

Staying **On Track**



April 2006



RACING AND WAGERING WESTERN AUSTRALIA

Back on Track



RWWA Chairman Mr Ross Bowe

I am pleased to provide an update on the performance of the industry and the progress RWWA has made so far with the Back on Track initiatives.

It is time to restate the central messages and revisit ongoing strategies, management and development of the industry and the role the clubs and participants have to play in sustaining the future. It is evident that the trends and directions in the industry and the wider national and global business environment give rise to many challenges and issues and RWWA must be proactive in positioning itself to continue to succeed.

Horizon One

- **Distribution and Stakes** - Implement distribution policy increasing stakes and participant funding to levels of national relevance.
- **Racing Infrastructure and Grants** - Develop a comprehensive industry strategy for management of racing assets.
- **On course Yield** - Help for clubs to increase yields from on-course operations.
- **Media Relations** - A

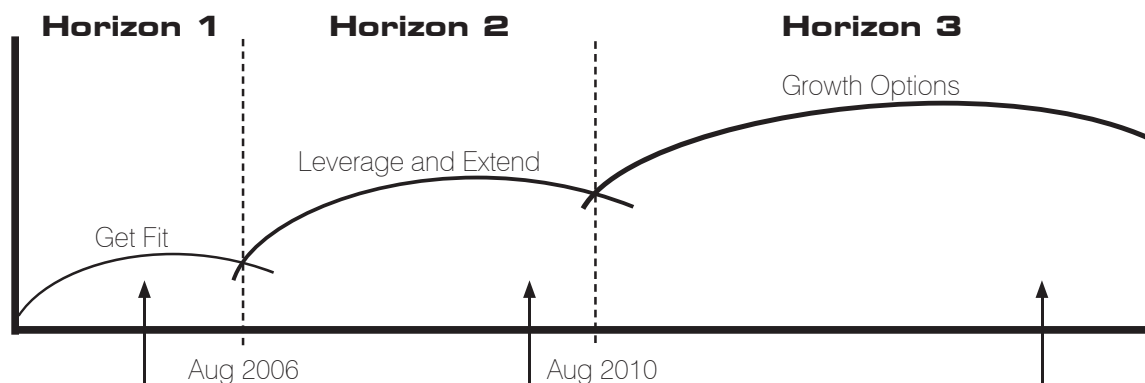
coordinated approach to broaden racing's appeal to a mainstream audience.

- **Ownership and Retention** - Retaining existing and attracting new owners with programs and assistance.
- **Promotional Capabilities** - Facilitate the creation and management of a suite of promotional activities.
- **Shared Services** - Shared racing event facilities.
- **Sponsorship** - Resources to facilitate the development of sponsorship packages.

Horizon Two

- **Brand Marketing** - To develop and manage, for the industry, a suitable brand archetype.
- **Industry Knowledge Centre** - To develop within the industry a repository of skills, processes and resources to facilitate the ongoing development of key industry participants.
- **New Product Development** - Develop new products that are fresh, growing in appeal, and constantly capable of attracting a new audience.

Strategy Development Over Time



Horizon 1

- Stakes;
- Urgent maintenance;
- Shared services;
- Media relations, branding, promotion and on-course yield.

Horizon 2

- Increased on-course yields;
- Image and promotional capabilities increases attendance at feature days;
- New products trialled.

Horizon 3

- New products;
- Expanded media coverage, wider audience and sponsorship;
- Export opportunities identified and developed.

Industry Funding

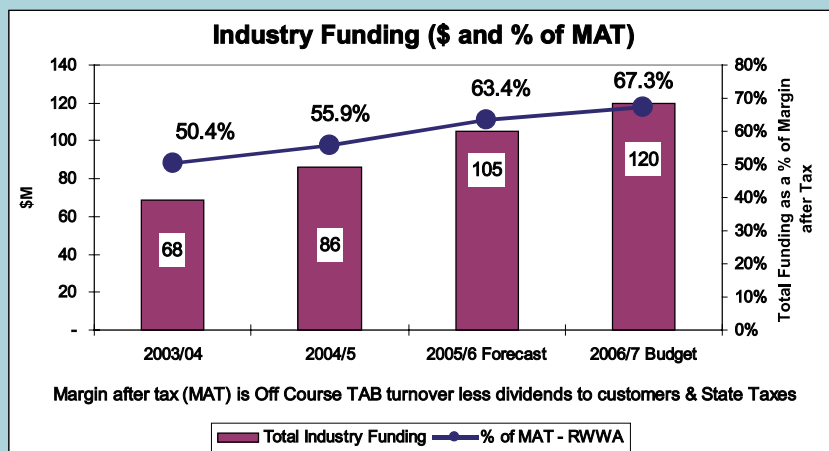
- Total funding including distributions for stakes and clubs, racing and stewards services, subsidies and grants (including State Government Grants) increasing from \$68.4M in 2003/04 to \$120M in 2006/07, a 75% boost.
- Owners are now receiving \$2.5M in direct payments through the Owner's Incentive Payment Scheme.
- The WA industry has bridged the gap between it and the leading states in each code in terms of participant funding per meeting. WA was at 60% in 2003/04 and will be at 80% next year.

