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RACING AND WAGERING WESTERN AUSTRALIA
ANNUAL REPORT

OUR MISSION

“To provide strategic direction and leadership in the development, integrity and welfare of the racing and wagering industry in Western Australia ensuring its competitiveness and long-term commercial viability for the benefit of industry stakeholders”



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RACING AND WAGERING WESTERN AUSTRALIA

For the year ended 31 July 2010

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 year ended 31 July 2010.

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



Ross Bowe
RWWA Chairman

11 October 2010



James Freemantle
Deputy Chairman
and Chairman RWWA
Integrity Assurance Committee

11 October 2010

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CHAPTER ONE OVERVIEW

EXECUTIVE SUMMARY

CHAIRMAN AND CEO REPORT

The combination of poor economic conditions, the full year impact of Race Fields legislation and increased interstate competition placed considerable pressure on Racing and Wagering Western Australia (RWVA) in 2010.

Summarising RWVA's financial performance for the year, gross revenue prior to pooling, product fees and state taxation declined by 0.8% on the previous year. This result in the main was due to poor consumer confidence and lower disposable income arising from the economic chaos of 2009 and successive interest rate rises throughout 2010.

In response to the lack of growth and new cost pressures in 2009/10, arising from pooling and product fees totalling \$37.5M, RWVA managed to reduce its operating expenditure before depreciation and amortisation by 2.7% during the year. Expenditure, including depreciation and amortisation, was in line with the prior year (down 0.4%) due to the extensive capital expenditure programme associated with RWVA's bet engine and betting terminal replacement projects.

Under the newly enacted Racing Bets Levy, race clubs received \$34.4M from the Western Australian Government during 2009/10. This amount included levies received from wagering operators around Australia for the 2008/09 and 2009/10 financial periods, as the amended Race Fields legislation was passed into law in January 2010.

Direct funding to the Western Australian racing industry from RWVA profits and from government grants totalled \$107.2M inclusive of infrastructure grants, industry subsidies, WA on-course product fees and distributions. RWVA deliberately sought to protect the Western Australian racing industry from the combined forces of economic downturn and new pooling and product fee cost pressures arising during 2009/10 by absorbing the majority of the financial burden. As a result, the racing industry received \$3.3M or 2.95% lower funding in 2009/10 compared to the prior year.

The net result for the year was a modest surplus of \$303K.

Whilst the year was financially challenging, RWVA maintained its focus on the long term development of its racing operations and wagering business.

The project to replace the organisation's betting and administrative systems progressed well during the year. Initially, a commissioning date of April 2010 was planned, however a revised date of November 2010 was subsequently adopted due to changes within the project's scope of works. This important asset replacement activity will provide significant commercial benefits, including operational cost efficiencies and revenue growth opportunities, when implemented.

RWVA successfully replaced its entire on-course and off-course operator wagering terminal fleet with leading internet protocol hardware. This project entailed the replacement of 1,200 betting terminals, 23 betting tickets formats, and agent staff and customer change management programmes. Further work will be undertaken in 2010/11 to implement self-service betting at on-course and off-course course venues with the aim of reducing operating expenditure and improving customer access.

On 24th September 2009, a Joint Standing Committee of both houses of the Western Australian Parliament was established to review the operation and effectiveness of the *Racing and Wagering Act 2003* and the *Racing and Wagering Tax Act 2003*. RWVA is hopeful that the review process will assist to position the organisation to meet its governance and funding obligations to the racing industry into the future. It is expected the recommendations from the Committee's review will be presented towards the end of the 2010 calendar year.

The state-based Race Fields regulatory framework continues to be an obstacle for racing jurisdictions around Australia with new litigation arising in 2010. The case involving two interstate wagering companies versus Racing NSW and subsequent appeals in the Federal Court of NSW have compounded the uncertainty around the validity of Race Fields legislation. Whilst the current state based approach is effective, it is believed the optimal solution for racing is the national application of Race Fields legislation and charging of suitable product fees. This is considered essential to ensure a consistent legally enforceable regime is applied across Australia.

Following the strategic review of the greyhound racing industry in 2009, RWWA undertook reviews of the thoroughbred and harness racing codes which resulted in a number of important initiatives centred on sustainability being implemented. As a result of this activity, RWWA recognises the importance of continuous consultation with all sectors of the racing industry to ensure stakeholders share the vision and engage in the process of change.

A total of 16 racing infrastructure grants were provided to clubs in 2010, the more significant grants included:

1. Second stage ground floor refurbishment at WATA – Gloucester Park
2. Commencement of the new grandstand at Pinjarra Harness
3. Sections of track reconstruction including drainage and investigation into use of recycled water at Northam Thoroughbreds
4. Improvement of the stalls at Geraldton Turf Club
5. Grants for machinery and other assistance at York Racing
6. Track planning, soil and water testing at Bunbury Turf Club

In addition to RWWA funded racing projects, various Regional Development Commissions working within the State Governments 'Royalty for Regions' funding programme committed \$1.2M towards 7 separate racing projects during 2010.

These included:

- Geraldton Turf Club \$203.6K
- Pinjarra Harness Club \$350K
- Nor West Jockey Club \$70K
- Avon Valley Greyhounds Club \$176.8K
- York Harness Club \$65K
- Albany Race Club \$220K
- Mt Barker Race Club \$100K

In July 2010 the Western Australian State Government in July 2010 announced a \$13M funding programme over five years towards racing infrastructure. On behalf of the racing industry, RWWA would like to acknowledge this contribution towards metropolitan and country racing.

OUTLOOK

Whilst 2010 was a difficult year in which RWWA had to respond to a number of operational and strategic threats, the outlook for racing in Western Australia remains positive. The vision and purpose of RWWA during the last two years has demonstrated the commitment the organisation has towards protecting and growing the industry in a sustainable manner.

As a result of the launch of the new Sky 2 racing channel, the Western Australian racing industry has been able to position more of its product on the national vision platform, assisting in generating additional revenue. The expansion of Western Australian racing coverage remains a major objective for 2011 with particular emphasis on thoroughbred and harness events. At present practically all greyhound meetings are provided complete vision coverage.

In response to the changing wagering landscape, RWWA has implemented new online and retail strategies to secure market share grow its wagering revenues. RWWA is focused on the longer term strategic opportunities around Parimutuel pooling post 2012 and management of the rapidly expanding Fixed Odds market.

In conclusion, as Chairman and Chief Executive Officer, we would like to thank the employees, agents and racing industry personnel for their valuable contribution throughout the year. The Board appreciates the dedication and commitment made by so many in pursuit of our objectives.

Ross Bowe
Chairman



Richard Burt
Chief Executive Officer



OPERATIONAL STRUCTURE

ENABLING LEGISLATION

RWWA commenced operations on 1 August 2003 upon the promulgation of *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.

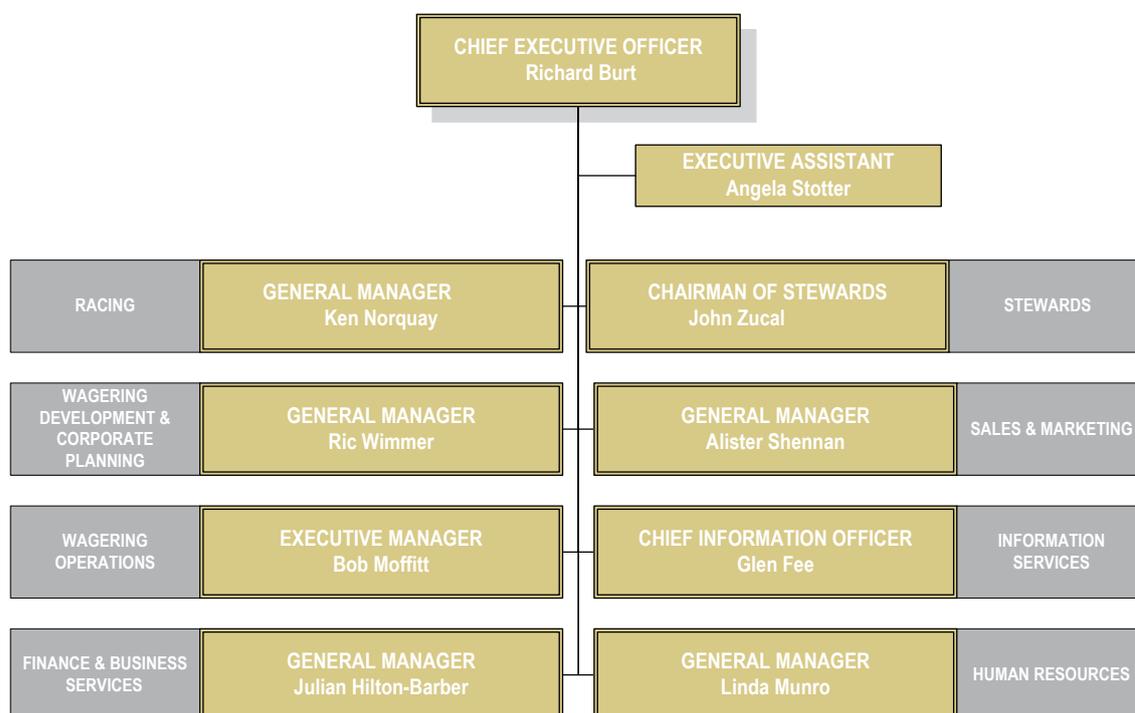
- *Anti-Money Laundering and Counter Terrorism Financing Act 2006*
- *Copyright Act 1968 (Commonwealth)*
- *Corruption and Crime Commission Act 2003*
- *Clerk (Racing Industry Betting) Award 1987*
- *Criminal Code Act 1913 (WA) and Criminal Code Act 1995 (Commonwealth)*
- *Electoral Act 1907*
- *Equal 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 200*
- *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 RWWA.

