

RACING AND WAGERING WESTERN AUSTRALIA

# 2012 ANNUAL REPORT



## Purpose

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



## Vision

Making our racing great



## Values

Customer First  
Teamwork  
Achievement  
Commercial Focus

## Racing and Wagering Western Australia

14 Hasler Road  
Osborne Park WA 6017

[www.rwwa.com.au](http://www.rwwa.com.au)



# STATEMENT OF COMPLIANCE

For the year ended 31 July 2012

**Hon Terry Waldron MLA**

**Minister for Sport and Recreation; Racing and Gaming; Deputy Leader of the Parliamentary  
National Party of Australia (WA)**

In accordance with *Section 61 of the Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of Racing and Wagering Western Australia for the financial year ended 31 July 2012.

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



Ross Bowe  
**RWWA Chairman**

15 October 2012



James Freemantle  
**Deputy Board Chairman and  
Chairman RWWA Integrity Assurance  
Committee**

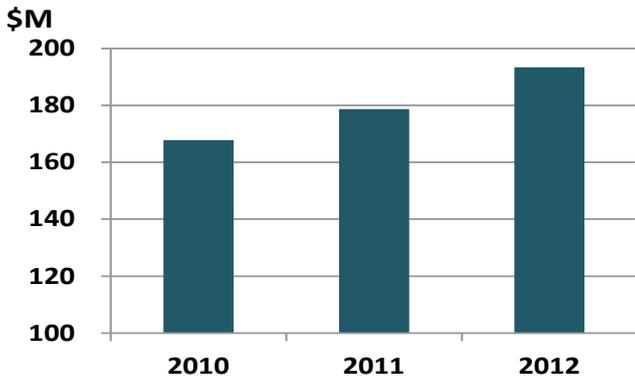
15 October 2012

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# **CHAPTER 1 OVERVIEW**

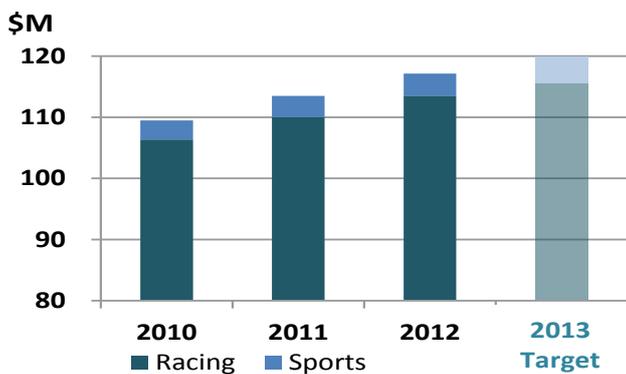
## Revenue after Cost of Sales and Tax



**8% Revenue growth after cost of sales**

**2% growth in overall expenses including depreciation**

## Distributions, Grants and Subsidies



**\$114.1m distributed to the Western Australian Racing Industry, up \$4m over the prior year**

## Executive Summary

### Chairman and CEO Report

Racing and Wagering Western Australia (RWWA) delivered an improved trading result for the 2012 financial year with a surplus after distributions of \$10.9M. In contrast to the previous two years in which RWWA incurred a loss after distributions of \$1.5M in 2010 and \$9M in 2011, the 2012 result is a significant turnaround in financial performance.

RWWA's wagering revenue after cost of sales was \$193.4M, representing an increase of 8.2% over 2011. Key contributors to this result was the profitable growth of parimutuel racing supported by a 5.0% increase in volume of national and international racing together with solid turnover and margin growth from RWWA's 'Player' fixed odds sports product.

Whilst revenues grew by 8.2%, RWWA maintained its overall costs including project expenditure and depreciation, to an increase of 2.3% over the prior year. Excluding depreciation the increase was 1.8%.

Grant income of \$27.7M was received from the state government charging wagering operators to bet on the three Western Australian racing codes. Offsetting product fee income were costs of \$30.2M RWWA paid to bet on national and international racing product. This trend improved slightly in 2012 with the import/export gap reducing from \$4.3M in 2011 to \$3.5M in 2012.

Distributions, Grants and Subsidies to the Western Australian racing industry increased by \$4M to total funding of \$114.1M in 2012. In addition, RWWA distributed \$3.7M to the Sports Wagering Account which is used to fund sporting initiatives in the state.

## Significant Issues and Trends

In March 2011 the High Court of Australia delivered its long awaited decision regarding the validity of racing authorities to charge wagering operators a fee based on turnover. Whilst the High Court decision has received considerable coverage, what is less well understood is the commercial manner in which Race Fields fees will be applied into the future.

Across Australia the majority of TABs have been privatised, resulting in racing authorities having less control and influence over the financial performance of their TAB and subsequent impact on racing industry distributions. As a result, racing authorities now find themselves faced with one income they can control or influence, that being product fees.

In the immediate period following the High Court decision, racing authorities across Australia have applied various models which understandably aim to maximise returns to their respective states. At the time of writing this report, product fees as a ratio of turnover vary from 1.5% to 2.2%, with amounts as high as 3.3% being charged by racing jurisdictions. As a unique racing and wagering organisation, RWWA is required to manage its own commercial settings, with the aim of extracting reasonable returns from product fees but also reduce its expenses. As a result of interstate racing codes charging higher fees for their product, RWWA is implementing strategies to reduce costs through product substitution, reduced racing form and marketing support for higher cost product.

A significant issue identified in the 2011 Annual Report was the need for RWWA to secure long term competitive pooling and fixed odds arrangements. Since 2009 RWWA has been negatively impacted by financially onerous pooling terms which has limited the organisation's ability to generate acceptable returns to the racing industry.

Toward the end of the 2012 financial year, RWWA announced it had entered into a new 12 year pooling agreement with Tabcorp. This agreement builds on the long term relationship RWWA has with Tabcorp and the Victorian racing industry in which Western Australia has combined its Win, Place, Trifecta and Quaddie betting pools. Under the terms of the new agreement, RWWA will extend pooling to include First 4, Quinella, Exacta and Double pools. RWWA may also pool its international investments where Tabcorp either hosts or guests into international countries such as Singapore, Hong Kong, South Africa, United Kingdom and France. Whilst the terms of the new agreement are commercial in confidence, RWWA's capacity to generate greater returns has been considerably improved. The finalisation of a new fixed odds agreement is expected to be concluded in the second quarter of the 2013 financial year.

Continued investment in racing infrastructure was made possible through the Racing Industry Grants Programme (RIGP). This initiative commenced in 2011 with the Government committing \$13M to metropolitan and regional racing and training venues over five years. An issue that is quickly elevating the need for capital funding is the subject of Occupational Safety and Health (OSH).

Whilst RWWA is proactively managing its own compliance to legislated standards, it is also taking a lead role in assisting race clubs undertake equipment and facility audits and training programmes for relevant staff. This important area is substantially increasing the demands on capital funding from the RIGP and RWWA and without the correct amount of funding being provided will place clubs under pressure to comply.

# OVERVIEW

In 2012 the following projects were funded by the RIGP together with RWWA's own contributions.

1. Northam Harness Club track renovation
2. Northam Race Club track drainage works
3. Bunbury and Pinjarra Racecourse plastic running rails project
4. York Racing track sprinklers
5. WA Greyhound Racing Association Cannington Business Case development
6. Harness industry-wide mobile AVA barrier
7. Perth Racing barrier starting gate
8. Racing industry vision project

Change and consolidation continued in Australia throughout 2012 with the acquisition of the Tasmanian TAB by Tattersall's Limited and the entry of two new European bookmakers licensed by the Northern Territory. Whilst the market remains competitive, RWWA continues to demonstrate its capability to access growth through its products, channels, core systems and geographic exposure.

## Outlook

RWWA's significant investment in wagering infrastructure over recent years has assisted it to remain competitive at a national level. RWWA has completely replaced its core betting, online, mobile and information systems together with its 2,000 plus betting terminals. 30% of its betting hardware is now self service with plans to invest further in this technology achieving ongoing reductions in operating costs. RWWA's modern systems are well supported by professional customers and its mobile and internet platforms are recognised by customers as competitive in the market.

Importantly, where other wagering organisations are facing considerable investment in replacing their core betting systems, RWWA has undertaken this process, thereby reducing financial and customer risk.

The expected commercially favourable outcomes on the completion of the pooling and fixed odds agreements is a positive for the Western Australian racing industry. The commercial benefits will be realised during 2013, with the new pooling agreement commencing during August 2013, and the fixed odds agreement expected to begin in November 2013.

Aside from the strategic and operational areas of RWWA, the Western Australian market in which RWWA has the majority of its exposure is predicted to remain solid. Continued investment in oil, gas, minerals and other resource projects and the progressive move from construction to production of these resource projects is projected to positively impact RWWA's core demographic markets.

With these and other factors in mind, RWWA has committed in 2013 to a \$6M funding increase to the Western Australian racing industry.

As Chairman and Chief Executive Officer, we would like to take this opportunity to thank staff, agents and racing industry participants for their strong contributions to the performance of the organisation. In addition we acknowledge the commitment and support provided by the Minister for Racing and Gaming the Hon. Terry Waldron MLA and his staff.

As Chairman, I would like to thank RWWA's existing Board members and welcome new Board members Gary Gliddon and Jeff Ovens who joined the Board during 2012.



**Chairman**  
Mr Ross Bowe



**Chief Executive Officer**  
Mr Richard Burt

## Operational Structure

### Enabling Legislation

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

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

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

## Legislation

The principal legislation governing RWWA is:

- *Racing and Wagering Western Australia Act 2003*
- *Racing and Wagering Western Australia Tax Act 2003*
- *Racing Restriction Act 2003*
- *Racing Bets Levy Act 2009*
- *Gaming and Wagering Commission Act 1987*
- *Betting Control Act 1954*.

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

- *Anti-Money Laundering and Counter Terrorism Financing Act 2006*
- *Copyright Act 1968 (Commonwealth)*
- *Corruption and Crime Commission Act 2003*
- *Clerk (Racing Industry Betting) Award 1987*
- *Criminal Code Act 1913 (WA) and Criminal Code Act 1995 (Commonwealth)*
- *Electoral Act 1907*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Gaming and Betting (Contract Securities) Act 1985*
- *Government Officers' Salaries, Allowances and Conditions Award 1989*
- *Interactive Gambling Act 2001*
- *Long Service Leave Act 1958*
- *Occupational Safety and Health Act 1984*
- *Patents Act 1990*
- *Public Interest Disclosure Act 2003*
- *State Superannuation Act 2000*
- *Statutory Corporations (Liabilities of Directors) Act 1996*
- *Superannuation Guarantee (Administration) Act 1992*
- *Trade Marks Act 1995*
- *Trade Practice Act 1974*
- *Unclaimed Money Act 1990*
- *Workers Compensation and Injury Management Act 1981 (WA)*
- *The Fair Work (Transitional Provisions and Consequential Amendments) Bill 2009*
- *Fair Work Act 2009*.

## Responsible Minister

The Hon Terry Waldron MLA - Minister for Sport and Recreation; Racing and Gaming; Deputy Leader of the Parliamentary National Party of Australia (WA) is the Minister responsible for Racing and Wagering Western Australia.