Tax Reform

- Effective July 2007 the tax basis will change from Tax on Turnover at 4.5% to Tax on Margin at 21% (approx 3.5% of turnover). This is worth \$12M to the industry in the first full year in 2007/08.

RWWA Performance

- On average wagering turnover has achieved double digit growth each year for the past three years.
- RWWA, through it's off course betting arm the TAB, has achieved the highest six-month turnover in it's 44-year history.
- Turnover for the first 6 months of 2005/06 was \$667M, an increase of 10.8%.
- The TAB contribution to the community through taxation during the past 6 months was \$30M. The payment of the turnover tax to the WA government assists in funding community and sporting projects throughout the state.



RWWA provides a significant share of TAB margin after tax (MAT) to the WA industry, this is currently at over 60% of MAT.

Racing Initiatives

- Consultative groups for each code have been introduced.
- Optimal programming of WA race vision has been achieved with 12 Sky meetings per week.
- An extensive review of the training needs of the industry was undertaken and participant training programs have been established.

Stewards Initiatives

- Through the National Equine Integrity Welfare Advisory Group, RWWA has contributed to research into newly developed drugs and proactive detection of the use of drugs in the industry.
- RWWA along with Racing Victoria and NSW Racing commissioned a National Safety Review. RWWA will, on a continual basis, investigate and implement where appropriate, the recommendations made by the review.
- RWWA has appointed a single official testing Laboratory to handle all drug testing.

Wagering Initiatives

- Ongoing review of the retail network has seen the opening, upgrading and relocation of agencies where service requirements and demand are evidenced.
- A trial has been completed of the new Customer Information Terminals (CIT's) which have been designed to improve information service to customers throughout the retail network.



The new Customer Information Terminals

- Continued trend of significant growth in electronic sales has seen the redevelopment of the TABozbet wagering site, due for launch in coming months.
- Additional overseas meetings have been added to the programme, including for the first time South African racing and a regular Hong Kong racing programme.

Grants and Regional Development Plans

- "A Plan to Get Back on Track" included a comprehensive strategy addressing the need to rehabilitate and upgrade racecourse venues.
- These needs have been prioritised and venues are to be provided with assistance in developing and financing the projects that will underpin the ongoing viability of racing in WA, with an immediate focus on the country and regional projects.
- The benefits of the Country Racing Grant fund of \$26M, of which, \$20M was provided by the government, are now starting to come to fruition across the state and a number

of projects have commenced with others scheduled for 2007 and 2008.

- Country Racing Grants were allocated to a number of development projects resulting from the first round of master planning and work has now commenced at Utakarra Racecourse in Geraldton, Stage 2 works at Northam Race Club will be completed in the coming weeks, Pinjarra Race Club has completed the first stage of the upgrade of the track and stages 2 and 3 are planned for the winter of 2006 and 2007.
- RWWA has purchased new starting barriers for Northam, Geraldton, Lark Hill and Pinjarra and has relocated and refurbished barriers for Carnarvon, Broome, York, Esperance, Mingenew, Dongara, Mount Magnet and Yalgoo.



New Northam Admin, Jockeys & Stewards Building & Parade Ring



Upgraded barriers at Narrogin Turf Club



New Northam Judges, Photo Finish & Race Callers Tower has been relocated to the top of the grand stand

Lark Hill

- The ongoing development of the Lark Hill Training Centre has the potential to make it a major training complex in the state, doubling the number of horses it can cater for in the next five years.
- RWWA is negotiating to secure a long-term tenure for an expanded Lark Hill Equine Precinct.
- RWWA has researched a wide variety of surfaces other than grass to assess the most suitable for WA conditions. Research is ongoing and involves technical

engineering advice of the suitability and costs of the various types of material.