ORGANISATION STRUCTURE

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



OVERVIEW

RACING AND WAGERING WESTERN AUSTRALIA BOARD

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



*Standing (L-R): Dr Alistair Murdoch, Mr Ronald McFarlane, Mr Robert Pearson, Mr Ian Taylor, Mr Michael Ryan
Seated (L-R): Mr James Freemantle, Mr Ross Bowe, Mr Ross Cooper*

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 Ronald J. McFarlane - Has expertise in Innovations and Business Strategy Development	[First Appointed 1 August 2003]
Mr Ian F. Taylor - Has expertise in Regional Development	[First appointed 1 August 2003]
Mr Michael J. Ryan - Has expertise in I.T. and Communications	[First appointed 1 August 2003]

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

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. 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.

Members are:

- Mr James M. Freemantle (Chairman)
- Mr Ronald J. McFarlane
- Mr Michael J. Ryan
- Mr Ross G. Bowe (ex-officio)
- Mr Richard A. Burt (Deputy)

RACING OPERATIONS COMMITTEE

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.

Members are:

- Mr Robert C. Pearson (Chairman)
- Mr Ross A. Cooper (Deputy Chairman)
- Mr Ronald J. McFarlane
- Mr Ian F. Taylor
- Dr Alistair I. Murdoch
- 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 to 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	-	
	6b	% of Winners Swabbed / Returned Negative	Maintain the integrity of the Western Australian racing industry	-	
	6c	Average number of starters in Western Australia 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 Resource, IT, Strategic and other services	7	Staff (FTE)
				8	Margin per employee
				9	Profit per employee
				10	Return on Assets (operating profit as a percentage of total assets)
To provide a competitive wagering service for Western Australia	1	Margin	Provision of services to support Wagering	-	

RWWA's key performance indicators (1 to 11) 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 11) are also reported in the Financials section of this annual report.



CHAPTER TWO 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, marketing and communication services.

OPERATIONS AND DISTRIBUTION

The 2009/10 season provided 871 race meetings across the 3 codes of racing, featuring a total of 8,089 races and producing 74,731 starters. Of these, 8,030 individual animals raced, including 4,009 thoroughbreds, 2,194 standardbreds and 1,827 greyhounds.

Funding for Race Clubs

In 2009/10 RWWA funded 53 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 (excluding York and including tenanted arrangements such as Coolgardie at Kalgoorlie);
- 1 thoroughbred training only venue – Lark Hill;
- 17 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 venue fees, product fees and training fees) provided to Western Australia racing clubs in 2009/10 amounted to \$17.1M or 17% of total industry distributions (excluding capital infrastructure funding, SKY associated costs, pooling fees and product fees).

Distribution paid by RWWA for 2009/10 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
Thoroughbreds	\$52,452,453	\$8,506,588	\$60,959,041	\$55,644,243	91.3%
Harness	\$23,778,885	\$4,677,883	\$28,456,768	\$24,093,143	84.7%
Greyhounds	\$9,093,215	\$3,933,027	\$13,026,242	\$9,176,195	70.4%
Total	\$85,324,552	\$17,117,497	\$102,442,050	\$88,913,581	86.8%

Notes: - All data for period 31 Jul 2009 to 29 Jul 2010

- 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.

Infrastructure Grants

In 2009/10 grant funding of \$562,372 was approved by RWWA to a total of 8 clubs.

The racing industry was also awarded grants of \$1.18M from the Royalties for Regions Government Scheme to a further 6* race clubs.

**Note: The \$1.18M does not include funding awarded to the Shire of Kellerberrin which received \$200K for development of their Sports and Leisure Centre (components of which relate to the Central Wheatbelt Harness Racing Club).*

Lark Hill and Byford Training Centres of Excellence

RWWA is responsible for the management and development of 2 major training centres for thoroughbred and harness racing horses. The centres produce approximately 25% of all starters in each of their respective codes with the majority of those horses racing at metropolitan and primary regional venues. In the season under review, the main track at Byford has been maintained in outstanding condition with a number of long standing track records being broken at trials. The grass track at Lark Hill, which has undergone extensive renovation works and has overcome the debilitating effects of a turf parasite infestation, continues to provide a high quality year-round fast work surface to the 134 trainers who utilise the venue.

Following approval by the Serpentine-Jarrahdale Shire of the Byford Trotting Complex Master Plan, Stage 1 works were commenced with a number of key projects completed in the period. Further capital works have been scheduled for 2010/11.

RWWA is currently working with the Western Australian Planning Commission and the City of Rockingham to secure long-term tenure at Lark Hill and to evaluate the potential for on-course stabling at the site.



Track renovations at Lark Hill

THOROUGHBREDS

Major Activities in Relation to Thoroughbred Racing

- RWWA provided race clubs with payments for stakes and subsidies of \$49.3M.
- The Westspeed Scheme provided owners and breeders with an additional \$3.1M in bonuses. This is down from \$4.2M in the previous season due to a reduction in the first win initiatives and a significant reduction in the winning strike rate of Westspeed nominated horses in 3yo open events.
- Race clubs conducted a total of 293 race meetings (including non-TAB meetings) and 2,204 races and paid \$52.5M in stakes and subsidies for the season. The Western Australian thoroughbred race clubs paid a total of \$48.4M in stake money, with 23,092 starters. There were 4,009 individual thoroughbreds that raced.
- TAB wagering on Western Australian thoroughbred racing declined from last year, representing a \$2M or 1% decrease with 6 less race meetings.
- Interstate wagering on the Western Australian thoroughbred product also declined with a decrease of \$29M or 4.5% on the previous year.
- The Magic Millions Yearling Sales rebounded well from the impact of the global financial crisis, recording an aggregate for the premier sale of \$13.2M (up 13.1%) with the average price increasing to \$41,229 representing an increase of 7.8% on the previous year's sale.
- The Northam Cup and South West Breeders' Plate (Bunbury) were granted Listed status by the Australian Pattern Committee for their next running.



Railway Stakes Winner
Sniper's Bullet

HARNESSES

Major Activities in Relation to Harness Racing

- RWWA provided harness racing clubs with payments for stakes of \$21.1M.
- RWWA paid out an additional \$951K in WestBred bonuses (including \$25K Sires Series funding).
- Race clubs conducted 293 race meetings and 2,413 races which provided 24,460 racing opportunities for 2,194 individual horses. The total stakes paid by Western Australia harness clubs during the period in review amounted to \$21.3M.
- TAB wagering on Western Australia harness product was 5% lower than in 2008/09.
- Interstate wagering on the Western Australian harness product remained relatively unchanged.
- On-course wagering dropped significantly to \$20.3M, down 23.4% on 2008/09 due to the mid-year closure of the Exotica Punters Club. Excluding the impact of Exotica, on-course turnover totalled \$16.6M, down 2% on the \$16.9M the year prior.
- In association with the 2010 Inter Dominion Series, WA was represented by leading young driver Ryan Bell in the Australasian Young Drivers Championship. Notwithstanding a little luck in the series, Ryan proved himself to be a great young ambassador for Western Australia harness racing.
- There was continued improvement in the SKY coverage of Western Australia harness racing and with the introduction of SKY 2 in March, 78% of all Western Australia harness races were telecast on SKY.