# OVERVIEW

## Organisation Structure

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



## Racing and Wagering Western Australia Board

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



Standing (L-R): Mr Gary Gliddon, Mr Robert Pearson, Mr John Bradshaw, Mr Jeff Ovens, Mr Ross Cooper  
Seated (L-R): Dr Lianne Cretney-Barnes, Mr Ross Bowe, Mr James Freemantle

<b>Mr Ross Bowe</b> (Chairman)	First appointed 1 August 2003
<b>Mr James Freemantle</b> (Deputy Chairman)	First appointed 1 August 2003
<b>Mr Ross Cooper</b> (Nominated by Harness Racing Industry Bodies)	First appointed 1 August 2003
<b>Mr Robert Pearson</b> (Nominated by Thoroughbred Racing Industry Bodies)	First appointed 1 August 2003
<b>Mr Gary Gliddon</b> (Nominated by Greyhound Racing Industry Bodies)	First appointed 21 November 2011
<b>Dr Lianne Cretney-Barnes</b> (Has expertise in Business Administration, Management and Marketing)	First appointed 1 February 2011
<b>Mr John Bradshaw</b> (Has expertise in Regional Development)	First appointed 1 February 2011
<b>Mr Jeff Ovens</b> (Has expertise in Corporate Performance and Strategic Refinement)	First appointed 1 February 2012
Dr Alistair Murdoch	Director from 1 August 2010 – 17 August 2011
Mr Michael Ryan	Director from 1 August 2003 – 31 January 2012

## 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	Racing Operations Committee
<p>The Integrity Assurance Committee (IAC) has primary oversight of those aspects of RWWA's functions that relate to; stewards, drug testing and control, licensing and registration, handicapping and racing appeals.</p> <p>The IAC also performs the role of RWWA's Audit Committee and has oversight for the Internal Audit Function, Risk Management, and Legislative Compliance. The IAC also reviews and approves the Annual Report.</p> <p>Members include:</p> <ul style="list-style-type: none"> <li>• <b>Mr James Freemantle</b> (Chairman)</li> <li>• <b>Mr Jeff Ovens</b></li> <li>• <b>Dr Lianne Cretney-Barnes</b></li> <li>• <b>Mr Ross Bowe</b> (ex-officio)</li> <li>• <b>Mr Richard Burt</b> (Deputy)</li> </ul>	<p>This committee is responsible for the racing functions of RWWA. Its responsibilities include consulting with industry bodies, programming and racing dates, loans, grants and distributions.</p> <p>Members include:</p> <ul style="list-style-type: none"> <li>• <b>Mr Robert Pearson</b> (Chairman)</li> <li>• <b>Mr Ross Cooper</b> (Deputy Chairman)</li> <li>• <b>Mr Gary Gliddon</b></li> <li>• <b>Mr John Bradshaw</b></li> <li>• <b>Mr Ross Bowe</b> (ex-officio)</li> <li>• <b>Mr Richard Burt</b> (Deputy)</li> </ul>

## Performance Management Framework

### Relationship to Government Goals

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

<b>Financial and Economic Responsibility</b>			
<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>			
<b>Desired Outcomes</b>	<b>Effectiveness Indicators</b>	<b>Services Provided</b>	<b>Efficiency Indicators</b>
To efficiently administer the racing and wagering industry in Western Australia	Operating Profit (excluding the profit/loss from sale of assets) before distribution to codes	Provision of Racing, Stewarding, Wagering, Financial, Marketing, Human Resources, IT, Strategic and other services	Staff (FTE)
	Racing and Steward expenses per WA race meeting		Margin per employee
			Profit per employee
			Return on Assets (operating profit as a percentage of total assets)
To provide a competitive wagering service for Western Australia.	Margin	Provision of services to support Wagering	-
	Annual growth in TAB Turnover on WA racing		

RWWA's key performance indicators are aligned to the above government goals (i.e. Results-Based Service Delivery and Financial and Economic Responsibility).

RWWA's key performance indicators are also reported in the Financials section of this annual report.

## **CHAPTER 2**

# **REPORT ON OPERATIONS**

# REPORT ON OPERATIONS

## Racing

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

## Operations and Distribution

The 2011/12 season provided 873 race meetings across the three codes of racing, featuring a total of 8,139 races and producing 75,574 starters. Of these, 8,100 individual animals raced, including 4,172 thoroughbreds, 2,063 standardbreds and 1,865 greyhounds.

## Funding for Race Clubs

In 2011/12 RWWA funded fifty one clubs and eight training venues in total, including the following:

- One greyhound club (WAGRA) racing at three venues (Cannington, Mandurah and Northam);
- Thirty five thoroughbred clubs (including tenanted arrangements such as Coolgardie at Kalgoorlie);
- One thoroughbred training only venue – Lark Hill;
- Fifteen harness clubs (including tenanted arrangements such as York at Northam);
- Seven harness training only venues – Byford, Cunderdin, Dunbarton, Guildford, Jandakot, South Suburban and Wanneroo.

Total distribution funding (in the form of event and training fees) provided to Western Australian racing clubs in 2011/12 amounted to \$18.9M or 17.4% of total industry distributions (excluding capital infrastructure funding, SKY associated costs, pooling fees and product fees).

Distribution paid by RWWA for 2011/12 to Clubs and Participants is contained in the following table:

	Participant Distributions	Club Distributions	Total Distributions	% of Distributions to Participants
Thoroughbreds	\$ 55,618,326	\$ 10,809,695	\$ 66,428,021	83.7%
Harness	\$ 25,445,246	\$ 4,639,037	\$ 30,084,283	84.6%
Greyhounds	\$ 9,333,290	\$ 4,293,353	\$ 13,626,643	68.5%
<b>Total</b>	<b>\$ 90,396,862</b>	<b>\$ 19,742,085</b>	<b>\$ 110,138,947</b>	<b>82.1%</b>

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

In 2011/12 grant funding to the value of \$3.3M was approved by the Minister for Racing and Gaming for a total of 47 projects.

There was a strong emphasis on Occupational Safety and Health supported projects in 2011/12, with provincial clubs benefiting from grants for plastic safety running rails, redistribution of compliant aluminium running rail to Country Racing Association (CRA) clubs and further funding to provide outside rail at all CRA Clubs.

In total, 34 clubs across the three codes were awarded grants. The more significant grants included:

1. Nine Provincial Racing Clubs – New plastic safety running rails
2. CRA Clubs - Outside safety rail
3. Bunbury Trotting Club - New kitchen/restaurant facility
4. Geraldton Turf Club – Major kitchen and patron facility renovations
5. Esperance Bay Turf Club – Major building renovations
6. Western Australian Trotting Association – Patron facilities renovations
7. Byford Trotting Training Complex – Construct new maintenance shed
8. Metropolitan Racing – Grandstand remediation works at Ascot
9. Racing Industry initiatives – New starting barriers for the thoroughbred code
10. New AVA mobile barrier for harness venues.



*Installation of new plastic safety running rails at Lark Hill*

# REPORT ON OPERATIONS

## Lark Hill and Byford Training 'Centres of Excellence'

A renewed and concerted emphasis on workplace safety and stakeholder consultation has underpinned operational direction and capital development of the State's two premier equine racing training centres, which are operated by RWWA.

Comprehensive OSH auditing of both venues has been carried out to identify, prioritise and remedy any existing safety issues. Track Sub-Committees comprising representatives from track users, Stewards and track staff have also been established at both centres to more proactively and responsively address arising safety and risk management concerns.

The construction of a new machinery maintenance compound at the Byford Harness Training Complex has significantly decreased the potential for conflict between horse traffic and machinery. With the incorporation of a fully equipped workshop and modern staffing facilities, the compound serves as a highly functional and secure operational headquarters.

The installation of plastic rail and refurbished education barriers at Lark Hill has greatly enhanced not only the safety of horses and riders, but has reduced significantly the manual strain on track staff when periodically shifting rail.

In ongoing consultation with the respective Track Sub-Committees, significant planning has been undertaken throughout the period in preparation for additional capital works commencing in 2012/13. The works will support safer work practices and enhance the quality of services and facilities available to stakeholders.



*New machinery maintenance compound at Byford*

## Thoroughbred Racing

### 2012 Major Activities in Relation to Thoroughbred Racing

- RWWA provided thoroughbred race clubs with payments for stakes and subsidies of \$51.5M.
- The Westspeed Scheme provided owners and breeders with an additional \$3.5M in bonuses.
- Race clubs conducted a total of 300 race meetings (including non-TAB meetings) and 2,286 races and paid \$54.0M in stakes and subsidies for the 53 week fiscal year.
- The Western Australian thoroughbred race clubs paid a total of \$49.5M in prize money, with 24,469 starters. There were 4,172 individual thoroughbreds that raced in the period.
- TAB wagering on Western Australian thoroughbred racing increased from last year by \$10.1M or 4.3% with one less race meeting. Despite this being a 53 week fiscal year, the total number of race meetings was reduced by one due to the suspension of racing at York.
- The Magic Millions Yearling Sales recorded an aggregate for the premier sale of \$6.9M and an average sale price of \$70,414. The clearance rate for this sale was 80%.



*Railway Stakes winner LuckyGray*

# REPORT ON OPERATIONS

## Harness Racing

### 2012 Major Activities in Relation to Harness Racing

- RWWA provided harness race clubs with payments for stakes of \$22.7M.
- RWWA paid out an additional \$1.07M in WestBred bonuses.
- Race clubs conducted a total of 277 race meetings and 2,295 races, which provided 23,388 racing opportunities for 2,069 individual horses.
- The 23,388 starters were trained by 510 individual trainers with 56 trainers having 100 or more starters for the season and 21 having 200 or more starters for the season.
- TAB wagering on Western Australian harness racing increased from last year by \$5.6M or 7.73%.
- The 2012 V75 Inter Dominion Championship was held at Gloucester Park with significant increases in attendances and wagering turnover experienced during the entire series. The eventual winner of the 2012 Inter Dominion was the Western Australian owned and trained IM THEMIGHTYQUINN.
- Gary Hall Snr set a new Western Australian stakemoney record for a trainer with starters from his stable earning more than \$2.6M for the season from a total of 118 winners.
- The Australasian Young Drivers Championship was held in Perth during the last week of the Inter Dominion series and was won by Victorian reinsperson Ellen Tormey. Local driver Morgan Woodley represented Western Australia.
- Perth Junior Driver Aiden De Campo won the Western Australian Rising Stars Series and represented the State in New South Wales, winning a heat of the Junior Driver Series in June.
- A new directions paper was developed for harness outlining key strategic opportunities for the 2012/13 - 2013/14 racing seasons, addressing key issues around Positioning and Diversification of Product, Enhancement to Industry Participants and Marketing and Promotion.
- Funding for the Bunbury Trotting Club kitchen upgrade and refurbishment was approved with total project costs of \$727K. The current kitchen facilities did not meet current health requirements and there was consideration by the City of Bunbury in withdrawing the capacity of the club to continue to operate as a kitchen. These new modern facilities will not only meet all the health requirements of the City of Bunbury, but will be a key revenue driver for the Club and provide an income stream on race days and non race days.
- A 'Sprint Lane' was installed at Pinjarra Paceway.



*2012 Inter Dominion winner Im Themightyquinn*

## Greyhound Racing

### 2012 Major Activities in Relation to Greyhound Racing

- RWWA provided the Western Australian Greyhound Racing Association (WAGRA) with base and feature stake funding of \$8.8M.
- The WESTCHASE Incentive Scheme paid out \$490.6K for the year, up 7.8% on 2010/11, with 258 individual greyhounds earning bonuses for their connections.
- WAGRA conducted 3,558 races at 296 meetings, which provided 27,717 racing opportunities for 1,865 individual greyhounds.
- TAB wagering on Western Australian greyhound racing reached an all time high of \$85.3M, up 19.7% on the previous year, on 2.8% more race meetings.
- On-course wagering at the three WAGRA venues increased marginally to \$8.8M, up 1.8% on 2010/11.
- The number of local greyhound races with national vision increased from 3,404 in 2010/11 to 3,454. This equated to 97.1% of all WA greyhound races conducted, with those races not receiving SKY vision being races 13 or 14 at various meetings that did not receive coverage as wagering beyond 12 races cannot be provided by Tabcorp's wagering system.
- Consistent with RWWA's animal welfare policies, RWWA supports the 'homing' of retired greyhounds, under the programme known in Western Australia as Greyhounds As Pets (GAP). RWWA provided \$110K towards the cost of running the GAP programme in 2011/12, during which time a total of 110 greyhounds were adopted into new homes.
- The RWWA Information Services Division continued development of OzChase, the joint venture greyhound racing system being designed, built, hosted and maintained in Western Australia for use by the two joint venture partners, RWWA and Greyhound Racing New South Wales (GRNSW). During 2011 Greyhound Racing South Australia Ltd, the Northern Territory Racing Commission and Racing Services Tasmania signed contracts to move onto the OzChase platform. Those three jurisdictions 'went live' on the system on Monday 6 August, just after the official year end.
- The first Northam night greyhound meeting was conducted under lights at Burwood Park on Monday 2 April 2012, following the completion of the Greyhound Track Lighting Project at the venue.
- At the close of the period in review, RWWA and the Western Australian Greyhound Racing Association (WAGRA) were no closer to reaching any finality on funding of the 'new' Cannington metropolitan venue. A Business Case study has been prepared for the State Government which is under review by the WA Treasury. In the meantime arrangements are in hand with the landlord, Canning Agricultural, Recreational and Horticultural Society to extend the racing operations until early 2014. Further submissions to the State Government for funding in addition to that committed to the project by RWWA and WAGRA, will continue next year, whilst a contingency plan on racing opportunities once Cannington is no longer available will be finalised in 2012/13.



