before distribution to codes.	\$000	97,856		106,418
4	Distribution to Industry	\$000	107,551	108,411	106,498
	Annual Growth in Distributions to Industry	%	1.0	1.8	(3.3)
5	Grants to Industry (RWVA Funded)	\$000	2,772	2,433	1,675
	Grants to Industry (WA Government Funded)	(a)	\$000 1,705	5,000	358
6	% of Winners Swabbed / Returned Negative	(b)			
	Thoroughbreds	%	99.5		99.1
	Harness	%	100.0		99.5
	Greyhounds	%	100.0		99.7
	Average number of starters in WA Races (excluding non-TAB Meetings)	(c)			
	Thoroughbreds	No.	10.8		10.8
	Harness	No.	10.1		10.1
	Greyhounds	No.	7.8		7.8
7	Staff (FTE)	(d)	No. 360	389	369
8	Margin per employee	\$000	733		669
9	Profit per employee	\$000	272		288
10	Return on assets (Operating profit as a percentage of total assets)	%	71.8	77.3	75.5
11	Primary Betting System availability	%	99.95	99.96	99.95
12	Annual Growth in TAB Turnover on WA racing	%	6.67		(1.92)
13	Racing and Steward expenses per WA race meeting	\$000	17	16	16
	% Change on prior year	%	4.55	1.58	(9.18)

Comments

5 WA Government Funded Grants to industry are higher than last year as it includes the Racing industry Grants Program (RIGP) which began in 2010/11 with a cap of 5M for the first year and 2M for the subsequent 4 years.

RWVA Funded Grants to industry were higher than last year and target due to the payment of several of grants during 2010/11, the largest being for the Pinjarra Racing Pavilion.

13 The number of meetings are TAB meetings only.

Above performance indicators are grouped as follows:

Efficiency indicators	7 & 10
Effectiveness indicators	2, 4, 5, 6, 7 & 11
Accessibility indicators	2 & 11
Service oriented indicators	4, 5, 6 & 11
Profitability indicators	10 & 13

Note

- (a) This indicator addresses the development aspect of the racing industry
- (b) This indicator addresses the integrity aspect of the racing industry
- (c) This indicator addresses the welfare aspect of the racing industry
- (d) The FTE represents the position at the end of the reporting year

Disclosures and Legal Compliance

Other Financial Disclosures

Pricing Policies

RWWA has discretion over pricing for goods and services rendered.

Capital Works

In Progress

Project Name	Expected Year of Completion	Expected Cost to Complete	Estimated Total Cost of Project
Greyhound Racing System	Mar 12	\$514,000	\$1,039,000
Account Preferences	Nov 11	\$320,000	\$404,000
V Products in Retail	Dec 11	\$589,000	\$596,000
Mobile FOB Phase 2	Nov 11	\$335,000	\$497,000

Employment and Industrial Relations

Staff Profile

As at the end of the reporting year the number of people employed at RWWA was 505 (523 in 2010). The employee profile is expressed below as full time equivalent numbers (FTE) rather than as headcount. FTE indicates the number of hours worked and paid, divided by weekly hours of 38.0.

Employee Profile	Full Time Equivalent (FTE)	
	<u>2011</u>	<u>2010</u>
Full time	209	222
Part time	25	21
Casual	63	73
Maximum-term contracts	66	53
TOTALS	363	369

Staff Development

Leadership competency and impact has become our focus in providing for effective staff development. RWWA has invested in the capabilities of this group to ensure we have alignment to our desired outcomes of a highly engaged and responsive workforce.

Industrial Relations

Industrial relations continued to consume a considerable effort for the majority of the year as we worked to develop an agreement with our betting operations people in the Call Centre and Managed Agencies. The complexities of transitioning the Fair Work Legislation and associated underpinning Award entitlements has required extensive communication with staff and a number of aspects requiring legal clarification. We have commenced actions to vary the modernised Award which applies to RWWA employees and the outcome of this process will have implications across the whole of RWWA staff in relation to the cost of non-standard working hours.

Occupational Safety, Health and Injury Management

The work of the Occupational Safety and Health Advisory Committee at RWWA has shifted in focus now that the underpinning reporting and management of risks is well-understood across the organisation. The Committee has turned its attention to identifying well-being initiatives which will have longer-term benefits for staff.

Health and safety training requirements have been addressed in relation to specific job roles, such as Senior First Aid and ergonomic assessment.

Disclosures and Legal Compliance

Governance Disclosures

Contracts with Senior Officer

At the date of reporting, other than contracts of employment or Directorship appointment, no Senior Officers (Directors and Executives) or firms of which Senior Officers are members or entities in which Senior Officers have substantial interests, had any interests in existing or proposed contracts with RWWA.