Australian Pacing Championship Winner
Has the Answers



Fremantle Pacing Cup Winner
Im Themightyquinn



WA Pacing Cup Winner
Washakie NZ

GREYHOUNDS

Major Activities in Relation to Greyhound Racing

- RWWA provided the Western Australian Greyhound Racing Association (WAGRA) with base and feature stake funding of \$8.6M.
- The WESTCHASE Incentive Scheme paid out \$488.9K for the year, down marginally on 2008/09, with a record 263 greyhounds earning bonuses for their connections.
- WAGRA conducted 3,472 races at 285 meetings, which provided 27,179 racing opportunities for 1,827 individual greyhounds.
- TAB wagering on Western Australian greyhound racing was 0.9% down on the previous year on 2.7% less race meetings.
- Interstate wagering on Western Australian greyhound product reached a new high, up 6.4% on the previous year.
- On-course wagering dropped substantially to \$12.4M, down 30.6% on 2008/09 due to the mid-year closure of the Exotica Punters Club. Excluding the impact of Exotica, on-course turnover totalled \$8.7M, down 9.7% on the \$9.6M the year prior.
- The number of local greyhound races with national vision increased from 2,348 in 2008/09 to 2,940 as the discontinuation of daylight saving and the commencement of the second SKY Racing channel (SKY 2) in late March provided additional vision opportunities for the code. This equated to 84.7% of all WA greyhound races conducted.
- Consistent with RWWA's animal welfare policies, RWWA supports the 'homing' of retired greyhounds, under the programme known in WA as Greyhounds As Pets (GAP). Current RWWA policy is to fund GAP at 1% of total stakes for this entity to facilitate the programme in WA. RWWA funded \$90K towards the cost of running the GAP programme during 2009/10. 156 greyhounds were adopted into homes for the year with GAP now securing 715 adoptions since its inception.
- In what was the highlight of racing in WA during the year, WAGRA hosted the National Sprint and Distance Championships and associated conferences and social events during the first week of September 2009.
- Many of the interstate visitors returned again in March 2010, when WAGRA hosted the AGRA Australian Greyhound of the Year and Hall of Fame function in conjunction with WA's two Group 1 races – the SKY Racing Perth Cup and Galaxy.
- RWWA hosted Greyhounds Australasia (GA) Board Meetings in Perth in conjunction with both of the above major events, the first time that two GA Board meetings have been held in WA in the one financial year.
- RWWA and Greyhound Racing New South Wales signed a Memorandum of Understanding in July 2010 to jointly develop a new greyhound racing system for use by both joint venture partners. The development will see the RWWA Information Services Division design, build, host and maintain the racing system here in WA, whilst the design will allow for potential future use by other controlling authorities.



RSPCA Million Paws Walk
Greyhounds As Pets Ambassador

RACING – MARKETING AND MEDIA HIGHLIGHTS

Club Promotions

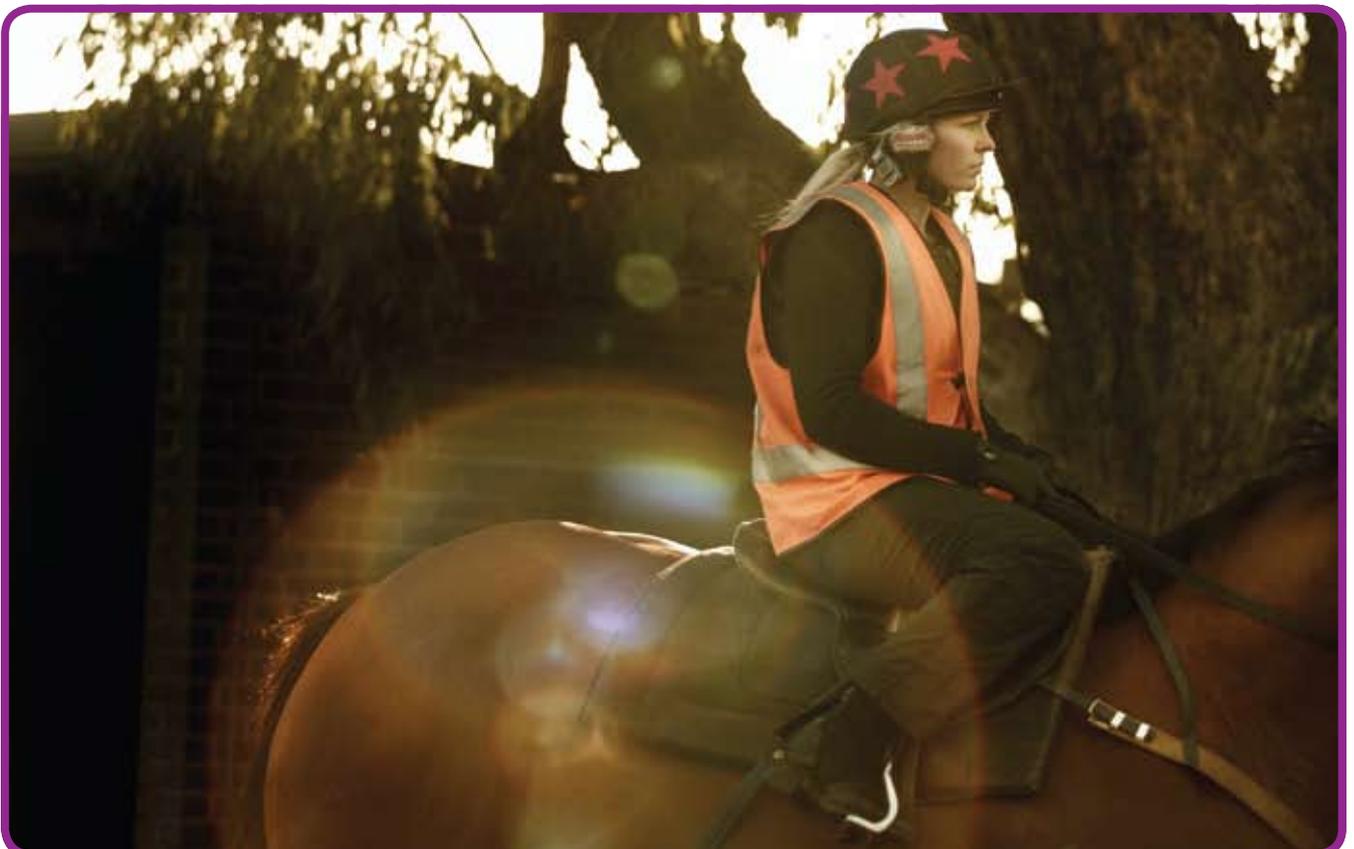
Provided publicity and editorial promotion to WA country racing clubs via on-course and off-course wagering and patronage initiatives including:

- State wide electronic exposure through Golden West television (GWN) and print exposure via The West Australian regional newspaper affiliates.
- Maintenance of the Healthway sponsorship with 15 harness racing clubs.
- 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.
- 'Big Screen' management.
- Assisted wagering department in tailoring promotional activities to account holders for major race meetings.

Industry Marketing

Managed and coordinated industry events and functions:

- Conducted three awards nights (Harness Horse of the Year, Apprentice Jockey Awards and Greyhound of the Year).
- Introduction of Racing Industry Club Volunteer Awards programmes.
- Assisted in the continued promotion of the wagering strategy "Your TAB – Bet Local" campaign.
- Provided State-wide race calling and broadcasting services, along with managing Racing Radio operations and control of content.
- Successfully targeted advertising revenue through Racing Radio sponsorships and Racing Ahead industry publications.
- Provided RWWA communications to both industry and community via media releases, club circulars and three code strategic plans.



RACING - INDUSTRY TRAINING

- 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.
- 17 apprentice jockeys commenced in 2009/10, 3 of whom are school-based (a similar number to the previous year). Retention into the industry is quite good. Whilst not all are able to progress to completing their apprenticeship and race riding, the majority remain in the industry as licensed persons, either track riding or as Stable Hands.
- RWWA supported the National Apprentice Jockey Challenge with a heat held at Belmont Park in October in conjunction with the Carbine Club Apprentices Cup. Apprentice Jockeys Ben Kennedy, Kyra Yuill, Talia Maor (Rodder), Yannick Valenti, Damian Lane and Jarrad Noske represented WA at the interstate legs of the Challenge.
- There have been twenty C Grade Drivers who commenced driving in trials and fifteen achieved their B Grade license to drive in races, 6 of whom have progressed to A Grade licenses permitting them to drive in Metropolitan class races.
- The Saddleworld Maddington Rising Stars series for Junior Drivers and Apprentice Jockeys again proved popular, with Morgan Woodley winning the harness series and Duncan Miller winning the thoroughbred series.
- RWWA has partnered with Riding for the Disabled to provide Certificate I in Racing Stablehand training, with 19 volunteers and riders enrolling in the programme. This programme is designed to provide a window of exposure to a career in racing for those who wish to work with horses.
- The partnering with the WA College of Agriculture, Narrogin, to deliver the Certificate II in Racing – Stablehand and the Certificate III in Racing - Trackwork Rider have provided Year 11 and 12 students at the college with the opportunity to develop skills in the racing industry whilst still at school.