*New track lights at Northam*

## Media and Promotional Highlights

### Club Promotions

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

- State-wide electronic exposure through Golden West Network television (GWN), RadioWest and print exposure via The West Australian regional newspaper affiliates.
- Provided club support via corporate hospitality to Broome, Kalgoorlie and Bunbury Cups by hosting RWWA funded functions.
- Provided dedicated code content on the RWWA website.
- Assisted clubs with general promotion, media and marketing activities.
- Assisted the Wagering Division in tailoring promotional activities to account holders for major race meetings.

## Industry Marketing

- Managed and coordinated industry events and functions.
- Conducted three racing code award functions, including Harness Horse of the Year, where pacer IM THEMIGHTYQUINN claimed back-to-back Horse of the Year awards; Apprentice Jockey Awards, where Kyra Yuill took out consecutive All-Round Apprentice Award, and the Greyhound of the Year, awarded to VOCAL ENFORCER.
- Successfully targeted advertising revenue through Racing Ahead industry publications.
- Provided RWWA communications to both industry and community via media releases, club circulars and three code strategic plan updates as well as Outreach Sessions throughout metropolitan and regional Western Australia.



*Apprentice Jockey Kyra Yuill winning the 2011 Perth Cup, becoming the first female rider to win the time honoured event*

## Industry Training Highlights

- Thirteen apprentice jockeys commenced in 2011/12, four of whom are school-based. Eight apprentices graduated into the Jockey ranks and Alex Hearne transferred to Queensland to complete his apprenticeship based there.
- RWWA supported the National Apprentice Jockey Challenge with a heat held at Ascot in April. The heat was won by visiting apprentice Rasit Yetimova representing Tasmania. Kyra Yuill, Ryan Hill, Joseph Azzopardi, Renee Forrest and Ned Coldbeck represented Western Australia in the various interstate heats.
- Fourteen C Grade Drivers commenced driving in trials during the year, with four completing and eight continuing into the new season
- The Touchstone Farm Rising Stars series for Apprentice Jockeys again proved popular, with Joseph Azzopardi winning the thoroughbred series and the Harness Drivers series was won by Tom Buchannan.
- Apprentice Jockey Kyra Yuill won the 2011 Perth Cup, becoming the first female rider, and only the third apprentice jockey to win the time honoured event.
- Trevor Warwick, a former leading harness trainer/driver, joined the training team as Driving Master. He has replaced Rod Chambers in the role and brings unique support to Western Australian trainee and junior harness drivers.



*The National Apprentice Jockey Challenge heat held at Ascot in April*

## Racing Integrity

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

The division has undergone internal restructuring through the year with the vacated position of Chairman of Stewards being amended to that of General Manager Racing Integrity (GMRI). This structural change reflected the reduced operational nature of the position with a greater emphasis on the overarching responsibilities of strategic direction, leadership and management of integrity functions within the codes. The position of GMRI has responsibility to ensure the delivery of effective business strategies by ensuring appropriate policies, procedures and practices are in place across the division. There are also wider industry considerations with respect to future strategies (i.e. drug testing, laboratory contracts, OSH, animal welfare and others) to which the GMRI reports to the Board and RWWA Integrity Assurance Committee.

The Stewards of the three codes, who continue to report to the respective Chief Stewards for each code, have been relocated to the RWWA offices at Ascot from the codes. This significant project, to bring the Stewards of RWWA to a central location for the first time since inception, was successfully completed through the year. In doing so the department is able to leverage more readily the combined experience and expertise to assist in the delivery of high standards of integrity whilst fostering an internal team culture.

RWWA's long-term strategy with respect to the roll out of plastic rail to all key racing venues has been further progressed as planned to include all major provincial venues such as Northam, Pinjarra, Bunbury and Kalgoorlie. RWWA has also been able to accelerate the replacement of rail at country venues following successful application for funding and has fast-tracked rail replacement. In doing so RWWA has been able to obtain and deploy the replaced aluminium rail to venues throughout the state to achieve compliance with increased safety standards that include the requirement for full inside railing at all venues. These enhancements have also included the accelerated installation of outside perimeter fencing with all venues expected to be compliant by December 2012. RWWA also completed a Starting Barrier replacement programme through the year that delivered new or improved starting barriers to several clubs.

In March, the culmination of the V75 Inter Dominion Carnival finals were successfully completed in Perth. Enhanced security and integrity measures were in place for the duration of the series. These included increased levels of out of competition testing and race day sampling from all runners, in addition to other security arrangements including stable visits by RWWA Stewards and Veterinarian at various times and the placement of security guards for the final night.

In January, RWWA announced that an independent review of harness racing integrity functions was to be conducted by Mr Ron Davies QC in those areas to which the IAC has primary oversight including;

- (a) Stewards
- (b) Drug testing control
- (c) Licensing and registration
- (d) Handicapping and
- (e) Racing appeals

The terms of reference included all aspects of Stewarding operations including but not limited to;

- Resourcing
- Regulatory structures and existing policies and practices
- Race day and post race meeting procedures and practices
- Stewards inquiry functions
- Industry expectations including effectiveness and impact of reporting mediums to external and internal stakeholders.

Within a period of six weeks, from early February when Mr Davies commenced, all eligible bodies and other persons were formally conferred with in addition to his attendance at various race meetings and race-night inquiries for the purposes of observation.

Mr Davies' full report which has been issued on the RWWA website, included the statement that *"I am able to state categorically that I have found nothing; nor has any assertion been made to me; to suggest any lack of integrity in relation to the panel of stewards"*.

Further, Mr Davies made the finding that *"the integrity of the harness stewards both individually and as a panel is not questionable in any way whatsoever"*.

The IAC acknowledges Mr Davies' findings and recommendations and management has developed strategies and actions to address the three broad outcomes in the Davies Report, including;

- Harness resourcing levels and structure;
- Recruitment and retention of harness stewards;
- Operational enhancements to enable more time to be directed towards scrutiny and monitoring of pre, post and race day activities;

which shall be implemented accordingly through the year ahead.

Extensive drug testing of racing animals across the three codes continues to be a key integrity component. Swabbing of metropolitan, provincial and country winners, random testing of unplaced runners, out of competition testing and testing at official trials constitutes the sampling strategies.

Statistics for 2011/12 across the three codes are as follows:

Thoroughbred	Samples	Positives
Post Race	1995	1
TCO2	1534	0
OOCT & EPO	15	-
Human	134	5

Harness	Samples	Positives
Post Race	1231	2
TCO2	2951	6
OOCT & EPO	60	-
Human	26	1

Greyhound	Samples	Positives
Post Race	1213	-
OOCT & EPO	29	-

(NB: OOCT – Out of Competition Testing)



*Albany Racing Club's vice president Lesley Solly, Minister for Sport and Recreation Tuck Waldron, Racing and Wagering WA's general manager Ken Norquay and WA Country Builders general manager Rod Harris at the official opening. Courtesy Albany Advertiser*

# REPORT ON OPERATIONS

## Sales and Marketing

This year saw a 12% lift in turnover to \$1.94B.

RWWA now operates a diverse multi-channel sales and marketing organisation.

Turnover from our 315 retail outlets which covers dedicated agencies, PubTABs and self service grew 4.8% to \$1.35B. Our electronic channels which include online, mobile, call centre and Interactive TV grew strongly by 32.4% to \$591M.

## Retail

Performance and people are at the heart of our retail business. Over the year we have placed significant effort in identifying and improving the performance of our key agents and taverns. In addition to providing feedback through regular mystery shopper and site visits, the TAB has invested time and resources into developing a blended learning environment. This includes the normal classroom and one on one visits and has extended to an extensive on line programme. In a recent webinar we had 89 agents being briefed on the Olympics. It was also very satisfying to see our retail training team recognised nationally placing second for our blended learning programme in the Learn X awards.

The ongoing focus on our agent portal has also seen a significant increase in the connectivity of agents and their access to online product and operational information.

This year we created the PubTAB advisory group to better understand the issues facing our operations in host businesses. The group has made solid progress and we look forward to building a closer relationship with our 189 licensed premises through this new industry body.

A significant effort has been placed on our technology platforms with our new terminal fleet operating well and an ongoing focus on improving customer usability through common interfaces across our InfoTAB and Self Service terminals.

Self Service terminals are increasingly playing a key role in helping our customers make fixed odds and sports betting simple and easy to use. Throughout the last year the TAB has continued to convert our lower turnover and remote sites to self service. This has lessened the operational burden on many smaller licensed venues and provided greater consistency of service to customers.

## Electronic

One of the most significant changes to our channel operation took place with the introduction of our TABtouch and Player mobile betting applications. Over 8,000 customers now use their mobile applications to make a bet. And the time it takes to turn over a million dollars has fallen from 30 days to less than 12 days. The TAB now offers a comprehensive multi channel marketing platform including interactive TV, Online, mobile call centre and retail.

As the year progressed a significant number of e-commerce improvements were introduced increasing the connectivity and activity of our 56,000 customer account base.

## Customers

Early in 2011, a decision was made to shift our organisational focus to be "Customer First", this means making a commitment to the continual improvement of customer experience across all our channels. For wagering this has translated into four key pillars:

- Being competitive  
Providing competitive products and pricing across all wagering offerings
- Valuing our customers  
Listening and responding to our customers' needs through research
- Being simple and easy to use  
Optimising customer workflows across all channels
- Investing in customer touch-points  
A program of continual improvement across all channels making us more convenient and discoverable

These initiatives are progressing well. From mid 2012 these strategies will be evident to customers through our new commercial arrangements into the SuperTAB pool, competitive fixed odds prices, new products and greater choice over channels and pricing options.



## Wagering Operations

The primary responsibilities of this division are:

### Retail Administration

- Agent Contracts - Management of all Agent operating licences and contracts.
- Associated Contracts – Management of all SKY Channel contracts within Western Australia (both wagering and non-wagering sites) and the administration of Giddyup contracts.
- Managed Agencies – Management of six Managed Agencies
- Agent Assistance – Provides agent assistance in both business and operational matters.

### Wagering Operations

- Raceday Control – Including event loading, monitoring and daily raceday services.
- Agent Help Desk – For agents requiring technical or operational assistance.
- System and Process Change – Manages changes to internal systems and processes to ensure the TAB network operates efficiently and effectively.

### Retail Property

- Management of all RWWA (TAB) owned and leased properties including property lease negotiations and the sourcing or divestment of properties.
- Manages the repairs and maintenance of all TAB agencies.
- Establishes new outlets and manages agency upgrades and refurbishments identified by the Sales and Marketing Department.

### Call Centre

- Call Centre - Manages the day-to-day wagering activities conducted through the call centre.
- Account Contact Centre – Manages all account processes and customer contact.
- “Player” (Fixed Odds) Help Desk – First point of call for agents and customers seeking information regarding Fixed Odds Betting.

