

RACING & WAGERING WESTERN AUSTRALIA



STATEMENT OF CORPORATE INTENT

2011 - 2012



Our Values

*Customer First
Teamwork
Achievement
Commercial Focus*

Our Purpose

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

Our Vision

*Making our racing
great*

Racing and Wagering Western Australia

14 Hasler Road
OSBORNE PARK WA 6017

T: (08) 9445 5333

F: (08) 9244 5914

www.rwwa.com.au



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INTRODUCTION

Racing and Wagering Western Australia (RWWA) was established on August 1, 2003. RWWA's charter under the *Racing and Wagering Western Australia Act 2003* is to foster development, promote the welfare and ensure the integrity of metropolitan and country thoroughbred, harness and greyhound racing in the interests of the long-term viability of the racing industry in Western Australia.

The *Racing and Wagering Western Australia Act 2003* requires RWWA to produce a Statement of Corporate Intent (SCI) which in this instance reflects the 2011/12 financial year and in particular sets out RWWA's objectives, main undertakings for the year, the nature and scope of the functions proposed to be performed, performance targets and accounting policies.

CORPORATE OBJECTIVES

GROWTH

RWWA will pursue innovative strategies to ensure its wagering operations, and the racing industry product in Western Australia, remains nationally competitive and delivers maximum benefits to the Racing Industry and other stakeholders.

PEOPLE

RWWA will provide an environment where its employees, agents and contractors, are motivated to be innovative and achieve their potential.

INTERNAL PROCESS

RWWA will strive for best practice in the quality, efficiency and effectiveness of its operations and processes, and will actively encourage the adoption of these attributes in the key operations and processes in the Western Australian racing industry.

CUSTOMER

RWWA will provide a competitive standard of service to its customers.

STAKEHOLDER

RWWA will act with transparency, integrity and honesty in all its dealings with all its stakeholders.

FINANCIAL

RWWA will maximise the future value of its operations, and strengthen the sustainability of the Western Australian racing industry by exercising financial acumen and through judicious use of funds for new products, infrastructure and services.

RISK

RWWA will manage risk to safeguard the ongoing viability and reputation of the organisation and the attainment of organisational goals. RWWA will encourage the Western Australian racing industry to adopt effective risk management strategies.

COMMUNITY RESPECT

RWWA will secure community acknowledgement and respect as a responsible provider of wagering services, as a major contributor to racing and sport in Western Australia, and for the integrity of racing in Western Australia.

RACING

RWWA has developed Strategic Plans for all three racing codes and continually reviews the Distribution Model framework. All three strategic plans focused on driving greater efficiencies, providing sustainability and ensuring long-term viability of Western Australian racing into the future.

Both the Strategic Plans and the ongoing revision of the Distribution Model take into account the independent nature of the individual codes - their differing requirements; their differing wagering capacity and their viability as specific racing codes.

As a tri-code coordinator, RWWA will maintain all three codes at optimum levels based on a targeted and code-specific framework.



Increase Participation in the Western Australia Racing Industry

RWWA encourages participation in the racing industry via attractive stake levels and a fair return on investment for active participants. The Strategic Plans focus on encouraging racing as a career of choice industry; increasing on-course attendance rates and attracting a wider scope of racing clientele.



Increase the Quality of the Racing Product in Western Australia

Reputation and performance are key elements of judging the quality of product emanating from a State's racing industry. Western Australia adheres to best practice initiatives in relation to integrity and welfare and will continue to maintain this high standard. The Strategic Plans identified the optimal volume of racing for each code with greyhound metro volume reducing marginally; harness quantum reducing, based on reduced horse population and wagering interest; and thoroughbreds maturing at current levels. These recommendations are being further advanced with the introduction of a metropolitan midweek strategy specific to harness. This will see harness meeting allocations further reduced overall by seven meetings in 2011/12. Ongoing support of structured industry training and accreditation programmes for participants will further enhance Western Australia's racing reputation.



Increase the Stakeholder Satisfaction

RWWA maintains active consultation with stakeholders and continues to do so via regional outreach programmes, along with integrated discussion over key funding initiatives. Upon release of the equine Strategic Plans as early Discussion Papers in April 2010 (the greyhound plan was released in April 2009), RWWA incorporated stakeholder feedback via the submission process and commenced quarterly updates direct to stakeholders advising of implementation progress and targets.