However it is noted that some Senior Officers have ownership (full and/or part) of racehorses and/or greyhounds which participate within Western Australia.

Insurance premiums paid to indemnify members of the Board

An insurance policy has been undertaken to indemnify members of the Board against any liability incurred under sections 13 or 14 of the *Statutory Corporations (Liabilities of Directors) Act 1996*. The amount of the insurance premium paid for 2011 was \$11,506.

RWWA'S Corporate Governance Principles

RWWA's Board strongly supports the principles of Corporate Governance and is committed to maintaining the highest standards within the organisation. This is particularly important given that RWWA has to balance commercial decisions, against the welfare and integrity of the racing industry, within a heavily regulated environment, and ensure that RWWA and the Racing Industry remains viable and sustainable into the future.

Board Powers, Structure, Composition and Membership

The management of the business and affairs of RWWA is under the direction of the RWWA Board.

The *RWWA Act 2003* gives RWWA broad powers in relation to the management of its affairs and also in the management and regulation of the Western Australian Racing Industry. The Gaming and Wagering Commission of Western Australia regulate RWWA's commercial wagering activities. The RWWA Board is not subject to Government direction.

Part 2, Division 2, of the *RWWA Act 2003*, states how the Board is structured, its composition and membership. The Board comprises:

- One chairperson appointed by the Minister responsible for RWWA.
- Four members selected for their expertise in management, finance, business, commerce or information technology, one of which has knowledge of and experience in regional development.
- Three members representing each of the racing codes – one representative from each code.

Boardroom Conduct and Relationships

The roles and delegated authorities of the Board, Board Committees, Chairperson, CEO and Executive Members, are clearly defined and understood within RWWA.

Key roles of the Board include:

- Strategy – set goals and objectives for the Organisation and the Racing Industry and provide strategic direction and planning;
- Policies and Procedures – determine the organisation's and industry's policies and priorities;
- Leadership and selection – appoint the Chief Executive Officer;
- Monitor Performance – monitor the organisation's performance and the performance of management in achieving its goals;
- Financial Performance – oversee the allocation of the organisation's finances and resources;
- Risk Management – being aware of the major risks involved in the organisations operations;
- Relationship with the Minister, regulators and other key stakeholders – create a regular flow of information to and from the Board, the public, employees, industry stakeholders to contribute to the marketing and maintenance of the organisation's good reputation;
- Social Responsibility – consider the social, environmental, financial and ethical impact on RWWA's stakeholders and the community when making decisions.

Disclosures and Legal Compliance

Regulatory Disclosure and Stakeholders Communications

A Board Member who has a notifiable interest in matters involving RWWA, must disclose the notifiable interest to the Board, and not vote on the matter, and must not be present while the matter or resolution is being considered at the meeting. However, if the Board has passed a resolution that specifies the Board Member, the interest and the matter, and the other Board Members voting for the resolution are satisfied, the interest should not disqualify the Board Member from considering or voting on the matter (*Sections 18 & 19, Schedule 1, clause 8(1) of the RWWA Act 2003*).

RWWA complies with the requirements of disclosure as required by the *RWWA Act 2003*, the *Financial Management Act 2006* and applicable Australian Accounting Standards.

RWWA maintains regular communications with its stakeholders through:

- Racing Industry Consultative Groups
- TAB Agents Advisory Council
- Meetings with the Minister responsible for RWWA
- Communications with employees.

Robust Management and Compliance Processes

RWWA has a sound system of Risk Management, Compliance, and Internal Control. A Risk Management, Compliance, Internal Control framework and Governance Structure has been implemented to ensure that risks RWWA

experiences are properly managed, to ensure the ongoing viability and sound reputation of RWWA.

RWWA is responsible to ensure that high standards of Risk Management and Compliance are maintained, as monitored by the Board's Integrity Assurance Committee and the Risk Management, Compliance, Internal Audit and Stewards functions operating within RWWA.

RWWA is committed to comply with all legislative requirements, including Occupational Health and Safety and Equal Opportunity requirements.

Ethical Decision Making

RWWA considers the social, environmental, financial and ethical impact on RWWA's stakeholders and the community when making decisions.

RWWA has developed a Responsible Wagering Policy to guide Board Members, Employees and TAB Agents in the responsible provision of Wagering Services and to ensure that RWWA provides customers with the highest standard of customer care.

Strategy, Planning and Monitoring

To fulfil RWWA's Purpose, an annual Statement of Corporate Intent and a Strategic Development Plan (longer term plan) is developed which documents the plans, direction and vision for RWWA and the Racing Industry.