Byford

- With the purchase of the Byford Trotting Training Complex, RWWA will examine and identify how to improve the standard of services to harness racing trainers.

Ascot

- A major renovation of the track at Ascot was completed, with RWWA contributing \$2.75 million.



(below) Stages of the renovation of the Ascot track

On Track

In an effort to improve on course attendance and on course yield a series of workshops were conducted to identify the strengths and weaknesses of country race clubs and what degree of assistance they required. The workshops established that race clubs were looking for guidance, resourcing and financial assistance.

A Club Promotions and Development business unit was created by RWWA in April 2005 as a dedicated resource to provide race clubs with a more professional business image.

Race clubs have had assistance in the following areas:

Creating Products and On-Course Yield

- Assistance with the planning, preparation and implementation of race day feature events through the development of marketing materials.
- A plan to replace the laptop betting system at country racetracks.

Branding, Marketing and Promotion

- RWWA has purchased the rights from Australian Harness Racing Council to use the slogan and jingle "Isn't it Amazing this Harness Racing" to promote and brand harness racing in WA as part of a national campaign.
- Increased media coverage, including promotion of club events through Racing Radio at a cheaper advertising rate and advertising in Racing Ahead magazine and in TABform.
- Assistance with the preparation of sponsorship proposals and packages.
- Providing clubs with a Business Plan template.
- RWWA is in negotiations with GWN for the provision of television advertising for country racing.

Examples of Marketing Materials provided to Race Clubs

Rock to the Stars
at Narrogin HRC

Featuring **Russell Gooley**,
Star of TV show "X Factor"
playing with band Dilate

\$7,000 2006 Hankook Tyres Great Southern Derby
\$15,000 Tom Thompson Memorial Sprint

Friday 10 February 2006

Narrogin Harness Racing Club
Narrogin Raceway, Clayton Road Narrogin

Tickets: Family \$15 Adult \$8 Children \$2

For more information contact Kerry Bryant on 9881 2607

Tickets available from Oriyandra Country Visitor Centre, Cnr Park & Fairway Sts., Narrogin • Narrogin Newsagency, 72 Federal St. Narrogin • Newwest Newsagency, 4B-4B Federal St. Narrogin • Music Max, 40 Federal St., Narrogin.

MOORA RACE CLUB

2006 -2007
SPONSORSHIP
PROPOSAL
Presented to

Healthway

NARROGIN TURF CLUB
cordially invites you to
two huge events!
Saturday Night Calcutta

Join in the fun of Calcutta night with entertainment and special guests throughout the night.

Ticket includes Meal, two complimentary drinks and entertainment
Tickets only \$35

RSVP Essential by April 19th on 9885 9112
or via email on jayok@bigspan.com.au

2006 WideSpan Sheds Cup

Don't miss Cup Day with great racing, entertainment, and so much more! Join us for Cup Day on Sunday April 23rd!

Two Huge Events
SATURDAY 22ND & 23RD APRIL

BUNBURY TROTTING CLUB

The President and Committee of the BUNBURY TROTTING CLUB (INC) extend an invitation to:

to be our guests in the Committee Reserve at the

RACE MEETING ON SATURDAY 29th APRIL

The meeting is to recognise the service & contribution to the Club made by Past Presidents and Secretary/Managers

Commencing at 7.30pm

Supper and refreshments will be provided (beer, wine and soft drinks)

First race approx. 7pm
Please use your Membership passes to gain entry or contact the Club if necessary

Entrance and parking off Milligan Street

RSVP - 24th April
9721 2168 or 0408 938 957

Ho Ho Ho
the big Christmas show

They'll give us a little to cheer the Christmas of Christmas! At Narrogin, the World's Most Famous Christmas Show is back! The show will be a night of fun, games, prizes and entertainment for the whole family. The show will be a night of fun, games, prizes and entertainment for the whole family. The show will be a night of fun, games, prizes and entertainment for the whole family.

Checkers at Greyhounds WA
9721 2168

WideSpan Sheds

\$30,000 NARROGIN CUP

SUNDAY 23RD APRIL
This Sunday's Cup Day at Narrogin Race Club. With spectacular racing including the \$30,000 Narrogin Cup plus bonuses and tote bonuses - you can't miss it! There will also be kids entertainment, hankies of the field and a live band. Come down to Narrogin Race Club this Sunday and join in the fun of cup day!