STEWARDS

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

During the year, whip reform rules in both thoroughbred and harness codes continued to play a significant part of the Stewards' focus. Stewards embarked on an extensive education programme in the thoroughbred code and jockeys adapted relatively well considering all circumstances. In the harness code, national rules continue to be developed and will be finalised this year.

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.

Extensive drug testing of racing animals across the three codes continues to be a key integrity component. Testing 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 2009/10 across the three codes are as follows:

Code	Samples	Positives
Thoroughbred		
Post race	1860	3
TC02	1170	0
EPO	113	0
Harness		
Post race	1100	5
TC02	2608	2
EPO	89	0
Greyhound		
Post race	1127	2
EPO	32	0

Other major initiatives over the past year included:

- Plastic running rail installation - exploration of the purchase and installation of plastic running rail at a metropolitan track
- Development of regulation inside running rail and outside barrier at all country racetracks as a minimum standard
- Micro chipping of greyhounds - due for delivery in 2011
- Continued enhancement of animal welfare policies.



SALES AND MARKETING

This division is responsible for the delivery of wagering revenue through product and distribution channel initiatives.

Removal of advertising restrictions, increasingly aggressive tactics of Northern Territory bookmakers combined with the global financial crisis and cessation of daylight savings in Western Australia has created a very different competitive landscape for RWWA.

Player Fixed Odds Betting(FOB) was launched at the end of May 2009. During the 2009/10 financial year Player performed exceptionally well growing 84% over the previous year. The key drivers behind this growth were the success of the Player launch, “in the run betting” and an expansion of FOB racing events.

This year’s World Cup Soccer was also a strong contributor with growth of 9.8% in turnover and 57% growth in margin from the 2006 World Cup. A major factor for the increased margin was the number of upset wins and draw results at 90 minutes.

The parimutuel turnover for the business was down 5.2% on 2008/09, representing \$78.7M in turnover. A number of factors came into play:

- By far the most significant impact was the general state of the economy. The absence of Government stimulus payments this year was clearly evident when comparing year on year. In 2008/09 these payments resulted in significant turnover boosts coinciding with the distribution of stimulus payments. In 2009/10 market research confirmed many of our traditional customers had less disposable income leading to a negative impact on growth.
- There was some cannibalisation as customers selected FOB prices over Parimutuel.
- New tickets and terminals were rolled out across the entire retail network. For some customers this resulted in them reducing their activity over the introduction period. With the network rollout now complete, customers are familiar with the new tickets and turnover is improving in the retail network.
- Western Australia’s decision not to continue daylight savings resulted in Eastern States race meetings starting an hour earlier for our customers. Melbourne Cup is a good example of the effect of this. In previous years sales closed off at 1pm. This year the race started at midday resulting in an hour less retailing opportunity.
- There were also significant differences in the race schedule. Post the Equine Influenza shutdown, many racing jurisdictions scheduled additional meetings in 2008/09 to get the industry going again. A number of Melbourne meetings for example carried 9 races instead of the usual 8. In 2009/10 the racing schedule returned to normal with the subsequent loss of those turnover opportunities for wagering.

In response to all these pressures, a number of customer related strategies were adopted along with increased tactical marketing opportunities, greater activity and investment in our e-commerce and customer management plus extending our distribution network through the addition of self-service wagering outlets in Pubs and Clubs.



WAGERING DEVELOPMENT AND CORPORATE PLANNING

This division is responsible for undertaking RWWA's wagering and revenue related strategic planning and the development of specific new product analysis and associated business cases to support revenue related projects. This includes the provision of the following:

- Organisational strategic direction including that of supporting the development of the racing industry strategies for each code that lead to long-term sustainability of the industry.
- Management of corporate information, business analysis and provides support to both the wagering and racing business units.
- Major business initiatives including development of strategic alliances, new product development and coordination of RWWA's strategic research and market intelligence function.
- 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.



WAGERING OPERATIONS

The primary responsibilities of this division are:

- Retail Administration – All TAB contractual arrangements and administrative functions
- Wagering Operations – All wagering race day services
- Retail Property – Management of all RWWA (TAB) owned and leased properties
- Call Centre – Telephone Betting operations

Although the year was extremely challenging it was also exciting with the number of significant projects and initiatives that were introduced.

New Wagering Terminals

A new generation of both operator assisted and self service wagering terminals were rolled out to all TAB outlets and on-course racing venues. In total over 1,200 individual terminals were installed throughout the state.

Part of the challenge of introducing new terminals was the requirement to train over 1,000 operators and to provide support staff at each and every venue to assist customers and operators with the transition.

A significant amount of effort was also made in the redesigning of the Self-Service Terminals. Both new hardware and software developments were made to improve the terminals for the RWWA business model and to ensure that Western Australian customers could have access to all wagering products.

SKY Channel

With the introduction of the new SKY 2 Racing Channel in March of this year, the Retail Property and Retail Administration teams were charged with coordinating and ensuring that all 319 TAB agencies (Fulltime and Pub TAB's) and on-course venues were installed with new decoders to allow the display of local, national and international product.

Retail Network

Throughout 2009/10 RWWA continued to expand its retail network, primarily through the establishment of additional self service outlets.

In line with RWWA's new agency design standards, the Victoria Park and Applecross TAB's were relocated to new locations and over 20 PubTAB/ClubTAB's upgraded.

Future Enhancements

To ensure RWWA maintains the services and information delivery expected of our customers, a considerable amount of resource was committed to continue making enhancements to the operator assisted terminals, self service terminals and customer information touch screens.

These enhancements will be rolled out during the 2010/11 financial year.



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 2009/10 year there were a number of key operational and strategic deliverables, supporting the changing demands of the wagering business.

Areas of major focus included:

- the deployment of new operator terminals, replacing all of the aging wagering terminals throughout Western Australia
- the development and implementation of an on-line wagering system for selected Swedish ATG racing products
- the development and implementation a new telephone betting application for the RWWA Call Centre
- the relocation of the RWWA Disaster Recovery site
- the replacement of printers in all agencies throughout Western Australia

The most significant activity during the year was the development of a new era Bet Engine application, which is scheduled for go-live in November 2010. Associated work to allow the decommissioning of the mainframe computer included the replacement of 16 mainframe based software applications.

- Other software development work active during the 2009/10 year, which is scheduled for implementation in the 2010/11 year, includes:
 - a more scalable and flexible version of the Fixed Odds Betting software
 - redevelopment of the Self-Service Terminal software to include Fixed Odds Betting
 - a rewrite of the Customer Information Terminal software
 - the development of a new mobile phone wagering application

In the latter part of the 2009/10 year a Joint Venture was established with Greyhound Racing New South Wales, for the development of a new integrated greyhound racing system. The first phase of this development is scheduled for implementation in the first quarter of the 2011 calendar year.





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.

Areas of major focus this year have included:

- the obligations and impacts of changing Race Fields legislation (including the introduction of the Western Australian Race Fields legislation)
- managing costs in very tight revenue conditions
- integrating RWWA's licensing and registration functions into the Business Service team and undertaking a number of initiatives to streamline and simplify the processes therein
- preparing for the changes that RWWA's new betting system will have on the financial operations when it is commissioned later this year
- introducing a centralised procurement framework
- working closely with other divisions in various revenue initiatives, and in implementing business changes that came out of the 2008/09 process review.

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. 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 one of consolidation. The organisation faced many challenges which can be summed up as requiring a continuing level of change management support from the HR team. Restructuring of the organisation presented challenges for the HR team in both transactional implementation and strategic support for the culture.

The business restructure has required ongoing consolidation of job roles and responsibilities. The abolishment of a number of positions saw a number of change management issues, and the legacy of these changes has required an ongoing provision of support at both operational and management levels.

With changes being bedded in, the latter part of the year has seen the HR focus shift to building a performance oriented organisational culture.

Industrial relations continued to be a key priority for the year, with the implementation of the Fair Work legislation. Industrial negotiations are continuing with one employee group. Like many organisations, we are charting through new waters as the application of this legislation is tested and mapped. The impact of the new legislation and associated modern awards will be a key area requiring clarity in the coming year.



CHAPTER THREE SIGNIFICANT ISSUES AND TRENDS

KEY TRENDS AND CHALLENGES FACED BY RACING AND WAGERING WESTERN AUSTRALIA

Product Fees / Race Fields Legislation

The status and impact of product fees is unclear at this time due to a number of legal challenges to proposed product fee regimes. If product fees are ratified by the courts they will have a negative impact on WA racing industry funding in the medium to long term. The Grant income received from Western Australian Government (derived from WA Race Fields product fees) is critical to the funding of racing in Western Australia.