### Retail Network

As at the end of the 2011/12 Financial Year, RWWA’s retail network consisted of 315 agencies segmented into the following categories:

- Service Level 1 - Fulltime TAB Agencies - 91
- Service Level 2 - PubTAB/ClubTAB Agencies - 135
- Service Level 3 - Self Service Agencies (Licensed Premises) – 89

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

- Service Level 1 - 2
- Service Level 2 - 28

In addition to the major refurbishments, minor refurbishments and changes to the “Player” areas were carried out in 21 Fulltime Agencies.

### Self Service Wagering Terminals

During 2011/12, a number of terminal software enhancements were made to improve customer service within the retail network.

A new Fixed Odds betting platform was introduced which has streamlined the way customers place “Player” bets in particular for building multi bets. The new process removed the need for customers to search for proposition numbers and relevant odds.

An enhancement was also made to the Information Terminals with the introduction of a “bet checker”. Customers now have the ability to scan bets on the Information Terminal rather than processing all bets through an operator assisted terminal. This has led to freeing up queues and allowing more transactional time.

Due to the overall success of Self Service Wagering Terminals in Service Level 3 outlets and the benefits that have arisen through software improvement (in particular improvements to Fixed Odds betting), RWWA commenced deploying Self Service Terminals to Service Level 1 and Service Level 2 outlets to complement the operator assisted terminals. RWWA has now deployed in excess of 460 terminals to 208 of its 315 TAB Agencies throughout Western Australia.

### Process Improvements

To improve both the customer and agent service in relation to the Fixed Odds betting product, a new “Player” Centre (help desk) was established. All staff committed to this area have a high level of knowledge and understanding of the complexities of the product. The benefits that have flowed from this structural change have been an improvement in the resolution of queries during the first call, a reduction in the call time and an overall increase in the customer and agent understanding of the intricacies of the Fixed Odds betting product.

From previous system changes and efficiency measures adopted, the rate of calls to the Agents help desk has continued to decline assisting in maintaining operating costs. The number of calls received in the 2011/12 financial year was 41,000 a decrease of 27% in comparison to the previous year. By June of this year 91% of general calls were answered within 30 seconds and 96% of calls requesting screen cancels were answered within five seconds, all well within the agreed KPIs for this area.

The establishment of an Agent Ideas’ Bank has introduced a formal way to collect suggested system and process improvements, assess and introduce changes where it is deemed beneficial. This has proven to be an integral way to gain suggestions and information from both the agents and customers.

## 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 2011/12 year a number of significant operational and strategic milestones were achieved including:

- Significant functional and performance improvements to RWWA's new wagering application which allowed the new system to execute with 100% availability and excellent performance through its first Melbourne Cup.
- Successful migration to a new Fixed Odds betting provider.
- RWWA's liaison with Sweden's ATG reached another level with the V-Bet product range being extended to the retail network.
- The creation of new terminal software has been successfully completed for Operator Terminals, Self-Serve Terminals and Customer-Information-Terminals.
- Major enhancements to RWWA's mobile wagering capability including the release of an application for iPhones and android phones.
- Numerous enhancements to the TAB betting site "Ozbet" including the addition of GBI (Great Britain & Irish) racing vision.
- Completion of the rollout of fixed line communication services to country race venues which ensured a consistent punter experience throughout Western Australia.

The focus for the 2012/13 year will be:

- Major system changes to support the new Tabcorp pooling arrangement which expands the number of pooled bet types to First 4 (Quartet), Double, Exacta and Quinella, all of which will have the flex-bet option.
- Enhanced FOB which allows the choice between a parimutuel bet and a Fixed-Odds bet.
- Significant rework of the Ozbet web site.
- The completion of the new Greyhound Racing System.

## Human Resources

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

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

During the reporting period, the focus for the HR team has been aligned to the organisational work around culture and engagement. The leadership initiatives which commenced last year have progressed to a second stage of implementation, with re-measures occurring in the areas of leadership effectiveness as well as staff engagement. This data has provided us with information to calibrate the actions taken to address gaps.

In support of the culture development work, this year saw the launch of Reward and Recognition programmes, designed to offer a range of options for managers to incentivise staff and drive the desired organisational behaviours. Included in this is the facility for peer-to-peer recognition and this has been a positive initiative in engaging staff.

Learning and development is a further driver to building engagement and the HR division has been strengthened by an internal structural change, leveraging capacity in the Retail Training team to support corporate learning and development.

## Finance and Business Services

This division is responsible for financial management and strategy, risk and business continuity systems, wagering compliance, audit and legal matters, the administration of licensing and registration of racing participants/animals, business intelligence functions, including data mining and strategic analysis, and a variety of other business services. The division has continued to provide wide ranging support to the organisation in the achievement of goals and objectives whilst maintaining a focus on prudent financial management and on improving efficiency and effectiveness.

# **CHAPTER 3**

## **DISCLOSURES AND LEGAL COMPLIANCE**

# DISCLOSURES AND LEGAL COMPLIANCE



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

#### RACING AND WAGERING WESTERN AUSTRALIA

##### Report on the Financial Statements

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

The financial statements comprise the Statement of Financial Position as at 31 July 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

##### *Board's Responsibility for the Financial Statements*

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

##### *Auditor's Responsibility*

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

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

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

##### **Opinion**

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of Racing and Wagering Western Australia at 31 July 2012 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

##### **Report on Controls**

I have audited the controls exercised by Racing and Wagering Western Australia during the year ended 31 July 2012.

Controls exercised by Racing and Wagering Western Australia are those policies and procedures established by the Board to ensure 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.

##### *Board's Responsibility for Controls*

The Board is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

##### *Auditor's Responsibility*

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



An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that Racing and Wagering Western Australia complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

**Opinion**

In my opinion, the controls exercised by Racing and Wagering Western Australia are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 31 July 2012.

**Report on the Key Performance Indicators**

I have audited the key performance indicators of Racing and Wagering Western Australia for the year ended 31 July 2012.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

*Board's Responsibility for the Key Performance Indicators*

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Board determines necessary to ensure that the key performance indicators fairly represent indicated performance.

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Board's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

**Opinion**

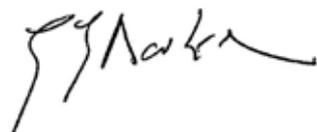
In my opinion, the key performance indicators of Racing and Wagering Western Australia are relevant and appropriate to assist users to assess Racing and Wagering Western Australia's performance and fairly represent indicated performance for the year ended 31 July 2012.

**Independence**

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

**Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators**

This auditor's report relates to the financial statements and key performance indicators of Racing and Wagering Western Australia for the year ended 31 July 2012 included on the Racing and Wagering Western Australia's website. The Racing and Wagering Western Australia's management is responsible for the integrity of the Racing and Wagering Western Australia's website. This audit does not provide assurance on the integrity of the Racing and Wagering Western Australia's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



GLEN CLARKE  
ACTING AUDITOR GENERAL  
FOR WESTERN AUSTRALIA  
Perth, Western Australia  
18 October 2012

# DISCLOSURES AND LEGAL COMPLIANCE

## CERTIFICATION OF FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2012

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 2012 and the financial position as at 31 July 2012.

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**

15 October 2012



James Freemantle  
**Deputy Board Chairman and  
Chairman RWWA Integrity Assurance  
Committee**

15 October 2012



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

15 October 2012



# DISCLOSURES AND LEGAL COMPLIANCE

## RACING AND WAGERING WESTERN AUSTRALIA STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 July 2012

Income	Notes	2012	2011
		\$000	\$000
<b>Revenue</b>			
Margin	2	293,093	264,102
Interest revenue		2,590	2,208
Other revenue	4	22,357	19,766
<b>Total Revenue</b>		<b>318,040</b>	<b>286,076</b>
<b>Gains</b>			
Gain on disposal of non-current assets	5	171	-
<b>Total Gains</b>		<b>171</b>	<b>-</b>
<b>Total Income</b>		<b>318,211</b>	<b>286,076</b>
<b>Expenses</b>			
<b>Expenses</b>			
Cost of sales		62,101	51,437
Wagering Tax	3	37,616	33,996
Racing Services	6, 29	14,848	14,066
Wagering Services	6, 29	80,536	77,369
Support Services	6, 29	30,236	28,026
Projects	29	306	3,618
Grants and subsidies	7	4,066	5,934
Distribution to racing and sports industries	8	113,798	107,551
Loss on disposal of non-current assets	5	-	13
<b>Total Expenses</b>		<b>343,507</b>	<b>322,011</b>
Profit/(Loss) before grants and subsidies from State Government		(25,296)	(35,935)
Grants and subsidies from State Government	7	36,154	26,944
<b>Profit/(Loss) for the period</b>		<b>10,858</b>	<b>(8,991)</b>
<b>Other Comprehensive Income for the Period</b>			
Changes in asset revaluation surplus	20	217	3,526
Gains/losses recognised directly in equity		-	-
<b>Total other comprehensive income</b>		<b>217</b>	<b>3,526</b>
<b>Total Comprehensive Income for the period</b>		<b>11,075</b>	<b>(5,465)</b>

See also Note 29 'Schedule of Income and Expenses by Service'  
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 For the year ended 31 July 2012

Assets	Notes	2012 \$000	2011 \$000
<b>Current Assets</b>			
Cash and cash equivalents	21	56,174	39,583
Inventories	9	394	417
Receivables	10	2,883	2,497
Other current assets	12	2,726	2,546
Non-current assets classified as held for sale	13	2,298	1,149
<b>Total Current Assets</b>		<b>64,475</b>	<b>46,192</b>
<b>Non-Current Assets</b>			
Investments	11	352	552
Receivables	10	-	-
Other Non-current assets	12	826	958
Property, plant and equipment	14	50,241	55,139
Capital works in progress		875	2,089
Intangible Assets	15	29,902	31,341
<b>Total Non-Current Assets</b>		<b>82,196</b>	<b>90,078</b>
<b>Total Assets</b>		<b>146,671</b>	<b>136,270</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	17	37,020	38,085
Provisions	18	4,834	5,002
Other liabilities	19	552	483
<b>Total Current Liabilities</b>		<b>42,406</b>	<b>43,570</b>
<b>Non-Current Liabilities</b>			
Payables	17	1,010	1,030
Provisions	18	1,679	1,203
Other liabilities	19	3,077	3,044
<b>Total Non-Current Liabilities</b>		<b>5,766</b>	<b>5,277</b>
<b>Total Liabilities</b>		<b>48,172</b>	<b>48,847</b>
<b>Net Assets</b>		<b>98,499</b>	<b>87,424</b>
<b>Equity</b>			
Contributed Equity	20	60,884	60,884
Reserves	20	37,615	26,540
<b>Total Equity</b>		<b>98,499</b>	<b>87,424</b>

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



# DISCLOSURES AND LEGAL COMPLIANCE

## RACING AND WAGERING WESTERN AUSTRALIA

### STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2012

Income	Notes	Contributed Equity	General Reserves	Asset Revaluation Reserves	Retained Earnings	Total Equity
		\$000	\$000	\$000	\$000	\$000
<b>Balance at 1 August 2010</b>	20	<b>60,884</b>	<b>19,544</b>	<b>12,461</b>	-	<b>92,888</b>
<b>Restated balance at 1 August 2010</b>		<b>60,884</b>	<b>19,544</b>	<b>12,461</b>	-	<b>92,888</b>
Total comprehensive income for the year		-	-	3,526	(8,991)	(5,465)
Transactions with owners in their capacity as owners:						
Capital appropriations		-	-	-	-	-
Other contributions by owners		-	-	-	-	-
Transfers between reserves		-	(8,991)	-	8,991	-
Distributions to owners		-	-	-	-	-
Total						
<b>Balance at 31 July 2011</b>		<b>60,884</b>	<b>10,553</b>	<b>15,987</b>	-	<b>87,424</b>
<b>Balance at 1 August 2011</b>		<b>60,884</b>	<b>10,553</b>	<b>15,987</b>	-	<b>87,424</b>
Total comprehensive income for the year		-	-	217	10,858	11,075
Transactions with owners in their capacity as owners:						
Capital appropriations		-	-	-	-	-
Other contributions by owners		-	-	-	-	-
Transfers between reserves		-	10,858	-	(10,858)	-
Distributions to owners		-	-	-	-	-
Total						
<b>Balance at 31 July 2012</b>		<b>60,884</b>	<b>21,411</b>	<b>16,204</b>	-	<b>98,499</b>