Perth Cup
Saturday 25th March

GREYHOUNDS WA CANNINGTON 9458 9182
Cnr Albany Hwy & Station St., greyhoundswa.com.au

- FREE GATE ENTRY gates open 6pm
- FIREWORKS @ 11.00pm
- Host TIM GOSSAGE
- Live Entertainment
- Live Greyhound Racing
- Kids Puppy Club Night
- GIANT MUSIC VIDEO SCREEN

Around the Turn

The focus in 2006/07 will be to provide the clubs with the physical resources to take their feature race meetings to the next level of entertainment. Future emphasis will be on the development of strategies to recognise and support the contribution of owners in WA as well as attract new owners into the industry.

Creating Products and On-Course Yield

- The implementation of themed race days is planned in 06/07 through the purchase of promotional product and materials, as well as race day equipment for use by all country clubs.

Ownership and Retention

The appointment of an Ownership Development Officer to be made in the second half of 06/07 to address the issues of:

- Clubs being able to identify owners on race days to ensure they receive appropriate care and attention.
- Pursuing syndication options to attract new participants to the industry.

Branding, Marketing and Promotion

- Researching customer satisfaction levels.
- Media training for country racing administrators.
- Clubs obtaining access to a web page on the RWWA website.
- Racing administrators obtaining access to an Internet based central repository of country club racing information.

Sharing Services and Facilities

- RWWA to undertake an equipment audit / request survey to ascertain the industry's current needs and ability to share common resources.
- RWWA to commence research and evaluate opportunities involved in purchasing race day equipment for the shared access of race clubs.
- RWWA to look at opportunities to minimise the significant amount of money spent by race clubs annually on auditing fees.

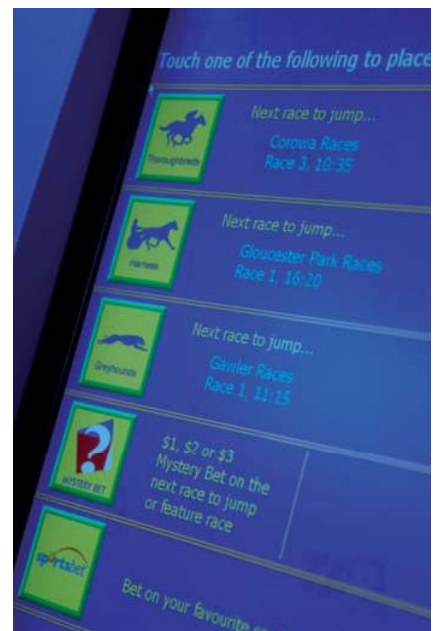
Wagering Infrastructure Redevelopment

Focus on new technology required to support the wagering business, including:

- Upgrading the Data Communication Network
- Reviewing options and implementing new Point of Sale Terminals
- Implementing touch screen Information Terminals
- Refurbishing the existing Bet Engine, the hardware and software that processes the bets through TABs and on-course totes in WA.



An example of advertising that Bunbury Turf Club used to promote their "Carnival"



Proposed Self-Service Wagering Terminal

(left) New TAB Agency at Whitfords (right) New TAB Agency at Dianella



Staying on Track

The formation of RWWA in August 2003 resulted in the first-ever strategic plan for the whole of the Western Australian racing industry – Back on Track. It is now appropriate for RWWA to turn its attention to its own reform and the question of whether RWWA is currently structured and operating in such a way that it is equipped to realise the vision set out in Back on Track.

The challenges and opportunities facing RWWA and the industry now and into the future are interrelated and concerned with:

- Racing and wagering trends
- The competitive environment
- Information and communication technology
- Branding
- Industry aggregation
- Optimal operating structures

Gambling, including wagering and gaming, has become a more socially acceptable form of entertainment throughout the world. The resurgence of poker worldwide is testament to this.

The increasing popularity of gambling has attracted new entrants

to the market fuelled by governments issuing licenses in pursuit of revenue growth. Consequently, this has attracted new participants, some of them big brands, who have the resources and capabilities to offer innovative products and better facilities.

Advances in technology have also driven the development of new products (e.g. betting exchanges), new channels (e.g. the internet, telephony and interactive TV) and the break down of geographical borders.