RWWA also hosted the inaugural Western Australia Racing Symposium on April 15, 2011, which was an open invitation to all stakeholders to participate in a tri-code conference. The intent of the event was to discuss current challenges with the input of national administrators representing each code; followed by code-specific workshops which provided an intimate and constructive environment in which to determine tangible and productive solutions.

Safeguard the Viability of the Racing Industry

The code Strategic Plans have been formulated based on providing sustainability and certainty for a tri-code industry with fundamental funding challenges ahead. In identifying the racing industry's strengths and weaknesses and adapting to a changing economic climate, RWWA is committed to the long-term viability of the industry. With an acute emphasis on minimising cost and maximising returns, both the Strategic Plans and Distribution Model equip the industry with proactive and targeted capacity to best achieve "sustainable racing".

Racing Industry Opportunities

Despite the challenges and threats abounding, the Western Australia racing industry maintains a strong and viable reputation – one which we must build on to continue a positive image going forward. The tri-code WA product is currently in demand nationally with Asia wagering markets focused on Western Australia thoroughbreds; as a result RWWA will continue to support the enhancement of these opportunities. As Western Australia weathers the economic climate, it is important that the racing industry continues to attract new participants via marketing and promotional activity, along with maintaining our active participant pool.

Racing Industry Threats

Aside from obvious wagering challenges afoot, RWWA acknowledges other key threats to Racing such as animal activism and participant decline. The Strategic Plans recommend programme initiatives to mitigate against these threats and ensure that Western Australian racing is in a position to effectively address growing risks to its sport.

Racing Infrastructure Funding

RWWA has identified a number of essential projects that require \$70M in funding over the next five years. RWWA must continue to grow its revenues, achieve a substantial savings in operating costs, achieve further tax reform and/or secure government grants to meet these needs. It is becoming increasingly difficult to make these gains in a competitive environment and where costs to provide competitive offers are likely to increase and not reduce.

Racing Industry Grants and Development

RWWA's strategic position for race clubs is for racecourses to be developed with modern and comfortable facilities for patrons and to provide the safest racing for the utmost integrity of the racing product. Clubs must strive to introduce a number of advancements that include:

- Presentation of a modern, visually exciting product, both in terms of quantity and quality for both on-course and off-course punters;
- A plan to protect the environmental sustainability of the industry, including minimisation of water use (mostly relevant to metropolitan and regional zones);
- Meeting the expectations of the on-course patron, in the entertainment market, particularly encouraging the high-value off-course punter to come on-course;
- Addressing the operational needs of the racing industry participants, with a focus on the racecourse as a workplace; and
- Servicing the essential needs of horse training by providing high quality, affordable training infrastructure.

In order for racing to meet these requirements, RWWA has identified an amount exceeding \$70M required to be invested within the industry over the next three to five years on desired capital infrastructure projects for metropolitan, country and regional clubs.

The clubs currently have the following funding mechanisms available to them to undertake capital infrastructure projects:

- Racecourse Infrastructure Grants Programme;
- Royalties for Regions; and
- RWWA Funded Grants.

The following sub-sections detail the different Grant programmes.

➤ **Racecourse Infrastructure Grants Programme**

The Minister for Racing and Gaming has announced a State Government funding commitment of \$13M on a partnership basis for racecourse infrastructure over the next five years. This funding is a much appreciated initiative for the industry given the pressure placed on the industry following Equine Influenza, the Global Financial Crisis and the increased competitive pressure on wagering.

Race clubs, official training centres and allied bodies across the State are entitled to make application for funding under the new Racecourse Infrastructure Grants Programme (RIGP). In past years the Government's Grant Fund was available only for country and regional racecourse rehabilitation; however this new round of RIGP funding will apply to all venues, including the metropolitan region.

As of June 2011, 35 grants have been approved or committed to in principle to a value of \$3.4M out of a total project cost of \$14M.