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

# DISCLOSURES AND LEGAL COMPLIANCE

## RACING AND WAGERING WESTERN AUSTRALIA

### STATEMENT OF CASH FLOWS

For the year ended 31 July 2012

Cash Flows from Operating Activities	Notes	2012	2011
		\$000	\$000
<b>Receipts</b>			
Receipts from customers		1,917,498	1,715,198
Interest received		2,590	2,208
GST receipts on sales		34,074	32,019
Other receipts		13,942	11,042
<b>Payments</b>			
Customers		(1,612,078)	(1,441,777)
Creditors		(179,495)	(154,198)
Employee benefits		(32,892)	(30,813)
Distributions, Grants and Subsidies		(117,865)	(113,486)
Interest paid		(36)	(45)
GST payments on purchases		(13,148)	(13,437)
GST payments to taxation authority		(20,918)	(18,262)
Other payments		(5,021)	(9,139)
<b>Net cash (used in)/provided by operating activities</b>	21	<b>(13,349)</b>	<b>(20,689)</b>
<b>Cash Flows from Investing Activities</b>			
<b>Expenses</b>			
Proceeds from sales of non-current assets		1,622	224
Purchase of non-current assets		(7,919)	(9,147)
Proceeds from sale of investments		-	-
<b>Net cash (used in)/provided by investing activities</b>		<b>(6,214)</b>	<b>(8,923)</b>
<b>Cash Flows from State Government</b>			
Government Grant reimbursement		36,154	26,944
<b>Net cash provided by State Government</b>		<b>36,154</b>	<b>26,944</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b>16,591</b>	<b>(2,668)</b>
Cash and cash equivalents at the beginning of period		39,583	42,251
<b>Cash and cash equivalents at the end of period</b>	21	<b>56,174</b>	<b>39,583</b>

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



# DISCLOSURES AND LEGAL COMPLIANCE

## Notes to the Financial Statements

For the year ending 31 July 2012

### Australian Accounting Standards

#### General

RWWA's financial statements for the year ended 31 July 2012 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes 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 unless specifically permitted by *Treasurer's Instruction (TI) 1101* 'Application of Australian Accounting Standards and Other Pronouncements'. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by RWWA for the annual reporting period ended 31 July 2012.

### 1. Summary of Significant Accounting Policies

#### (a) General Statement

RWWA prepares general purpose financial statements 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* impose legislative provisions that govern the preparation of financial statements and take precedence over the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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

#### (b) Basis of Preparation

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

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

The financial statements are 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, about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. RWWA evaluates these judgements regularly.

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

#### *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.

# DISCLOSURES AND LEGAL COMPLIANCE

## **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.

## **Gains**

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

## **Government Grants and Subsidies**

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

Under the *Gaming and Wagering Commission Act 1987 (section 110B)*, the Gaming and Wagering Commission may credit RWWA with proceeds from the Western Australian Race Fields legislation. The *Racing and Wagering Western Australia Act 2003 (section 107A)* requires these funds to be credited into a special purpose account for distribution to registered racing clubs in Western Australia. *Treasurer's Instruction 1102* requires these amounts to be disclosed as Grants from the State Government.

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

RWWA receives contributions through the Racecourse Infrastructure Grants Programme (RIGP). If RWWA is assisting a race club and contributing towards the overall project cost then any funding received is recognised as income. If the contribution received from state government relates to an asset that is owned by RWWA then the contribution is recorded as deferred income and recognised within the Statement of Comprehensive Income over the life of the asset that has been purchased.

## **(e) Product Fee Expense**

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

## **(f) Tax**

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

## **Parimutuel and Fixed Odds Betting (FOB)**

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

## **(g) Goods and Services Tax**

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

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

Cash Flows are included in the Statement of Cash Flows 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.



# DISCLOSURES AND LEGAL COMPLIANCE

## (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.

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

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

### *Derecognition*

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

### *Asset Revaluation Reserve*

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

### *Depreciation*

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

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

	2011/12
Buildings	10 to 40 years
Infrastructure	10 years
Leasehold Improvements <sup>(a)</sup>	5 to 15 years
Motor Vehicles	5 years
Machinery, Plant and Equipment	5 years
Furniture and Fittings	5 years
Computer Equipment	4 years
Software <sup>(b)</sup>	2 to 15 years

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

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

## (i) Intangible Assets

### *Capitalisation/Expensing of Assets*

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

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

# DISCLOSURES AND LEGAL COMPLIANCE

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 <sup>(a)</sup>	2 to 15 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, infrastructure and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of asset 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 disclosed 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.



# DISCLOSURES AND LEGAL COMPLIANCE

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 of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

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

## (n) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent assets comprise 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 the end of each reporting period.

## (i) Provisions – Employee Benefits

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

## Annual Leave

The liability for annual leave expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual leave that is not expected to be settled within 12 months after the end of the reporting period is measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

# DISCLOSURES AND LEGAL COMPLIANCE

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

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

## **Long Service Leave**

The liability for long service leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave that is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of the settlement.

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

Unconditional long service leave provisions are classified as current liabilities as RWWA does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Conditional long service leave provisions are classified as non-current liabilities because RWWA has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

## **Superannuation**

The Government Employees Superannuation Board (GESB) and other funds administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees varies according to commencement and implementation date.

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). From 30 March 2012, existing members of WSS or GESBS and new employees became able to choose their preferred superannuation fund. RWWA makes concurrent contributions to GESB or other funds on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish RWWA's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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.



# DISCLOSURES AND LEGAL COMPLIANCE

## (ii) Provisions – Other

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

## (t) Superannuation Expense

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

## (u) Associates

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

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

## (v) Comparative Figures

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

## DISCLOSURE OF CHANGES IN ACCOUNTING POLICY AND ESTIMATES

### Initial application of an Australian Accounting Standard

RWWA has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 August 2011 that impacted on RWWA:

#### AASB 1054 Australian Additional Disclosures

This Standard, in conjunction with AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, removes disclosure requirements from other Standards and incorporates them in a single standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.

AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Int 2, 4, 16, 1039 & 1052]

This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Int 13].

The amendments to AASB 7 clarify financial instrument disclosures in relation to credit risk. The carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated is no longer required to be disclosed. There is no financial impact.

The amendments to the AASB 101 clarify the presentation of the statement of changes in equity. The disaggregation of other comprehensive income reconciling the carrying amount at the beginning and the end of the period for each component of equity can be presented in either the Statement of Changes in Equity or the Notes. There is no financial impact.

AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Int 112, 115, 127, 132 & 1042].

This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & 7].

This Standard introduces additional disclosures relating to transfers of financial assets in AASB 7. An entity shall disclose all transferred financial assets that are not derecognised and any continuing involvement in a transferred asset existing at the reporting date, irrespective of when the related transfer transaction occurred. There is no financial impact.

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Int 2, 112 & 113].

This Standard, in conjunction with AASB 1054, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.

# DISCLOSURES AND LEGAL COMPLIANCE

## Future impact of Australian Accounting Standards not yet operative

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

Title	Operative for reporting periods beginning on/ after
<p>AASB 9 Financial Instruments This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments. The Standard was reissued in December 2010. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 January 2013
<p>AASB 11 Joint Arrangements This Standard supersedes AASB 131 Interests in Joint Ventures, introducing a number of changes to accounting treatments. The Standard was issued in August 2011. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 January 2013
<p>AASB 12 Disclosure of Interests in Other Entities This Standard supersedes disclosure requirements under AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. The Standard was issued in August 2011. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 January 2013
<p>AASB 13 Fair Value Measurement This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.</p>	1 January 2013
<p>AASB 119 Employee Benefits This Standard supersedes AASB 119 (October 2010). As the Authority does not operate a defined benefit plan, the impact of the change is limited to measuring annual leave as a long-term employee benefit. The resultant discounting of the annual leave benefit has an immaterial impact.</p>	1 January 2013
<p>AASB 127 Separate Financial Statements This Standard supersedes requirements under AASB 127 Consolidated and Separate Financial Statement, introducing a number of changes to the accounting treatments. The Standard was issued in August 2011. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 January 2013
<p>AASB 128 Investments in Associates and Joint Ventures This Standard supersedes AASB 128 Investments in Associates, introducing a number of changes to accounting treatments. The Standard was issued in August 2011. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 January 2013
<p>AASB 1053 Application of Tiers of Australian Accounting Standards This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.</p>	1 July 2013

# DISCLOSURES AND LEGAL COMPLIANCE

<p>AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1,3,4,5,7, 101, 102, 108, 112,118, 121,127, 128, 131, 132, 136, 139, 1023 &amp; 1038 and Int 10 &amp; 12] [Modified by AASB 2010-7]</p>	<p>1 July 2013</p>
<p>AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [ AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 &amp; 1052 and Int 2, 4, 5, 15, 17, 127, 129 &amp; 1052] This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.</p>	<p>1 July 2013</p>
<p>AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Int 2, 5, 10, 12, 19 &amp; 127] This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The Authority has not yet determined the application of the potential impact of the Standard.</p>	<p>1 January 2013</p>
<p>AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans- Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 &amp; 1054] This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.</p>	<p>1 July 2013</p>
<p>AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 &amp; 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 &amp; 132] This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.</p>	<p>1 January 2013</p>
<p>AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 &amp; 1049] This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The Authority has not yet determined the application of the potential impact of the Standard.</p>	<p>1 July 2013</p>
<p>AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 &amp; 2011-8 and Int 14] This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is limited financial impact.</p>	<p>1 January 2013</p>
<p>AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.</p>	<p>1 January 2013</p>
<p>AASB 2012-1 Amendments to Australian Accounting Standards - Fair Value Measurement – Reduced Disclosure Requirements [AASB 3, 7, 13, 140 &amp; 141] This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.</p>	<p>1 July 2013</p>

# DISCLOSURES AND LEGAL COMPLIANCE

## RACING AND WAGERING WESTERN AUSTRALIA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

	2012	2011
	\$000	\$000
<b>2 Margin</b>		
Margin on Turnover inclusive of GST	319,182	288,651
Goods and Services Tax	(26,089)	(24,549)
	<b>293,093</b>	<b>264,102</b>
<p>The Goods and Services Tax (GST) is not applied to the consumption of gambling services. It is however, applied to the operator's margin defined as the subscription (wagering less sales commission) less the amount of prizes (dividends). The State provides reimbursement to gaming operators (including RWWA) for GST paid on the operator's margin on Fixed Odds Betting and Parimutuel Sports.</p> <p><i>Treasurer's Instruction 1102</i> requires the GST reimbursement to be disclosed as a grant from the State Government rather than offset against the cost to which it applies.</p>		
<b>3 Wagering Tax</b>		
Tax on turnover	1,869	1,686
Tax on margin	35,747	32,310
	<b>37,616</b>	<b>33,996</b>
<b>4 Other Revenue</b>		
Other Revenue	14,019	10,891
Unclaimed dividends (Racing)	8,248	8,818
Dividends	90	57
	<b>22,357</b>	<b>19,766</b>
<b>5 Net gain/(loss) on disposal of Property, Plant, Equipment and Vehicles</b>		
Proceeds from disposal	1,623	224
Cost of disposal	(1,452)	(237)
Net gain / (loss)	<b>171</b>	<b>(13)</b>
<b>6 Racing, Wagering and Support Services</b>		
Employee Benefit Expense	33,200	30,945
Depreciation and Amortisation Expense	13,086	12,243
Finance Costs	36	45
Supplies and Services	44,931	42,583
Advertising and Promotions	15,732	15,533
Communications	5,119	5,456
Accommodation	7,008	6,111
Other Expenses	6,508	6,545
	<b>125,620</b>	<b>119,461</b>
<b>7 Grants and subsidies</b>		
<b>Grants and subsidies expense</b>		
Grants	1,673	3,611
Subsidies	2,393	2,323
	<b>4,066</b>	<b>5,934</b>
<b>Grants income</b> (includes Racefields, RIGP and other Grant Income)	<b>36,154</b>	<b>26,944</b>