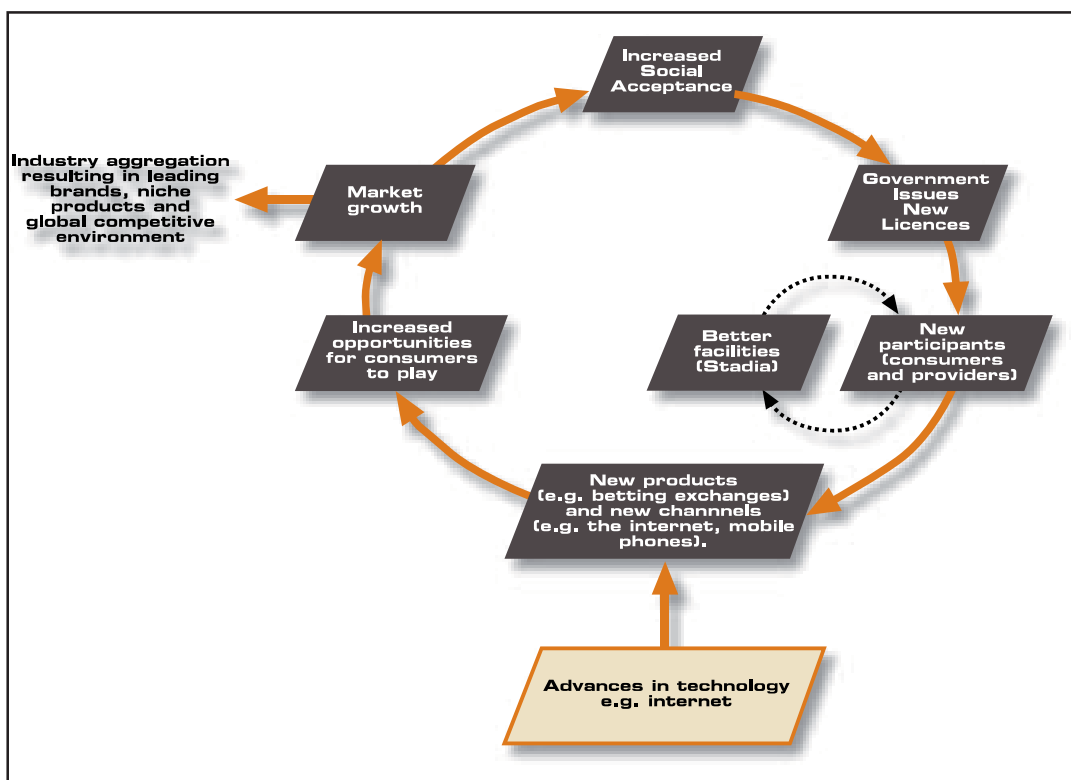
This has led to rapid and substantial market growth and eventually a market where players aggregate as they seek more power and lower costs. Such aggregation results in leading brands, the emergence of niche products and a competitive

environment that spans the globe.

Given the issues facing the industry, the next step is to ensure RWWA is structured and operating effectively and that it is capable of delivering the vision detailed in the industry strategy.

Upon its formation, RWWA adopted the view that the first task was to develop a strategy to maximise industry benefits and then with the task defined, identify how RWWA should be designed to deliver on expectations. RWWA will now commission a study by leading experts to assist in a review of its operations and structure.

The diagram below depicts the cycle of growth in gambling globally and the challenge this presents to RWWA and it's position in the Australian Racing and Wagering industry.



Staying on Track



RWWA CEO
Mr Ray Bennett

While it is very pleasing to see how far we have all come in the last few years, we are now seeing on an almost daily basis, issues emerging that have the potential to derail the WA industry and set back the gains made so far.

It is also important to understand that the Back On track study did not examine how RWWA would deliver the targets it set over the longer term.

RWWA recently conducted research into future trends and directions. Key challenges identified from the preliminary research have the potential to impact the organisation's capability to realise the vision set out in Back on Track.

New strategies will be required for RWWA to successfully operate in

the future and hence continue to be a major source of funding for the development of racing and sports in Western Australia.

Questions arise as to how RWWA should be designed and operate to meet the future challenges therefore, it is proposed that RWWA enlist the services of an external consultant to undertake further research into the issues highlighted, and provide a strategic outlook for RWWA and the WA racing industry to achieve its potential in the future.

There is also a need for Race Clubs and industry members to become more self sufficient and not to rely solely on RWWA for funding and I urge the industry to seek out and take a hold of opportunities to strengthen their positions.

RWWA Contacts

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