Wagering Licence

In April 2008 the Victorian Government announced it is auctioning the wagering licence in Victoria from 2012 for a period of twelve years. The Victorian Government has announced a short list of three candidates for the licence, Ladbrokes (UK based wagering operator), Tabcorp and UNITAB the latter two being Australian based wagering operators.

Regardless of who wins the Victorian Wagering Licence the decision may have a considerable impact on RWWA either in respect to the fees required to access the Victorian pool or indeed RWWA's willingness to continue with the current Supertab pooling arrangements.

The sale of the Victorian licence 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.

Productivity Commission Review into Gambling 2008

The Federal Government released the final Productivity Commission Review into Gambling in June 2010. Whilst the report included recommendations supporting wide ranging changes to gambling operations in Australia the Federal Government has at this time chosen to focus on those findings dealing largely with the operation of gaming machines and recommendations relating to harm minimisation initiatives ranging from counselling, treatment and education initiatives.

Consumer Confidence

RWWA's growth performance in the current year has been impacted by weak consumer confidence following the recent global financial crisis and the absence of Government stimulus measures.

While the unemployment rate and the average weekly earnings have been improving over recent months, the outlook for RWWA in the short term remains uncertain.



CHAPTER FOUR DISCLOSURES AND LEGAL COMPLIANCE

OPINION OF THE AUDITOR GENERAL



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

**RACING AND WAGERING WESTERN AUSTRALIA
 FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS
 FOR THE YEAR ENDED 31 JULY 2010**

I have audited the accounts, financial statements, controls and key performance indicators of the Racing and Wagering Western Australia.

The financial statements comprise the Statement of Financial Position as at 31 July 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

Board's Responsibility for the Financial Statements and Key Performance Indicators

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 the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. This document is available on the OAG website under "How We Audit".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

**Racing and Wagering Western Australia
 Financial Statements and Key Performance Indicators for the year ended 31 July 2010**
Basis for Qualified Audit Opinion

Racing and Wagering Western Australia has not reported the targets relating to its Key Performance Indicators for the year ended 31 July 2010. Accordingly, I cannot form an opinion as to whether the key performance indicators are an appropriate measure of the Authority's performance.

Qualified Audit Opinion

In my opinion,

- (i) except for the effects of the matter referred to in the preceding paragraph, the key performance indicators of the Racing and Wagering Western Australia are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 31 July 2010;
- (ii) the financial statements are based on proper accounts and present fairly the financial position of the Authority at 31 July 2010 and financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions; and
- (iii) the controls exercised by the Authority 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.

GLEN CLARKE
 ACTING AUDITOR GENERAL
 12 October 2010

CERTIFICATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2010

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 2010 and the financial position as at 31 July 2010.

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.



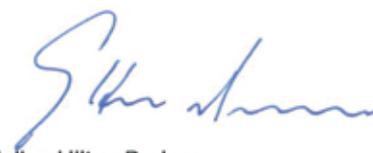
Ross Bowe
RWWA Chairman

11 October 2010



James Freemantle
Deputy Chairman
and Chairman RWWA
Integrity Assurance Committee

11 October 2010



Julian Hilton-Barber
General Manager Finance and
Business Services and Chief
Financial Officer

11 October 2010

FINANCIAL STATEMENTS

RACING AND WAGERING WESTERN AUSTRALIA

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 July 2010

Income	Notes	2010	2009
		\$000	\$000
Revenue			
Margin	2	246,682	247,888
Interest revenue		1,736	3,485
Other revenue	4	19,631	19,585
Total Revenue		268,049	270,958
Gains			
Gain on disposal of non-current assets	5	564	792
Total Gains		564	792
Total Income		268,613	271,750
Expenses			
Expenses			
Cost of sales	3	79,854	51,655
Racing Services	29	13,247	15,688
Wagering Services	29	76,081	74,236
Support Services	29	26,956	26,736
Projects	29	5,078	3,910
Grants and subsidies	7	2,988	2,615
Distribution to racing and sports industries	8	106,652	110,146
Loss on disposal of non-current assets	5	27	12
Total Expenses		310,883	284,998
Profit/(Loss) before grants and subsidies from State Government		(42,269)	(13,248)
Grants and subsidies from State Government	7	42,572	1,371
Profit/(Loss) for the period		303	(11,877)
Other Comprehensive Income			
Changes in asset revaluation surplus	20	(498)	1,927
Gains/losses recognised directly in equity			
Total other comprehensive income		(498)	1,927
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(195)	(9,950)

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 2010

Assets	Notes	2010 \$000	2009 \$000
Current Assets			
Cash and cash equivalents	21	42,251	47,990
Inventories	9	275	1,114
Receivables	10	4,819	2,249
Other current assets	12	3,827	4,130
Non-current assets classified as held for sale	13	-	-
Total Current Assets		51,172	55,483
Non-Current Assets			
Investments	11	552	552
Receivables	10	-	3
Other Non-current assets	12	1,425	1,467
Property, plant and equipment	14	58,000	54,265
Capital works in progress		22,717	18,050
Intangible Assets	15	8,807	4,821
Total Non-Current Assets		91,502	79,158
Total Assets		142,674	134,641
Liabilities			
Current Liabilities			
Payables	17	36,963	28,667
Provisions	18	3,753	3,984
Other liabilities	19	483	593
Total Current Liabilities		41,199	33,244
Non-Current Liabilities			
Payables	17	995	963
Provisions	18	2,320	1,871
Other liabilities	19	3,521	3,730
Total Non-Current Liabilities		6,836	6,564
Total Liabilities		48,035	39,808
Net Assets		94,639	94,833
Equity			
Contributed Equity	20	60,884	60,884
Reserves	20	33,755	33,949
Retained Earnings		-	-
Total Equity		94,639	94,833

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

RACING AND WAGERING WESTERN AUSTRALIA

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2010

	Note	Contributed Equity	General Reserves	Asset Revaluation Reserves	Accumulated Surplus/ (Deficit)	Total Equity
		\$000	\$000	\$000	\$000	\$000
Balance at 1 August 2008	20	60,884	32,091	11,809	-	104,784
Changes in accounting policy or correction of prior period errors		-	-	-	-	-
Restated balance at 1 August 2008		60,884	32,091	11,809	-	104,784
Total comprehensive income for the year		-	(11,877)	1,927	-	(9,951)
Transactions with owners in their capacity as owners:						
Capital appropriations		-	-	-	-	-
Other contributions by owners		-	-	-	-	-
Transfers between reserves		-	279	(279)	-	-
Distributions to owners		-	-	-	-	-
Balance at 31 July 2009		60,884	20,492	13,457	-	94,833
Balance at 1 August 2009		60,884	20,492	13,457	-	94,833
Total comprehensive income for the year		-	303	(498)	-	(195)
Transactions with owners in their capacity as owners:						
Capital appropriations		-	-	-	-	-
Other contributions by owners		-	-	-	-	-
Transfers between reserves		-	498	(498)	-	-
Distributions to owners		-	-	-	-	-
Balance at 31 July 2010		60,884	21,294	12,461	-	94,639

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 FLOW

For the year ended 31 July 2010

Cash Flow from Operating Activities	Notes	2010	2009
		\$000	\$000
Receipts			
Receipts from customers		1,587,306	1,588,878
Interest received		1,736	3,485
GST receipts on sales		31,821	33,693
GST receipts from taxation authority		-	-
Other receipts		9,440	14,523
Payments			
Customers		(1,331,180)	(1,332,947)
Creditors		(152,062)	(133,426)
Employee benefits		(29,577)	(29,049)
Distributions, Grants and Subsidies		(109,640)	(112,761)
Interest paid		(39)	(30)
GST payments on purchases		(14,293)	(12,543)
GST payments to taxation authority		(17,399)	(21,436)
Other payments		(2,045)	(4,557)
Net cash provided by/(used in) operating activities	21	(25,932)	(6,170)
Cash Flows from Investing Activities			
Expenses			
Proceeds from sales of non-current assets		1,355	1,646
Purchase of non-current assets		(23,735)	(20,796)
Proceeds from sale of investments		-	-
Purchase of investment		-	-
Net cash provided by/(used in) investing activities		(22,380)	(19,150)
Cash Flows from State Government			
Government Grant reimbursement		42,572	1,371
Net cash provided by State Government		42,572	1,371
Net Increase/(decrease) in cash and cash equivalents		(5,739)	(23,949)
Cash and cash equivalents at the beginning of period		47,990	71,939
Cash and cash equivalents at the end of period	21	42,251	47,990

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 July 2010

Australian Accounting Standards

General

RWWA's financial statements for the year ended 31 July 2010 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 2010.