# DISCLOSURES AND LEGAL COMPLIANCE

	2012	2011
	\$000	\$000
<b>8 Distributions to Racing and Sports Industries</b>		
Thoroughbreds	66,428	62,941
Harness	30,084	28,272
Greyhounds	13,627	12,903
Sports	3,659	3,435
	<b>113,798</b>	<b>107,551</b>
<b>9 Inventories</b>		
<b>Current</b>		
Inventories not held for resale:		
At Cost:		
Tickets	256	303
Agency Spares and Consumables	138	115
	<b>394</b>	<b>417</b>
<b>10 Receivables</b>		
<b>Current</b>		
Receivables	1,108	1,612
Other Debtors	1,524	618
Accrued Revenue	271	287
Allowance for impairment of receivables	(20)	(20)
	<b>2,883</b>	<b>2,497</b>
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	20	5
Doubtful debts expense recognised in the income statement	25	36
Amounts written off during the year	(25)	(21)
Amount recovered during the year	-	-
Balance at end of year	<b>20</b>	<b>20</b>
RWWA does not hold any collateral as security or other credit enhancements relating to receivables.		
<b>11 Investments</b>		
<b>Non current</b>		
At cost:		
Unlisted Shares	352	352
Associates	-	200
	<b>352</b>	<b>552</b>
Reconciliation		
Carrying amount at start of period	552	552
Disposals	(83)	-
Write-Offs	(117)	-
Carrying amount at end of period	<b>352</b>	<b>552</b>

CFM Pty Ltd is in the process of being wound up and RWWA has written off the irrecoverable portion of the investment.

# DISCLOSURES AND LEGAL COMPLIANCE

	2012	2011
	\$000	\$000
<b>12 Other Assets</b>		
<b>Current</b>		
Prepayments	2,726	2,546
	<b>2,726</b>	<b>2,546</b>
<b>Non-current</b>		
Prepayments	826	958
	<b>826</b>	<b>958</b>
<b>13 Non-current assets classified as held for sale</b>		
Opening balance		
Freehold land	1,100	-
Buildings	49	-
	<b>1,149</b>	<b>-</b>
Assets reclassified as held for sale		
Freehold land	2,220	1,100
Buildings	78	49
	<b>2,298</b>	<b>1,149</b>
Total assets classified as held for sale		
Freehold land	3,320	1,100
Buildings	127	49
	<b>3,447</b>	<b>1,149</b>
Less assets sold		
Freehold land	1,100	-
Buildings	49	-
	<b>1,149</b>	<b>-</b>
Less assets reclassified as not held for sale		
Freehold land	-	-
Buildings	-	-
	<b>-</b>	<b>-</b>
Closing balance		
Freehold land	2,220	1,100
Buildings	78	49
	<b>2,298</b>	<b>1,149</b>

No freehold properties are in the process of being sold.



# DISCLOSURES AND LEGAL COMPLIANCE

	2012	2011
	\$000	\$000
<b>14 Property, Plant &amp; Equipment</b>		
Freehold land		
At fair value	20,211	22,073
Accumulated impairment losses	-	-
	<b>20,211</b>	<b>22,073</b>
Buildings		
At fair value	7,188	7,090
Accumulated depreciation	(818)	(277)
	<b>6,370</b>	<b>6,813</b>
Leasehold improvements		
At cost	8,506	10,192
Accumulated depreciation	(5,330)	(7,191)
	<b>3,176</b>	<b>3,001</b>
Infrastructure		
At cost	6,521	5,861
Accumulated depreciation	(2,374)	(1,759)
	<b>4,147</b>	<b>4,102</b>
Machinery, Plant & Equipment		
At cost	2,523	2,401
Accumulated depreciation	(1,712)	(1,474)
	<b>811</b>	<b>927</b>
Computer Equipment		
At cost	28,901	29,796
Accumulated depreciation	(15,929)	(13,986)
	<b>12,972</b>	<b>15,810</b>
Furniture and Fittings		
At cost	3,352	2,978
Accumulated depreciation	(1,881)	(1,964)
	<b>1,471</b>	<b>1,014</b>
Motor Vehicles		
At cost	2,614	2,565
Accumulated depreciation	(1,531)	(1,165)
	<b>1,083</b>	<b>1,400</b>
	<b>50,241</b>	<b>55,139</b>

Freehold land and buildings were revalued as at 1 July 2011 by Landgate (Valuation Services). The valuations were performed during the year ended 31 July 2012 and recognised at 31 July 2012. 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 next page.

# DISCLOSURES AND LEGAL COMPLIANCE

	Freehold Land	Buildings	Leasehold Improvements	Infrastructure	Machinery, Plant and Equipment	Computer Equipment
2012	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of period	22,073	6,812	3,000	4,103	927	15,811
Additions	-	320	1,716	658	206	1,246
Disposals	-	-	-	-	-	-
Write-Offs	-	-	(5)	-	-	(43)
Classified as held for sale	(2,220)	(78)	-	-	-	-
Revaluation increments	358	(141)	-	-	-	-
Depreciation	-	(544)	(1,536)	(615)	(322)	(4,042)
Carrying amount at end of period	<b>20,211</b>	<b>6,370</b>	<b>3,176</b>	<b>4,147</b>	<b>811</b>	<b>12,972</b>

	Furniture and Fittings	Motor Vehicles	Total
	\$000	\$000	\$000
Carrying amount at start of period	1,013	1,400	55,139
Additions	1,000	442	5,588
Disposals	-	(208)	(208)
Write-Offs	(38)	-	(87)
Classified as held for sale	-	-	(2,298)
Revaluation increments	-	-	217
Depreciation	(504)	(550)	(8,112)
Carrying amount at end of period	<b>1,471</b>	<b>1,083</b>	<b>50,241</b>

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

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



# DISCLOSURES AND LEGAL COMPLIANCE

	2012	2011
	\$000	\$000
<b>15 Intangible Assets</b>		
Computer software		
At cost	44,777	42,120
Accumulated amortisation	(14,887)	(10,793)
	<b>29,890</b>	<b>31,327</b>
Domain names		
At cost	25	25
Accumulated amortisation	(13)	(11)
	<b>12</b>	<b>14</b>
	<b>29,902</b>	<b>31,341</b>
<u>Reconciliation</u>		
Computer software		
Carrying amount at start of period	31,326	8,790
Additions	3,544	27,077
Disposals	-	-
Write-Offs	(8)	-
Amortisation	(4,972)	(4,541)
Carrying amount at end of period	<b>29,890</b>	<b>31,326</b>
Domain names		
Carrying amount at start of period	15	17
Amortisation	(3)	(2)
Carrying amount at end of period	<b>12</b>	<b>15</b>
<b>16 Impairment of Assets</b>		
There were no indications of impairment to property, plant and equipment and intangible assets at 31 July 2012.		
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 2012.		
<b>17 Payables</b>		
<b>Current</b>		
Trade Payables	4,221	11,008
Unclaimed dividends and refunds	6,547	7,339
TAB Payables and Account betting deposits	12,568	7,697
Other Payables	4,272	2,785
GST Payable	1,886	1,879
Accrued Expenses	7,526	7,376
	<b>37,020</b>	<b>38,085</b>
<b>Non Current</b>		
Agents deposits and property bonds	1,010	1,030
	<b>1,010</b>	<b>1,030</b>

# DISCLOSURES AND LEGAL COMPLIANCE

	2012	2011
	\$000	\$000
<b>18 Provisions</b>		
<b>Current</b>		
<b>Employee benefits provision</b>		
Annual Leave <sup>(a)</sup>	2,093	2,079
Long Service Leave <sup>(b)</sup>	2,105	2,273
	<b>4,198</b>	<b>4,352</b>
<b>Other provisions</b>		
Employment on-costs <sup>(c)</sup>	636	650
	<b>636</b>	<b>650</b>
	<b>4,834</b>	<b>5,002</b>
<b>Non Current</b>		
<b>Employee benefits provision</b>		
Long Service Leave <sup>(b)</sup>	1,465	1,038
	<b>1,465</b>	<b>1,038</b>
<b>Other provisions</b>		
Employment on-costs <sup>(c)</sup>	214	165
	<b>214</b>	<b>165</b>
	<b>1,679</b>	<b>1,203</b>

<sup>(a)</sup> Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of the end of the reporting period	2,093	1,844
More than 12 months after the reporting period	-	235
	<b>2,093</b>	<b>2,079</b>

<sup>(b)</sup> 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 reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of the end of the reporting period	647	1,105
More than 12 months after the reporting period	2,924	2,206
	<b>3,571</b>	<b>3,311</b>

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

## Movements in Other provisions

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

Employment on-cost provision		
Carrying amount at start of period	816	347
Additional provisions recognised	4,574	4,811
Payments/other sacrifices of economic benefits	(4,540)	(4,342)
Carrying amount at end of period	<b>850</b>	<b>816</b>



# DISCLOSURES AND LEGAL COMPLIANCE

	2012	2011
	\$000	\$000
<b>19 Other liabilities</b>		
<b>Current</b>		
Deferred Income	552	483
	<b>552</b>	<b>483</b>
<b>Non Current</b>		
Deferred Income	3,077	3,044
	<b>3,077</b>	<b>3,044</b>
<b>20 Equity</b>		
<b>Contributed equity</b>		
Balance at the start of the period	60,884	60,884
Contributions	-	-
Distributions	-	-
Balance at the end of the period	<b>60,884</b>	<b>60,884</b>
<b>Reserves</b>		
<b>Asset revaluation reserve:</b>		
Balance at the start of the period	15,987	12,461
Net revaluation increments/(decrements):		
Land	359	3,479
Buildings	(142)	47
Transfer to General Reserve	-	-
Balance at the end of the period	<b>16,204</b>	<b>15,987</b>
<b>General reserve:</b>		
Balance at the start of the period	10,553	19,544
Transfer from Retained Earnings	10,858	(8,991)
Balance at the end of the period	<b>21,411</b>	<b>10,553</b>
Balance of reserves at end of the period	<b>37,615</b>	<b>26,540</b>
<b>Retained earnings</b>		
Balance at the start of the period	-	-
Result for the period	10,858	(8,991)
Transfer from Asset Revaluation Reserve	-	-
Transfer to General Reserve	(10,858)	8,991
Balance at the end of the period	<b>-</b>	<b>-</b>

## 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 agencies.

# DISCLOSURES AND LEGAL COMPLIANCE

	2012	2011
	\$000	\$000

## 21 Notes to the Statement of Cash Flows

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one and three months, depending upon the immediate cash requirements of RWWA and earn interest at the respective short-term deposit rates.