➤ **Royalties for Regions**

Clubs are encouraged to approach RWWA for support, prior to making an application through the Royalties for Regions grants scheme. In some cases RWWA assist clubs in developing business cases for their applications.

This year applications closed in March 2011 and RWWA is confident that some clubs receiving partner funding assistance through the RIGP will be well placed to receive favourable consideration when these allocations are made public in the second half of 2011.

➤ **RWWA Funded Grants**

RWWA has limited funds available for racing infrastructure for 2011/12. Primary infrastructure funding will be from clubs in partnership with RIGP/Royalties for Regions.

DISTRIBUTION OF FUNDS

Table 1: Industry Distributions

Industry distributions are made up of RWWA profits / retained earnings and government grants received through Western Australia Race Fields Legislation.

Section 77 (2) c of the *Racing and Wagering Act 2003* requires RWWA to disclose the proportions of industry distributions to the classes of racing clubs as shown in the following table.

2011/12	Thoroughbreds		Harness		Greyhounds	
Track Class	Distribution	Distribution % of Code	Distribution	Distribution % of Code	Distribution	Distribution % of Code
Metropolitan	\$ 40,567,728	61.7%	\$ 18,289,309	61.1%	\$ 7,419,808	54.8%
Country	\$ 24,615,734	37.4%	\$ 11,316,679	37.8%	\$ 6,012,345	44.4%
Training	\$ -	-	\$ 232,066	0.8%	\$ -	N/A
Unallocated *	\$ 547,000	0.8%	\$ 75,000	0.3%	\$ 100,000	0.8%
Grand Total	\$ 65,730,462	100.0%	\$ 29,913,053	100.0%	\$ 13,532,153	100.0%

* Represents distributions which by their nature cannot be separated by location.

Table 2: Sports Distributions

Distribution to Sports (\$000's)	2011/12
Sports Distribution	3,117
Sports Distributions as % of Sports MAT	25.00%

Table 3: Racing Distribution Funding

Section 77 (2) d(a) of the *Racing and Wagering Act 2003*, requires RWWA to disclose the proportions in which the grant income from Racefields revenue will be distributed to the classes of racing clubs as shown in the following table.

2011/12 Distribution to Racing codes (\$000's)	Thoroughbreds	Harness	Greyhounds	Total
Racefields revenue code allocation %	60.20%	27.32%	12.66%	100.00%
Racing Distributions funded from Racefields Grants Income	14,125	6,430	2,981	23,536
Racing Distributions funded from Wagering Revenue	51,605	23,483	10,561	85,649
Total Distributions	65,730	29,913	13,542	109,186

KEY PERFORMANCE INDICATORS

Key Performance Indicators	2011/12
Number of bets processed (% Change from prior year)	6.15%
Distribution to Racing and Sports (\$000)	112,303
Distribution to Racing and Sports (% Change from prior year)	4.66%
Racing and Stewards Expenses per WA meeting (\$000)	16
Racing and Stewards Expenses per WA meeting (% Change from prior year)	1.09%
Number of staff (FTE)	368
Profit (Loss) per employee (\$000)	288
Profit per employee (% Change from prior year)	4.67%
Return on Assets (%)	84.93%
Return on Assets (% Change from prior year)	6.95%
Primary Betting System availability (%)	99.96%
Primary Betting System availability (% Change from prior year)	0.00%

ACCOUNTING POLICIES

Policies adopted in the preparation of the accounts for the period of this Statement of Corporate Intent are consistent with the Accounting policies outlined in RWWA's Annual Report.

REPORTING REQUIREMENTS

RWWA undertakes financial reporting of its business activities in accordance with the requirements of the Financial Management Act 2006 ("the Act") and Treasurer's Instructions. RWWA also provides information for regulatory and monitoring purposes to the Gaming and Wagering Commission and other government agencies as required. RWWA also provides information to the Minister for Racing and Gaming and to Parliament when requested.

The Act also requires RWWA to produce an annual report comprising a report on the operations of the organisation, performance indicators and financial statements.

In addition to the above legislation, RWWA in the performance of its function, must and will comply with any other legislated reporting requirements.

RWWA is also required to provide information to State Treasury under the Government Financial Responsibility Act 2000.

- End -