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 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 using the historical cost convention, modified by the revaluation of land and buildings, 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.

(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 operators' 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.

(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 Balance Sheet.

Cash flows are included in the Cash Flow 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.

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.

Where market-based evidence is not available, 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:

	2009/10	2008/09
Buildings	10 to 40 years	10 to 40 years
Infrastructure	10 years	10 years
Leasehold Improvements ^(a)	5 to 15 years	5 to 15 years
Motor vehicles	5 years	5 years
Machinery Plant and Equipment	5 years	5 years
Furniture and Fittings	5 years	5 years
Computer Equipment	4 years	4 years
Software ^(b)	4 years	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 Income Statement.

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.

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 each balance sheet date. 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 in the income statement.

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 Cash Flow Statement, 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.

(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 each balance date.

(i) Provisions – Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and 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. Annual and 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.

All annual leave and unconditional long service leave provisions are classified as current liabilities as RWWA does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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.

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 not included as part of RWWA's 'Employee benefits expense' and 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 2009 that impacted on RWWA:

AASB 101 'Presentation of Financial Statements', AASB 2007-10 'Amendments to Australian Accounting Standards arising from the review of AASB 101.

AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 7]. This requires enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

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:

<i>Title</i>	<i>Operative for reporting periods beginning on/after</i>
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AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 5, 7, 101, 102, 118, 132, 136, 139].	1 January 2013
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The amendment to AASB 7 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.

DISCLOSURES AND LEGAL COMPLIANCE

	2010	2009
	\$000	\$000

2 Margin

Margin on Turnover inclusive of GST
Goods and Services Tax

270,877	273,001
(24,195)	(25,113)
246,682	247,888

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. Effective from 1 July 2007 the *RWWA Tax Amendment Bill 2006* removes the GST reimbursement on Parimutuel Racing. The GST Reimbursement continues to apply for Fixed Odds Betting and Parimutuel Sports.

Treasurer's Instruction 1102 requires the GST reimbursement to be disclosed as a grant from the State Government rather than offset against the cost to which it applies.

3 Cost of Sales

Wagering product and pooling fees
Turnover, margin rebate net of concession
Tax on turnover
Tax on margin

46,973	19,504
1,225	119
1,934	882
29,722	31,150
79,854	51,655

4 Other Revenue

External settlement recoup
Recoup accounts
Unclaimed dividends (Racing)
Insurance recovery
Dividends

-	145
12,271	10,977
7,306	6,922
-	1,417
54	124
19,631	19,585

5 Net gain/(loss) on disposal of Property, Plant, Equipment and Vehicles

Proceeds from disposal
Cost of disposal
Net gain / (loss) *

1,355	1,646
(818)	(866)
537	780

* Net gain / (loss) represented as:

Gain on disposal of individual assets
Loss on disposal of individual assets

564	792
(27)	(12)
537	780

	2010	2009
	\$000	\$000
6 Racing, Wagering and Support Services		
Employee Benefit expense	29,795	30,060
Depreciation and amortisation expense	10,029	7,602
Finance costs	39	30
Supplies and services	42,297	43,642
Advertising and promotions	15,422	16,133
Communications	7,300	7,021
Accommodation	6,071	5,965
Other expenses	5,332	6,208
	116,285	116,661
7 Grants and Subsidies		
Grants and subsidies expense		
Grants	1,675	1,320
Subsidies	1,313	1,295
	2,988	2,615
Grants and Subsidies Income		
Grants income	42,572	1,371
(includes product fees, government grants and reimbursed GST)		
8 Distributions to Racing and Sports Industries		
Thoroughbreds	61,899	64,436
Harness	28,534	30,172
Greyhounds	13,090	13,483
Sports	3,129	2,055
	106,652	110,146
9 Inventories		
Current		
Inventories not held for resale:		
At cost:		
Tickets	217	634
Agency consumables	49	475
Inventories held for resale:		
At cost:		
Agency consumables	9	5
	275	1,114

DISCLOSURES AND LEGAL COMPLIANCE

	2010	2009
	\$000	\$000

10 Receivables

Current

Receivables	2,453	1,923
Other debtors	2,093	(45)
Accrued revenue	278	398
Allowance for impairment of receivables	(5)	(27)
	4,819	2,249

Non Current

Receivables	-	3
	-	3

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of year	26	5
Doubtful debts expense recognised in the income statement	6	30
Amounts written off during the year	(27)	(9)
Amount recovered during the year	-	-
Balance at end of year	5	26

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
		2010	2009	2010	2009	
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 2010 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.

DISCLOSURES AND LEGAL COMPLIANCE

	2010	2009
	\$000	\$000
12 Other Assets		
Current		
Prepayments	3,827	4,130
	3,827	4,130
Non Current		
Prepayments	1,425	1,467
	1,425	1,467
13 Non-current assets classified as held for sale		
Opening balance		
Freehold land	-	1,463
Buildings	-	162
	-	1,625
Less assets sold		
Freehold land	-	740
Buildings	-	89
	-	829
Less assets reclassified as not held for sale		
Freehold land	-	723
Buildings	-	73
	-	796
Closing balance		
Freehold land	-	-
Buildings	-	-
	-	-

No freehold properties are in the process of being sold.

DISCLOSURES AND LEGAL COMPLIANCE

	2010	2009
	\$000	\$000
14 Property, Plant & Equipment		
Freehold land		
At fair value	19,694	20,793
	19,694	20,793
Buildings		
At fair value	7,445	8,630
Accumulated depreciation	(177)	(625)
	7,268	8,005
Leasehold improvements		
At cost	9,813	8,482
Accumulated depreciation	(6,047)	(4,701)
	3,766	3,781
Infrastructure		
At cost	5,851	5,267
Accumulated depreciation	(1,159)	(574)
	4,692	4,693
Machinery, Plant & Equipment		
At cost	2,038	2,135
Accumulated depreciation	(1,180)	(899)
	858	1,236
Computer equipment		
At cost	28,952	18,478
Accumulated depreciation	(10,071)	(6,635)
	18,881	11,843
Furniture and Fittings		
At cost	2,805	2,983
Accumulated depreciation	(1,531)	(1,175)
	1,274	1,808
Motor Vehicles		
At cost	2,445	2,635
Accumulated depreciation	(878)	(529)
	1,567	2,106
	58,000	54,265

Freehold land and buildings were revalued as at 1 July 2009 by Landgate (Valuation Services). The valuations were performed during the year ended 31 July 2010 and recognised at 31 July 2010. 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.

DISCLOSURES AND LEGAL COMPLIANCE

	Freehold Land	Buildings	Leasehold Improvements	Infrastructure	Machinery, Plant and Equipment	Computer Equipment
	\$000	\$000	\$000	\$000	\$000	\$000
2010						
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

	Freehold Land	Buildings	Leasehold Improvements	Infrastructure	Machinery, Plant and Equipment	Computer Equipment
	\$000	\$000	\$000	\$000	\$000	\$000
2009						
Carrying amount at start of year	18,692	7,638	2,797	1,089	561	4,450
Additions	723	443	2,084	4,124	921	10,249
Transfers	-	-	71	-	(17)	-
Disposals	-	-	-	-	-	(11)
Revaluation increments	1,378	549	-	-	-	-
Depreciation	-	(625)	(1,171)	(520)	(229)	(2,845)
Carrying amount at end of year	20,793	8,005	3,781	4,693	1,236	11,843

	Furniture and Fittings	Motor Vehicles	Total
	\$000	\$000	\$000
Carrying amount at start of year	1,436	577	37,240
Additions	898	1,861	21,303
Transfers	(54)	-	-
Disposals	-	(27)	(38)
Revaluation increments	-	-	1,927
Depreciation	(472)	(305)	(6,167)
Carrying amount at end of year	1,808	2,106	54,265

DISCLOSURES AND LEGAL COMPLIANCE

	2010	2009
	\$000	\$000
15 Intangible Assets		
Computer software		
At cost	15,042	8,727
Accumulated amortisation	(6,252)	(3,925)
	8,790	4,802
Domain names		
At cost	25	25
Accumulated amortisation	(8)	(6)
	17	19
	8,807	4,821
Reconciliation		
Computer software		
Carrying amount at start of year	4,802	3,275
Additions	6,419	2,958
Amortisation	(2,431)	(1,431)
Carrying amount at end of year	8,790	4,802
Domain names		
Carrying amount at start of year	19	22
Amortisation	(2)	(3)
Carrying amount at end of year	17	19

16 Impairment of Assets

There were no indications of impairment to property, plant and equipment and intangible assets at 31 July 2010. 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 2010.