### Reconciliation of cash

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

<b>Cash and cash equivalents</b>		
Cash at bank	23,123	16,532
Cash on hand	51	51
Short-term deposits	33,000	23,000
	<b>56,174</b>	<b>39,583</b>

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

Profit/(Loss) for the period	10,858	(8,991)
<b><u>Non cash items:</u></b>		
Depreciation and amortisation expense	13,086	12,243
Doubtful debts expense	25	36
Net (gain)/loss on sale of property, plant and equipment	(171)	13
Net (gain)/loss on disposal of investment	117	-
Grants and Subsidies from State Government	(36,154)	(26,944)
<b><u>(Increase)/decrease in assets:</u></b>		
Receivables / Accrued Income	(410)	535
Current inventories	24	(142)
Prepayments	(48)	1,749
<b><u>Increase/(decrease) in liabilities:</u></b>		
Trade creditors	(449)	207
Other creditors	(643)	630
Other liabilities	102	(477)
Annual leave and long service leave provisions	272	(336)
Other current provisions	34	469
Net GST Receipts/Payments	7	320
Change in GST Receivables/Payables	-	-
Net cash (used in)/provided by operating activities	<b>(13,349)</b>	<b>(20,689)</b>



# DISCLOSURES AND LEGAL COMPLIANCE

2012	2011
\$000	\$000

## 22 Financial Instruments

### (a) Financial Risk Management objectives and policies

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

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

#### Credit Risk

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

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

#### Liquidity Risk

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

#### Market Risk

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

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

### (b) Categories of Financial Instruments

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

#### Financial Assets

Cash and cash equivalents	56,174	39,583
Receivables and Loans	2,883	2,497

#### Financial Liabilities

Payables <sup>(a)</sup>	35,134	36,206
Agent Deposits	1,010	1,030

<sup>(a)</sup> The amount of payables excludes GST payable to the ATO (statutory receivable/payable).

### (c) Financial Instrument Disclosures

#### Credit Risk

The following table discloses RWWA's maximum exposure to credit risk and the ageing analysis of financial assets.

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

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.

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

# DISCLOSURES AND LEGAL COMPLIANCE

## Ageing analysis of financial assets

### Past due but not impaired

	Carrying Amount \$'000	Not past due and not impaired \$'000	Past due but not impaired					Impaired financial assets \$'000
			Up to 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	More than 5 years \$'000	
2012								
Cash and cash equivalents	56,174	56,174						
Receivables and Loans	2,883	1,971	685	151	28	48		
	<b>59,057</b>	<b>58,145</b>	<b>685</b>	<b>151</b>	<b>28</b>	<b>48</b>	-	-
2011								
Cash and cash equivalents	39,583	39,583						
Receivables and Loans	2,497	2,170	308	3	8	8		
	<b>42,080</b>	<b>41,752</b>	<b>308</b>	<b>3</b>	<b>8</b>	<b>8</b>	-	-

## Liquidity Risk and Interest Rate Exposure

The following table details RWWA's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

### Interest rate exposure and maturity analysis of financial assets and financial liabilities

	"Weighted Average Effective Interest Rate"	Carrying Amount	Interest Rate			Nominal Amount	Maturity				
			Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing		Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012											
<b>Financial Assets</b>											
Cash and cash equivalents	4.71%	56,174	33,000	23,123	51	56,174	23,174	33,000	-	-	-
Receivables and Loans		2,883	-	-	2,883	2,883	2,656	151	28	48	-
		<b>59,057</b>	<b>33,000</b>	<b>23,123</b>	<b>2,934</b>	<b>59,057</b>	<b>25,830</b>	<b>33,151</b>	<b>28</b>	<b>48</b>	-
<b>Financial Liabilities</b>											
Payables <sup>(a)</sup>		35,133	-	-	35,133	35,133	35,133	-	-	-	-
Agent deposits	3.50%	1,010	-	1,010	-	1,010	-	-	-	-	1,010
		<b>36,143</b>	-	<b>1,010</b>	<b>35,133</b>	<b>36,143</b>	<b>35,133</b>	-	-	-	<b>1,010</b>
2011											
<b>Financial Assets</b>											
Cash and cash equivalents	5.59%	39,583	23,000	16,532	51	39,583	16,583	23,000			
Receivables and Loans		2,497	-	-	2,497	2,497	2,497	3	8	8	-
		<b>42,080</b>	<b>23,000</b>	<b>16,532</b>	<b>2,548</b>	<b>42,080</b>	<b>19,061</b>	<b>23,000</b>	<b>8</b>	<b>8</b>	-
<b>Financial Liabilities</b>											
Payables <sup>(a)</sup>		36,206	-	-	36,206	36,206	36,206	-	-	-	-
Agent deposits	4.75%	1,030	-	1,030	-	1,030	-	-	-	-	1,030
		<b>37,236</b>	-	<b>1,030</b>	<b>36,206</b>	<b>37,236</b>	<b>36,206</b>	-	-	-	<b>1,030</b>

<sup>(a)</sup> The amount of payables 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 RWWA's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for 100 basis point in interest rates. It is assumed that a 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
<b>2012</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	56,174	(561)	(561)	561	561
<b>Financial Liabilities</b>					
Agent deposits	1,010	(10)	(10)	10	10
Total (Decrease)/Increase		(571)	(571)	571	571

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

## 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.

	2012 \$000	2011 \$000
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## 23 Commitments

Commitments are inclusive of GST.

### Capital Commitments

Commitments in relation to capital expenditure contracted for at the reporting date but not recognised in the financial statements as liabilities are payable as follows:

Within one year	-	1,027
Later than one year but not later than five years	-	-
Later than five years	-	-
	-	1,027

The capital commitments include amounts for:

Customer Information Terminals and communications upgrade	-	697
Other miscellaneous capital projects	-	-
Property upgrades	-	330
Motor Vehicles	-	-
Air Conditioning	-	-
Other miscellaneous capital	-	-
	-	1,027

# DISCLOSURES AND LEGAL COMPLIANCE

	2012	2011
	\$000	\$000
<b>Lease Commitments</b>		
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	4,272	4,155
Later than one year but not later than five years	14,540	15,477
Later than five years	12,096	12,742
	<b>30,908</b>	<b>32,374</b>
Representing:		
Cancellable operating leases	-	-
Non-cancellable operating leases	30,908	32,374
Future finance charges on finance leases	-	-
	<b>30,908</b>	<b>32,374</b>
The non-cancellable operating lease commitments include amounts for:		
Property	30,908	32,374
Computer and office equipment	-	-
	<b>30,908</b>	<b>32,374</b>

## Other Expenditure Commitments

Other expenditure commitments contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:

Within one year	10,253	10,317
Later than one year but not later than five years	26,779	36,925
Later than five years	-	-
	<b>37,032</b>	<b>47,242</b>

## 24 Contingent liabilities

Contract performance guarantees exist to the value of \$29.7K over future rental payments on TAB Agencies.

## 25 Events occurring after the end of the reporting period

There are no significant post reporting period events.

## 26 Remuneration of members of the Accountable Authority and senior officers

### Remuneration of members of the Accountable Authority

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

\$1 - \$10,000	1	-
\$10,001 - \$20,000	2	4
\$20,001 - \$30,000	1	-
\$30,001 - \$40,000	4	4
\$40,001 - \$50,000	1	1
\$60,001 - \$70,000	1	1

The total remuneration of members of the Accountable Authority is: 312 323

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

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



# DISCLOSURES AND LEGAL COMPLIANCE

2012	2011
\$000	\$000

## 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:

\$90,001 - \$100,000	1	-
\$150,001 - \$160,000	1	-
\$160,001 - \$170,000	-	1
\$170,001 - \$180,000	2	-
\$190,001 - \$200,000	-	1
\$200,001 - \$210,000	1	-
\$210,001 - \$220,000	1	-
\$230,001 - \$240,000	1	1
\$240,001 - \$250,000	-	1
\$250,001 - \$260,000	-	1
\$260,001 - \$270,000	1	1
\$280,001 - \$290,000	-	1
\$300,001 - \$310,000	1	-
\$340,001 - \$350,000	1	-
\$370,001 - \$380,000	-	1
\$520,001 - \$530,000	-	1
\$610,001 - \$620,000	1	-

The total remuneration of senior officers is: 2,786 2,549

Remuneration includes any fees, salaries, superannuation, leave entitlements (annual and long service leave taken and accrued) and other benefits due or receivable during the year. 2011 remuneration numbers have been restated to include these items. Due to the timing of pay runs, 2012 includes an additional week of salaries in comparison to 2011.

No senior officers are members of the Pension Scheme.

## 27 Remuneration of Auditor

Remuneration paid or payable to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and Key performance indicators	119	117
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## 28 Supplementary Financial Information

Investment in CFM Pty Ltd Written off	117	-
Fixed Assets Written off	87	-
Intangible Assets Written off	8	-
Bad Debts Written off	25	36
	<b>237</b>	<b>36</b>

# DISCLOSURES AND LEGAL COMPLIANCE

## 29 Schedule of Income and Expense by Service

	Racing		Wagering		Unallocated		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>INCOME</b>								
<b>Revenue</b>								
Margin	-	-	293,093	264,102	-	-	293,093	264,102
Interest revenue	-	-	-	-	2,590	2,208	2,590	2,208
Other revenue	4,586	4,139	13,952	13,693	3,818	1,934	22,357	19,766
Gain on disposal of non-current assets	-	-	239	-	(68)	-	171	-
<b>Total Income</b>	<b>4,586</b>	<b>4,139</b>	<b>307,284</b>	<b>277,795</b>	<b>6,340</b>	<b>4,142</b>	<b>318,211</b>	<b>286,076</b>
<b>EXPENSES</b>								
Cost of sales	-	-	62,100	51,437	-	-	62,100	51,437
Wagering Tax	-	-	37,616	33,996	-	-	37,616	33,996
Racing Services	14,848	14,066	-	-	-	-	14,848	14,066
Wagering Services	-	-	80,536	77,369	-	-	80,536	77,369
Support Services	-	-	-	-	30,236	28,026	30,236	28,026
Projects	(108)	68	239	1,023	174	2,528	306	3,618
Grants and subsidies	1,673	3,611	2,393	2,323	-	-	4,066	5,934
Distribution to racing and sports industries	110,139	104,117	-	-	3,659	3,435	113,798	107,551
Loss on disposal of non-current assets	-	(9)	-	(1)	-	23	-	13
<b>Total Expenses</b>	<b>126,552</b>	<b>121,853</b>	<b>182,884</b>	<b>166,147</b>	<b>34,069</b>	<b>34,012</b>	<b>343,507</b>	<b>322,011</b>
<b>Profit/(Loss) before Grants and Subsidies</b>	<b>(121,966)</b>	<b>(117,714)</b>	<b>124,400</b>	<b>111,648</b>	<b>(27,729)</b>	<b>(29,870)</b>	<b>(25,296)</b>	<b>(35,935)</b>
Grants and subsidies from State Government (GST Reimbursement)	651	840	2,284	2,112	33,219	23,993	36,154	26,944
<b>Profit/(Loss) for the period</b>	<b>(121,315)</b>	<b>(116,874)</b>	<b>126,684</b>	<b>113,760</b>	<b>5,490</b>	<b>(5,877)</b>	<b>10,858</b>	<b>(8,991)</b>

# DISCLOSURES AND LEGAL COMPLIANCE

## 30 Explanatory Statement

This statement provides details of any significant variations between the actual results for 2011 and 2012. Significant variations are considered to be those in excess of 10% or \$1.5M

### Significant variances between actual results for 2011 and 2012

	Comment	2012 Actual \$000	2011 Actual \$000	Variance \$000
<b>Revenue</b>				
Margin	(1)	293,093	264,102	28,991
Interest Revenue	(2)	2,590	2,208	382
Other Revenue	(3)	22,357	19,766	2,591
<b>Gains</b>				
Gain on disposals of non-current assets		171	-	171
<b>Expenses</b>				
Cost of sales	(1)	62,101	51,437	10,664
Wagering Tax	(1)	37,616	33,996	3,620
Racing services		14,848	14,066	782
Wagering Services	(4)	80,536	77,369	3,167
Support Services	(5)	30,236	28,026	2,210
Projects	(6)	306	3,618	(3,312)
Grants and subsidies	(7)	4,066	5,934	(1,868)
Distribution to racing and sports industries	(8)	113,798	107,551	6,247
Loss on disposal of non-current assets		-	13	(13)
<b>Grants and subsidies from State Government</b>	(9)	36,154	26,944	9,210

### Comment

(1) Margin, and the associated Cost of Sales and Wagering Tax all increased against last year as a result of the improved economic conditions on the prior year. The disproportionate increase in Cost of sales is due to additional cost in acquiring new turnover.

