

Spend
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Second Leg (S2) Third Leg (S3) Fourth Leg (S4)

17	1	9	17
18	2	10	18
19	3	11	19
20	4	12	20
21	5	13	21

▼ RWVA ANNUAL REPORT 2007 ▼





STATEMENT OF COMPLIANCE

HON. LJILJANNA RAVLICH MLC

MINISTER FOR LOCAL GOVERNMENT; RACING AND GAMING; MULTICULTURAL INTERESTS AND CITIZENSHIP; GOVERNMENT ENTERPRISES; MINISTER ASSISTING THE MINISTER FOR PLANNING AND INFRASTRUCTURE; GOLDFIELDS-ESPERANCE; YOUTH

In accordance with Section 61 of the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament, the annual report of Racing and Wagering Western Australia for the year ended 31 July 2007.

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.

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KATHLEEN HARRIS
JOHN WADDELL PHOTOGRAPHY
TERRACE PHOTOGRAPHY

Photo - On-course at Ascot



Ross Gregory Bowe
Chairman

15 October 2007



James Malcolm Freemantle
Deputy Chairman

15 October 2007





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OVERVIEW



OUR FOCUS

Racing and Wagering Western Australia (RWWA) was established on August 1, 2003. RWWA's charter under the Racing and Wagering Western Australia Act 2003 is to foster development, promote the welfare and ensure the integrity of metropolitan and country thoroughbred, harness and greyhound racing. RWWA has responsibility for the off-course wagering functions in WA trading as the TAB.

CORE VALUES

RWWA's Core Values reinforce workplace behaviour that underpins interactions between people both internally and externally. They are encapsulated as "achieving winning results together". These values are preserved with staff input and are monitored to ensure the work environment is beneficial for everyone.

The Core Values are:

- Teamwork
- Customer Focus
- Professionalism.

RWWA'S DIVERSE OPERATIONS

RWWA is a diverse and complex organisation with a unique structure in the competitive Australian Wagering environment and Racing industry.

RWWA oversees and governs the 3 racing codes including:

- 38 Thoroughbred Clubs
- 17 Harness Clubs
- 1 Greyhound Association (3 club venues)
- 9 Training Centres/Clubs.

Clubs and Associations conducted 7,848 Races and 857 Meetings as follows:

Code	Races	Meetings
Thoroughbreds	2,243	302
Harness	2,238	279
Greyhounds	3,367	276

WA, as a State, makes up about one third of Australia's land mass, and through the following mix of 287 retail outlets, the Wagering arm of the business served an adult population of 1.5M across a 2.5M square kilometre area:

- 93 Full-time outlets
- 190 Hotel/Pub/Club outlets
- 3 On course sports bet agencies
- 1 Promotional outlet.

This was complemented with very well patronised state of the art Internet service and 120-seat phone wagering service.

RWWA also owns and operates Racing Radio and provides an Industry Marketing Service.

RWWA KEY PERFORMANCE INDICATORS

Under the following categories RWWA will measure and achieve results by:

Growth

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

People

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

Internal Processes

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

Customer

Providing a competitive standard of service to its customers.

Stakeholder

Acting with transparency, integrity and honesty in all its dealings with all its stakeholders.

Financial

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

Risk

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

Community Respect

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





CHAIRMAN'S REPORT + EXECUTIVE SUMMARY

It is a pleasure and privilege to present the Annual Report for Racing and Wagering Western Australia, (RWWA) for 2007. The Western Australian economy continued to grow strongly throughout 2007 and RWWA and the WA Racing industry well and truly kept up the pace. The wagering arm of the business achieved a record \$1.5B turnover on racing and sports events, eclipsing the 2006 result by \$157.7M or 11.9% and exceeded the performance target for 2007 by \$30.7M.

RWWA again distributed record levels of funding to the industry and, with a range of other activities, helped elevate the status of the WA Racing Industry in Australia. Distributions for Racing stakes, club operations, other subsidies, and grants grew from \$87.6M in 2006 to \$95.6M in 2007. Distributions for Sports also increased to \$1.6M.

The recently retired Chief Executive Officer, Mr Ray Bennett, and his senior management team, dedicated themselves to achieving these exceptional results with strong support from all staff and TAB agents. This year they demonstrated an ability to achieve sustained growth in revenues and profit while advancing preparations on key strategic objectives.

Following on from the comprehensive economic review of 2004, which produced the first ever-strategic plan for the Racing industry, titled 'A Plan To Get Back on Track', during the last year RWWA turned its attention to the question of whether it has the right structure and business model to successfully manage the industry into the future.