The Board monitors and evaluates the progress of implementing the Strategic and Business Plans of RWWA.

Encouraged Enhanced Performance

RWWA undertakes performance appraisals of all employees, including the CEO and Executive Members as part of the Performance Management System.

Annual Budgets and Business Plans are developed to meet the targets set in the Statement of Corporate Intent and the Strategic Development Plan, and these are linked into RWWA Performance Management System.

Sustainability

RWWA considers sustainability as an important issue, not only for the organisation, but also for the Western Australian Racing Industry. RWWA considers that sustainability focuses on providing a sustainable future, focusing on economic, environmental and social elements. RWWA is continuing with the implementation of a sustainable culture within the organisation for its key stakeholders.

Key Initiatives include:

- Environmental audits of race tracks
- Responsible Wagering Programme and Code of Conduct
- Equity and Diversity within the workplace
- Ensuring the financial viability of the Western Australia Racing Industry through financial practices.

RWWA is committed to improving its sustainability practices and principles.

Disclosures and Legal Compliance

Other Legal Requirements

Advertising

In compliance with section 175ZE of the *Electoral Act 1907*, RWWA reports that it incurred the following expenditure in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

Total expenditure for 2010/11 was \$2,894,604 and was incurred as follows:

Advertising Agencies	\$
Rare Creative	384,076
303	532,343
Torque	8,342
Professional Public Relations	16,139
Market Research Agencies	
Research Solutions	21,508
Synovate	92,309
Media Advertising Organisations	
Heritage FM	3,300
Western Sports Media (Sport FM)	38,500
Media Tonic	4,180
Out and About Media	1,012
PR.Com	9,675
The West Australian	7,774
GWN	4,230
Media Agencies	
Adcorp	58,314
Media Decisions	7,616
Google	90,454
Mitchell and Partners	1,579,327
KEA Marketing	14,000
Media Monitors	21,505
TOTAL EXPENDITURE	2,894,604

Compliance with Public Sector Standards and Ethical Codes

There were no compliance issues arising during the reporting period. Actions to prevent non-compliance include revision of RWWA's Code of Conduct, the application and communication of relevant policies and actions arising from RWWA's Equal Opportunity Plan.

Record Keeping

In accordance with *Section 61 of State Records Act 2000*, RWWA provides the following information in support of compliance with the *State Records Commission's Standard 2 (Principle 6)*.

Activities undertaken this year include finalising the amendment of our record keeping plan which was completed in early 2011 and submitted to the State Records Commission. This plan has subsequently been approved by the State Records Commission with further review not required until 2016.

The record keeping training programme is delivered through staff induction and addresses employees' roles and responsibilities with regards to compliance with RWWA's record keeping plan under the *State Records Act 2000*.

The efficiency and effectiveness of the record keeping awareness programme is assessed periodically through participant feedback received either in person, or on-line, and continues to produce satisfactory recommendations.

Disclosures and Legal Compliance

Government Policy Requirements

Act of Grace Payments

During 2011, RWWA made one Act of Grace payment of \$117K with the approval of the Minister as delegate of the Treasurer.

Occupational Safety, Health and Injury Management

The RWWA Executive is responsible for providing leadership in the management of all aspects of RWWA's operation, including the health, safety and welfare of RWWA staff. It is responsible for the development of OSH policies, programmes and procedures in consultation with the Occupational Safety and Health Advisory Committee and for the provision of adequate resources to give effect to them. Managers and supervisors are responsible for ensuring that programmes are carried out and that policies and procedures are followed.

RWWA is committed to:

- Providing a safe and healthy workplace, plant and work systems.
- Providing protective clothing and equipment.
- Providing occupational safety and health information, instruction, supervision and training.
- Fulfilling the outcomes of the OSH Plan.
- Consulting and cooperating with the Occupational Safety and Health Advisory Committee.

RWWA's processes are compliant with the injury management requirements of the *Workers' Compensation and Injury Management Act 1981*.

Internal evaluation of occupational safety and health management systems has been completed with the following summary of findings:

- Identification and reporting mechanisms are well understood and utilised
- Improvements in key identified areas of risk have been undertaken
- Policy changes to support and reflect measures to reduce risk in key areas have been actioned
- Training has been provided in key identified areas of risk.

Insurance and Loss Time Injury Table

INDICATOR	2011 ACTUAL	2011 TARGET	2010 ACTUAL
Number of fatalities	0	Zero (0)	0
Lost time injury/diseases (LTI/D) rate	0	Zero (0) or 10% reduction on 2010	1.21
Percentage of injured workers returned to work within 28 weeks	100%	Actual percentage result to be reported	75%