(2) Interest revenue has increased over last year due to increase in average amount of funds on deposit this year in comparison to last year.

(3) Other Revenue is higher than last year predominantly due to a one off tax adjustment received from the ATO relating to prior years.

(4) Wagering Services costs have increased in relation to the prior year mainly as a result of the improved turnover and resulting increase in direct costs. The depreciation cost has also increased due to the full year impact of the capitalisation of the Bet Engine.

(5) Support Service costs increased in relation to the prior year mainly due to a one off increase in IT costs incurred to ensure business continuity through the transfer of skills to key RWWA personnel on the new Bet Engine.

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

(7) Grants were lower than last year due to the payment of several large grants during last year, the largest being for the Pinjarra Racing Pavilion.

(8) RWWA Distribution Policy for 2011/12 allowed for an increase in funding over 2010/11, part of which allowed for the increase in Racing volume.

(9) Grants and subsidies from State Government increased over last year actuals as this year included a substantial retrospective component of WA Racefields Grants relating to Corporate Bookmakers.

# DISCLOSURES AND LEGAL COMPLIANCE

## CERTIFICATION OF KEY PERFORMANCE INDICATORS

FOR THE YEAR ENDED 31 JULY 2012

We hereby certify that the key performance indicators for Racing and Wagering Western Australia (RWWA) are based on proper records, are relevant and appropriate for assisting users to assess the performance of RWWA and fairly represent the performance of RWWA for the financial year ended 31 July 2012.



Ross Bowe  
**RWWA Chairman**

15 October 2012



James Freemantle  
**Deputy Board Chairman and  
Chairman RWWA Integrity Assurance  
Committee**

15 October 2012



# DISCLOSURES AND LEGAL COMPLIANCE

## KEY PERFORMANCE INDICATORS

### Outcome

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

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

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

	Note		2012 Actual	2012 Target	2011 Actual
1		Margin	\$000	293,093	264,102
2		Number of Bets Processed	'000	168,077	164,083
3		Operating Profit excluding the profit/loss from sale of assets before distribution to codes	\$000	124,485	98,574
4		Distribution to Industry	\$000	113,798	107,551
		Annual Growth in Distributions to Industry	%	5.8	4.9
5		Grants to Industry (RWWA Funded)	\$000	1022	2,772
	(a)	Grants to Industry (WA Government Funded)	\$000	3,507	2,555
6	(b)	% of Winners Swabbed / Returned Negative			
		Thoroughbreds	%	99.9	99.5
		Harness	%	99.3	100.0
		Greyhounds	%	100.0	100.0
	(c)	Average number of starters in WA Races (excluding non-TAB Meetings)			
		Thoroughbreds	No.	10.8	10.8
		Harness	No.	10.2	10.1
		Greyhounds	No.	7.8	7.8
7	(d)	Staff (FTE)	No.	357	360
8		Margin per employee	\$000	822	733
9		Profit per employee	\$000	348	272
10		Return on assets (Operating profit as a percentage of total assets)	%	84.5	71.8
11		Primary Betting System availability	%	99.97	99.95
12		Annual Growth in TAB Turnover on WA racing	%	7.86	6.67
13		Racing and Steward expenses per WA race meeting	\$000	17.0	16.6
		% Change on prior year	%	2.84	4.55

### Comments

- 1 Margin increased against last year as a result of a 5% increase in the volume of national and international races, along with solid growth in the FOB Sports 'Player' product. Strong growth through the Electronic channels also contributed to the increase.
- 2 The methodology for counting the number of bets processed has changed and is now based on the number of tickets processed during the year. This does not alter the nature of the KPI, but leads to a better representation of the bet engine process. The 2010/11 value has been restated to reflect the new methodology.
- 3 The increase on last year is as a result of the growth in margin, as well as one off items for a GST reimbursement and a receipt from the state government for a retrospective receipt of Racefields revenue. The 2010/11 number has also been changed from the number reported in the 2010/11 Annual report which was understated by \$720k
- 4 RWWA Distribution Policy for 2011/12 allowed for an increase in funding over 2010/11, part of which allowed for the increase in Racing volume.
- 5 WA Government Funded Grants to industry includes the Racing Industry Grants Program (RIGP) which began in 2010/11 with a cap of \$5M for the first year and \$2M for the subsequent 4 years. This amount was understated in the 2010/11 Annual report by \$850k.
- 8 Margin per employee is up on last year primarily due to the increase in margin in 2012, with the FTE number reducing slightly.
- 9 Profit per employee is up on last year primarily due to the increase in Profit in 2012, with the FTE number reducing slightly.
- 10 Return on Assets is higher than last year due the growth in profit in 2011/12.
- 12 TAB Turnover on WA Racing is higher than last year primarily due to the increase in WA racing product in 2011/12.
- 13 The number of meetings are TAB meetings only.

### Above performance indicators are grouped as follows:

Efficiency indicators	10 & 13
Effectiveness indicators	2, 4, 5, 11, 12 & 13
Accessibility indicators	2 & 11
Service oriented indicators	4, 5, 6, 7 & 11
Profitability indicators	1, 3, 8, 9, 10 & 13

### Note

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

# DISCLOSURES AND LEGAL COMPLIANCE

## OTHER FINANCIAL DISCLOSURES

### PRICING POLICIES

RWWA has discretion over pricing for goods and services rendered.

### CAPITAL WORKS

In Progress

Project Name	Expected Year Of Completion	Expected Cost to Complete	Estimated Total Cost of Project
Racing Infrastructure	2012/13	\$162,500	\$1,474,980
Wagering Infrastructure	2012/13	\$2,435,000	\$3,550,000
Support Infrastructure	2012/13	\$237,000	\$537,632

## EMPLOYMENT AND INDUSTRIAL RELATIONS

### Staff Profile

As at the end of the reporting year the number of people employed at RWWA was 487 (505 in 2011). 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)	
	2012	2011
Full time	209	209
Part time	23	25
Casual	63	63
Maximum-term contracts	61	66
TOTALS	356	363

### Industrial Relations

Within the reporting period we were able to successfully finalise the Betting Operators Agreement 2010 for call centre and managed agencies employees. On completion of this body of work, it was identified through finalising the Agreement that the underpinning Modern Award, which covered this workforce and the majority of other RWWA employees, was unclear in its application around key practices. This included differentiating ordinary hours of work for a shift and non-shift worker and the applicable penalties and overtime that should be applied. RWWA applied to vary the Modern Award through Fair Work Australia to remove the ambiguity. RWWA was successful in its application resulting in significant change to the applicable references within the Modern Award. The benefit for RWWA was the removal of ambiguity in preparation for future negotiations for those employees covered under this Modern Award.

### Safety, Health and Injury Management

Workplace Health and Safety has had significant attention in many organisations over the year, with the highly anticipated harmonisation of safety legislation, introduced in most states (but not Western Australia) this year. RWWA has recognised the need to take a lead role in guiding and supporting the racing industry in understanding and meeting its obligations in this respect.

To deliver this, RWWA has prioritised dedicated resources to undertake risk assessments, deliver training and develop and implement relevant safety management systems.



# DISCLOSURES AND LEGAL COMPLIANCE

## GOVERNANCE DISCLOSURES

### CONTRACTS WITH SENIOR OFFICERS

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 2012 was \$11,050.

### RWWA'S CORPORATE GOVERNANCE PRINCIPLES

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

### Board Powers, Structure, Composition and Membership

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

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

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

The Board comprises:

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

### Boardroom Conduct and Relationships

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

Key roles of the Board include:

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

# DISCLOSURES AND LEGAL COMPLIANCE

## Regulatory Disclosure and Stakeholders Communications

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

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

RWWA maintains regular communications with its stakeholders through:

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

## Robust Management and Compliance Processes

RWWA has a sound system of Risk Management, Compliance, and Internal Control. A Risk Management, Compliance, Internal Control framework and Governance Structure has been implemented to ensure that risks RWWA experiences are properly managed, to ensure the ongoing viability and sound reputation of RWWA. RWWA is responsible to ensure that high standards of Risk Management and Compliance are maintained, as monitored by the Board's Integrity Assurance Committee and the Risk Management, Compliance, Internal Audit and Stewards functions operating within RWWA. RWWA is committed to comply with all legislative requirements, including Occupational Safety and Health and Equal Opportunity requirements.

## Ethical Decision Making

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

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

## Strategy, Planning and Monitoring

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

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

## Encouraged Enhanced Performance

RWWA undertakes performance appraisals of all employees, including the CEO and Executive Members as part of the Performance Management System. Annual Budgets and Business Plans are developed to meet the targets set in the Statement of Corporate Intent and the Strategic Development Plan and these are linked into RWWA Performance Management System.

## Sustainability

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

Key Initiatives include:

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

RWWA is committed to improving its sustainability practices and principles.



# DISCLOSURES AND LEGAL COMPLIANCE

## OTHER LEGAL REQUIREMENTS

### ADVERTISING

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

Total expenditure for 2011/12 was **\$3,463,433** and was incurred as follows:

Advertising Agencies	\$
Rare Creative	\$273,855
303 Lowe	\$617,150
Professional Public Relations	\$13,099
Raging Pixels	\$8,250
Sumo Group	\$31,180
Engage Digital - Silverpop	\$161,749
Market Research Agencies	
IER	\$124,080
Media Advertising Organisations	
Heritage FM	\$3,190
Western Sports Media (Sport FM)	\$38,500
Media Tonic	\$37,400
PR.Com	\$9,900
The West Australian	\$12,274
Media Agencies	
Adcorp	\$2,150
Dubsat	\$1,345
Mitchell and Partners	\$2,103,045
KEA Marketing	\$14,100
Media Monitors	\$12,167
<b>TOTAL EXPENDITURE</b>	<b>\$3,463,433</b>

## COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

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

## RECORD KEEPING

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

An initial audit was completed in May 2012 on records held at offsite storage, on RWWA's intra-web and on central databases, with ongoing checks being completed. The audit included cross referencing of information recorded on the intra-web with permanent and temporary records archived both onsite and offsite. To maintain accurate records a schedule is in place to conduct testing of records integrity on an ongoing basis.

# DISCLOSURES AND LEGAL COMPLIANCE

## GOVERNMENT POLICY REQUIREMENTS

### OCCUPATIONAL SAFETY, HEALTH

The RWWA executive team are committed to providing a safe and healthy working environment for all staff, contractors and visitors to the organisation. RWWA's aim is to promote the proactive management of workplace safety, health and wellbeing based around the setting of measurable objectives and targets for improvement. These objectives and targets are designed to control high risk activities and to improve the standard of occupational safety and health management throughout RWWA and the wider racing industry in Western Australia.

RWWA's formal mechanism for consultation currently resides in the OSH Advisory Committee which consists of key mandatory position holders as well as volunteer representatives from across the organisation.

RWWA's processes are compliant with injury management requirements of the *Workers' Compensation and Injury Management Act 1981*, including the development of return to work plans.

An assessment of RWWA's OSH management system has been commenced during the reporting period and will be fully delivered in the coming year. Recommendations and priorities will be identified through the development of a strategic plan which will be broadly communicated and which will include actions for the racing industry. To undertake this work, financial and human resources have been committed in the next year's budget to ensure its timely delivery.

Insurance and Loss Time Injury Table

INDICATOR	2012 ACTUAL	2012 TARGET	2011 ACTUAL
Number of fatalities	0	Zero (0)	0
Lost time injury/ diseases (LTI/D) rate	2	Zero (0) or 10% improvement on the previous (3) years	2
Percentage of injured workers returned to work within 28 weeks	100%	Greater than or equal to 80% return to work within 26 weeks	100%
Percentage of managers trained in occupational safety, health and injury management responsibilities	14%	Greater than or equal to 80%	12%





RACING AND WAGERING WESTERN AUSTRALIA

14 Hasler Road  
Osborne Park WA 6017

[www.rwwa.com.au](http://www.rwwa.com.au)