17 Payables

Current

Trade payables	7,631	6,259
Unclaimed dividends and refunds	6,227	5,439
TAB Payables and account betting deposits	8,309	6,958
Other payables	5,379	2,092
GST payable	1,559	1,432
Accrued expenses	7,858	6,487
	36,963	28,667

Non Current

Agents deposits and property bonds	995	963
	995	963

	2010	2009
	\$000	\$000
18 Provisions		
Current		
Employee benefits provision		
Annual leave (a)	2,310	2,307
Long service leave (b)	1,230	1,451
	3,540	3,758
Other provisions		
Employment on-costs (c)	213	226
	213	226
	3,753	3,984
Non Current		
Employee benefits provision		
Long Service Leave (b)	2,186	1,763
	2,186	1,763
Other provisions		
Employment on-costs (c)	134	108
	134	108
	2,320	1,871
<p>(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:</p>		
Within 12 months of balance sheet dates	1,913	2,031
More than 12 months after balance sheet date	397	276
	2,310	2,307
<p>(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:</p>		
Within 12 months of balance sheet dates	562	455
More than 12 months after balance sheet date	2,854	2,759
	3,416	3,214
<p>(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.</p>		
<p>Movements in Other Provisions</p>		
<p>Movements in each class of provisions during the financial year, other than employee benefits are set out below.</p>		
<p>Employment on-cost provision</p>		
Carrying amount at start of year	334	276
Additional provisions recognised	1,697	1,791
Payments/other sacrifices of economic benefits	(1,684)	(1,733)
Carrying amount at end of year	347	334

	2010	2009
	\$000	\$000
19 Other Liabilities		
Current		
Deferred income	483	593
	483	593
Non Current		
Deferred income	3,521	3,730
	3,521	3,730
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	13,457	11,809
Net revaluation increments/(decrements):		
Land	(430)	1,378
Buildings	(68)	549
Transfer to retained earnings	(498)	(279)
Balance at the end of the year	12,461	13,457
General reserve:		
Balance at the start of the year	20,493	32,091
Transfer from retained earnings	801	(11,599)
Balance at the end of the year	21,294	20,492
Balance of reserves at end of the year	33,755	33,949
Retained earnings		
Balance at the start of the year	-	-
Result for the period	303	(11,877)
Transfer from asset revaluation reserve	-	278
Transfer to general reserve	(303)	11,599
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.

2010	2009
\$000	\$000

21 Notes to the Statement of Cash Flow

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.

Reconciliation of cash

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

Cash and cash equivalents

Cash at bank	17,201	15,946
Cash on hand	50	44
Short-term deposits	25,000	32,000
	42,251	47,990

Reconciliation of profit to net cash flow provided by/(used in) operating activities

Loss/Profit for the period	303	(11,877)
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Non cash items:

Depreciation and amortisation expense	10,029	7,602
Doubtful debts expense	6	30
Net (gain)/loss on sale of property, plant and equipment	(537)	(780)

Grants and subsidies from State Government	(42,572)	(1,371)
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(Increase)/decrease in assets:

Receivables / accrued income	(2,572)	(1,120)
Current inventories	839	11
Prepayments	345	(428)

Increase/(decrease) in liabilities:

Trade creditors	6,042	468
Other creditors	2,159	(2,675)
Other liabilities	(318)	2,950
Annual leave and long service leave provisions	205	953
Other current provisions	13	58
Net GST receipts/payments	128	(286)
Change in GST receivables/payables	-	295

Net cash provided by/(used in) operating activities	25,932	(6,170)
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	2010	2009
	\$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 RWWA's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

The maximum exposure to credit risk at balance sheet date 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.

Financial Assets

Cash and cash equivalents	42,251	47,990
Receivables and Loans	4,819	2,252

Financial Liabilities

Financial Liabilities measured at amortised cost ^(a)	36,398	28,189
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(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 balance sheet date 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 balance sheet date. 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.

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
2010											
Cash and cash equivalents	5.56%	42,251	25,000	12,015	5,235	-	-	-	-	-	-
Receivables and loans		4,819	-	-	4,819	709	43	-	-	-	-
		47,070	25,000	12,015	10,054	709	43	-	-	-	-
2009											
Cash and cash equivalents	3.72%	47,990	32,000	10,070	5,920	-	-	-	-	-	-
Receivables and loans		2,252	-	-	2,252	510	259	40	-	-	-
		50,242	32,000	10,070	8,172	510	259	40	-	-	-

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 liabilities

	"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	
2010												
Payables (a)		35,403	-	-	35,403	-	-	-	-	-	-	
Agent deposits	4.32%	995	-	995	-	-	-	-	-	-	994.5	
		36,398	-	995	35,403	-	-	-	-	-	994.5	
2009												
Payables (a)	3.00%	27,234	-	-	27,234	-	-	-	-	-	-	
Agent deposits		955	-	995	-	-	-	-	-	-	955	
		28,189	-	995	27,234	-	-	-	-	-	955	

(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 of the authority's financial assets and liabilities at the balance sheet date 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
2010					
Financial Assets					
Cash and cash equivalents	42,251	(370)	(370)	370	370
Financial Liabilities					
Agent deposits	900	(10)	(10)	10	10
Total increase/(decrease)		(380)	(380)	380	380
<hr/>					
	Carrying amount \$000	-100 basis points		+100 basis points	
		Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2009					
Financial Assets					
Cash and cash equivalents	47,990	(421)	(421)	421	421
Financial Liabilities					
Agent deposits	955	10	10	(10)	(10)
Total increase/(decrease)		(411)	(411)	411	411

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.

2010	2009
\$000	\$000

23 Commitments

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	-	12,607
Later than one year but not later than five years	-	-
Later than five years	-	-
	-	12,607

The capital commitments include amounts for:

Customer Information Terminals and communications upgrade	-	11,753
Other miscellaneous capital projects	-	214
Property upgrades	-	640
	-	12,607

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	2,832	2,177
Later than one year but not later than five years	10,640	4,655
Later than five years	7,878	1,213
	21,350	8,045

Representing:

Cancellable operating leases	-	-
Non-cancellable operating leases	21,350	8,045
Future finance charges on finance leases	-	-
	21,350	8,045

The non-cancellable operating lease commitments include amounts for:

Property	21,350	8,045
Computer and office equipment	-	-
	21,350	8,045

Expenditure Commitments

Other expenditure commitments (i.e. Projects) contracted for at the reporting date but not recognised as liabilities, are payable as follows:

Within one year	-	40
Later than one year but not later than five years	-	-
Later than five years	-	-
	-	40

	2010	2009
	\$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 \$1.9M would be payable by RWWA.

25 Events occurring after the balance sheet date

There are no significant post balance sheet 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:

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

The total remuneration of members of the Accountable Authority is:

313

322

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	-
\$170,001 - \$180,000	-	1
\$180,001 - \$190,000	-	1
\$190,001 - \$200,000	1	-
\$210,001 - \$220,000	-	1
\$220,001 - \$230,000	3	2
\$250,001 - \$260,000	-	1
\$280,001 - \$290,000	1	1
\$300,001 - \$310,000	2	1
\$450,001 - \$460,000	1	1

The total remuneration of senior officers is:

2,367

2,312

No senior officers are members of the Pension Scheme.

DISCLOSURES AND LEGAL COMPLIANCE

	2010	2009
	\$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 performance indicators	113	105
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28 Supplementary Financial Information

Bad Debts Written off	27	9
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29 Schedule of Income and Expense by Service

	Racing		Wagering		Unallocated		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
INCOME								
Revenue								
Margin	-	-	246,682	247,888	-	-	246,682	247,888
Interest revenue	-	-	-	-	1,736	3,485	1,736	3,485
Other revenue	2,951	5,675	12,852	12,568	3,828	1,342	19,631	19,585
Gain on disposal of non-current assets	40	-	512	607	12	185	564	792
Total Income	2,991	5,675	260,046	261,063	5,576	5,012	268,613	271,750
EXPENSES								
Cost of sales	-	-	79,854	51,655	-	-	79,854	51,655
Racing Services	13,247	15,688	-	-	-	-	13,247	15,688
Wagering Services	-	-	76,081	74,236	-	-	76,081	74,236
Support Services	-	-	-	-	26,956	26,736	26,956	26,736
Projects	93	135	3,339	2,530	1,645	1,245	5,078	3,910
Grants and subsidies	2,023	1,599	964	1,016	-	-	2,988	2,615
Distribution to racing and sports industries	103,523	108,091	-	-	3,129	2,055	106,652	110,146
Loss on disposal of non-current assets	3	-	25	11	-	1	27	12
Total Expenses	118,889	125,513	160,263	129,448	31,730	30,037	310,883	284,998
Profit/(Loss) before Grants and Subsidies	(115,898)	(119,838)	99,783	131,615	(26,154)	(25,025)	(42,269)	13,248)
Grants and subsidies from State Government (GST Reimbursement)	-	-	2,307	1,371	40,265	-	42,572	1,371
Profit/(Loss) for the period	(115,898)	(119,838)	102,090	132,986	14,111	(25,025)	303	(11,877)

30 Explanatory Statement

		2010 \$000	2009 \$000
	Comment	2010 Actual \$000	2009 Actual \$000
Revenue			
Margin	(1)	246,682	247,888
Interest Revenue	(2)	1,736	3,485
Other Revenue		19,631	19,585
Gains			
Gain on disposals of non-current assets	(3)	564	792
Total Income		268,613	271,750
Expenses			
Cost of sales	(4)	79,854	51,655
Racing services	(5)	13,247	15,688
Wagering services	(6)	76,081	74,236
Support services		26,956	26,736
Projects	(7)	5,078	3,910
Grants and subsidies		2,988	2,615
Distribution to racing and sports industries	(8)	106,652	110,146
Loss on disposal of non-current assets		27	12
Total Expenses		310,882	284,998
Grants and subsidies from State Government	(9)	42,572	1,371
Profit for the period		303	(11,877)

Comment

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

(1) Margin has reduced against previous year as a result of the poor economic conditions for the year.

(2) The decrease in interest revenue compared to last year is due to the decrease in cash holding and the comparatively lower interest rates in the first half of the year.

(3) Lower gains due to deferral of sale of RWWA properties during the year.

(4) The increase over last year actuals is due to the introduction of Western Australian Product Fees during the year which included a retrospective component for the prior year.

(5) The decrease over last year is a result of cost restraint.

(6) Wagering services costs is higher than previous year due to depreciation.

(7) Higher project costs due to new operator terminals replacing all old wagering terminals throughout Western Australia.

(8) In the current year RWWA undertook prudent steps to reduce distribution funding.

(9) Grants and subsidies from State Government is above last year actuals due to WA Race Fields Grants received for distribution to the codes.

CERTIFICATION OF KEY PERFORMANCE INDICATORS

FOR THE YEAR ENDED 31 JULY 2010

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 2010.



Ross Bowe
RWVA Chairman

11 October 2010



James Freemantle
Deputy Chairman
and Chairman RWVA
Integrity Assurance Committee

11 October 2010

DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS

FOR THE YEAR ENDED 31 JULY 2010

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		2010 Actual	2009 Actual	2008 Actual
1	Margin	\$000	246,682	247,888	234,049
2	Number of Bets Processed	'000	205,061	210,465	199,719
3	Operating Profit excluding the profit/loss from sale of assets before distribution to codes.	\$000	106,418	97,489	110,691
4	Distribution to Industry	\$000	106,652	110,146	104,637
5	Grants to Industry (RWVA Funded)	\$000	1,675	1,319	3,455
	Grants to Industry (WA Government Funded)	(a)	\$000	358	3,321
6	% of Winners Swabbed / Returned Negative	(b)			
	Thoroughbreds		%	99.1	99.8
	Harness		%	99.5	99.1
	Greyhounds		%	99.7	99.7
	Average number of starters in WA Races (excluding non-TAB Meetings)	(c)			
	Thoroughbreds		No.	10.8	10.5
	Harness		No.	10.1	10.3
	Greyhounds		No.	7.8	7.8
7	Staff (FTE)	(d)	No.	369	390
8	Margin per employee	\$000	669	636	680
9	Profit per employee	\$000	288	250	322
10	Return on assets (Operating profit as a percentage of total assets)	%	74.6	72.4	77.5
11	Primary Betting System availability		99.95	99.99	99.97

Comments

1 Margin has reduced by 1.2M or 0.5% on last year.

3 Operating Profit before the sale of assets and distribution to the codes was higher than last year primarily due to the WA Racefields Grants received in 2009/10 for distribution to the codes. No amounts were received in the prior year.

4 RWVA's distribution policy to the Racing codes and to Sports provided a slight decrease over the prior year.

7 A consolidation of job roles and responsibilities has resulted from an organisation restructure during 2009/10, resulting in a reduction of FTE over last year. The monthly average FTE for 2009/10 was 381.

8,9 These figures have increased marginally from prior year due to the reduction in the 2009/2010 FTE.

Above performance indicators are grouped as follows:

Efficiency indicators	3, 7, 8, 9 & 10
Effectiveness indicators	2, 4, 5, 6, 7 & 11
Accessibility indicators	2 & 11
Service oriented indicators	4, 5, 6 & 11
Profitability indicators	3, 8, 9 & 10

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

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
Enterprise Management Services	Apr 10	\$996,852	\$2,028,847
Bet Engine Replacement	Nov 10	\$2,414,379	\$31,753,046
New FOB Integration	Mar 11	\$599,355	\$4,417,461
Terminal Replacement	Mar 11	\$1,743,039	\$17,768,684

EMPLOYMENT AND INDUSTRIAL RELATIONS

Staff Profile

As at the end of the reporting year the number of people employed at RWWA was 523 (614 in 2009). 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>2010</u>	<u>2009</u>
Full time	222	245
Part time	21	17
Casual	73	74
Maximum-term contracts	53	54
TOTALS	369	390

Staff Development

Managers have been able to continue providing for critical skills training and also have given more consideration to alternative forms of development such as networking forums and internal coaching.

Industrial Relations

From 1 July 2010, the *Fair Work Act* came into full effect throughout Australia. This has implications for a specific employee group at RWWA who are in ongoing negotiations to establish a relevant industrial agreement.

Safety, Health and Injury Management

The work of the dedicated Occupational Safety and Health Advisory Committee at RWWA continues to provide incremental benefit for the safety, health and wellbeing of all staff. This year has seen the consolidation of some excellent ground work undertaken in the previous year. An improved awareness of line managers' accountability in this regard has been vital in ensuring ongoing identification and resolution of potential risks.

A key improvement this year has been the implementation of policy and training to support awareness of the risks of fatigue for those staff who undertake regional driving.

Increased awareness of RWWA's Employee Assistance Programme has seen managers using this more laterally as a strategy to help resolve a variety of workplace issues

INDICATOR	2010 ACTUAL	2010 TARGET	2009 ACTUAL
Number of fatalities	0	Zero (0)	0
Lost time injury/diseases (LTI/D) rate	1.21	Zero (0) or 10% reduction on 2009	1.03
Lost time injury severity rate	25	Zero (0) or 10% improvement on 2009	25
Percentage of injured workers returned to work within 28 weeks	75%	Actual percentage result to be reported	100%

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 2010 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 Australian 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:

- Set goals and objectives for RWWA and the Racing Industry
- Appoint the CEO
- Monitor the performance of the organisation
- Monitor financial performance – and oversee the allocation of resources
- Risk management
- Maintain relationships with key stakeholders.

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).

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 have been implemented to ensure that risks RWWA experiences are properly managed, including the ongoing viability and 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 mission, an annual Statement of Corporate Intent and a Strategic Development Plan (longer term plan) is developed which documents the plans, future 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's Performance Management System.

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 2009/10 was \$3,520,469 and was incurred as follows:

Advertising Agencies		\$
	Rare Creative Thinking	465,133
	303	646,358
	Torque	244,455
	Professional Public Relations	58,199
Market Research Agencies		
	Research Solutions	38,443
Polling organisations		
	N/A	\$0
Direct Mail Organisations		
	N/A	\$0
Media Advertising Organisations		
	104.9FM Chinese Radio and Oriental Weekly	20,000
	Google	54,825
	Heritage FM	2,945
	Media Tonic	13,091
	PR.com	8,182
	Redwave Media	21,911
	Rural Press Agricultural Publishing	600
	West Regional Sales	85,603
	Western Sports (Sport FM)	26,667
	Win TV	46,013
Media Agencies		
	Adcorp	19,741
	Media Decisions	513,834
	Mitchell and Partners	1,239,717
	Media Monitors	14,752
TOTAL EXPENDITURE		3,520,469

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

RWWA is committed to ensuring its record keeping activities are in accordance with the requirements of the *State Records Act (WA) 2000*. The efficiency and effectiveness of the organisation's record keeping system is evaluated at least every five years. A new platform for record keeping was implemented during 2010. The organisation conducts a regular record keeping training and awareness programme. The organisation's induction programme addresses employees' roles and responsibilities with regards to compliance with the organisation's record keeping plan.

GOVERNMENT POLICY REQUIREMENTS

CORRUPTION PREVENTION

RWWA has developed a Corruption and Fraud Prevention policy and plan based on Australian Standard 8001-2008 Fraud and Corruption Control. The policy and plan has been communicated to all employees.

SUSTAINABILITY

RWWA considers the issue of 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

OCCUPATIONAL SAFETY AND HEALTH

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.