The Boston Consulting Group (BCG) assisted RWWA to determine what kind of organisation it will need to become to achieve its strategic vision and ensure a prosperous future for the industry in the rapidly evolving world of gaming and wagering. From this 'Staying on Track Review' a strategic pathway has been developed by RWWA, proposing steps to take in the short, medium and long term.

Not surprisingly the review showed that RWWA has performed strongly since its inception, in particular:

- Wagering revenue growth up to 2006 has been increasing at an average of 9.6% per annum, at least 50% higher than the next best State's TAB
- Much of this growth has come from imported Eastern State products, although domestic product across all codes still made a significant and strong contribution
- Industry payments to codes increased from \$62M in 2004 and will reach \$104M in 2008, helping to fund substantial increases in prize money and number of races
- On-course wagering increased at a rate of 7% per annum and on-course attendance, although harder to measure, also rose.

Despite this strong performance RWWA cannot afford to rest on its laurels. Wagering growth has largely been fuelled by buoyant economic conditions, which are likely to moderate in the medium term. To deliver on its short and medium-term objectives, RWWA will need to address the changing preferences of its customers in an increasingly competitive era.

Currently, 95% of the industry's turnover comes from parimutuel wagering. The research indicates that, over the next five years, a strategic gap will start to emerge between the performance required by RWWA to sustain a viable Western Australian racing industry and the profits it is able to extract from its traditional business model, a model which is coming under increasing pressure from new industry trends and competition.

RWWA will need to enhance its traditional business model to embrace new customer demands. The new strategic initiatives will initially focus on sports and race wagering but, in the longer term, RWWA will need to continually review its position to ensure it is able to grow and maintain income levels. Initiatives will need to be pursued in a sustainable and socially responsible manner.

A significant and subsequent event since the end of the financial year was the outbreak of Equine Influenza (EI) in parts of NSW and Queensland. The incidence of EI underlined the importance to RWWA's core wagering revenues of interstate Thoroughbred and Harness racing product. These revenues underpin racing in Western Australia and our vulnerability is evident when there is disruption to racing on the eastern seaboard. This is of concern. Of course the paramount concern is to keep this insidious disease from disrupting racing in Western Australian and RWWA has moved to found the Western Australian Equine Influenza Industry Group (WAEIIG). The role of this group is to provide strategic advice to protect the WA horse industry from EI, develop risk minimisation strategies consistent with the nationally agreed response and communicate effectively with all horse industry stakeholders, the general public and the State Government.

To meet its broader objectives, RWWA will also need to engage with the industry as a whole to ensure high standards of integrity and adequate participation of owners, the public and those who derive their living from the industry. This will continue to include pursuing ways to enhance industry margins, increased efficiency and restructuring. It will also involve understanding the profile of competition and enhancing the Western Australian racing brand. Success in these ventures will depend on RWWA's ability to develop a new set of critical capabilities, most notably around brand development, people and its 'go-to-market' strategy.

Last year I expressed the RWWA board's concern that the operation of betting exchanges in Australia would have an adverse impact on the future welfare and integrity of the Australian Racing Industry. Since then the WA Government has enacted the Betting and Racing Legislation Amendment Bill 2006 prohibiting the establishment or operation and use of a betting exchange and publication of Western Australian race fields without the appropriate approval. That legislation is currently under challenge in the High Court.

It is important to recognise the ongoing support that the Racing Industry and RWWA has received from the Western Australian Government and the Minister for Racing and Gaming, in particular the \$20M in capital grants and \$11.9M per annum in taxation relief. I also thank my fellow Board members for their individual and collective contributions and the support the Board has received from RWWA's senior management team.

In summary, 2007 was yet another successful year for RWWA and the three racing codes in Western Australia. It was also the final year that retiring CEO Ray Bennett led the organisation and, on behalf of the industry, I want to take this opportunity to wish Ray all the best in his retirement and to recognise the vision he pursued to fruition.

Ross Bowe
Chairman





Customer Information Terminal

Touch a button below to begin

Racing Information

Thoroughbreds

Harness

Greyhounds

Latest 12 Race Results

Jackpots

Favourite Numbers

Feature Events

Narrogin

TAB sportsbet

Fixed Odds Sports

Fixed Odds Racing

Fixed Odds Results

Tote Sports

Footo

Footy Tipping

EPL Soccer Tipping

Major Events

2007 AFL Football

Other

General Information

CEO'S REPORT ON OPERATIONS



Under the stewardship of Ray Bennett, the inaugural CEO of RWWA, 2007 was yet another year of exceptional growth and achievement. Since commencing the CEO role in early September 2007, I have been impressed with the efforts and achievements of management and staff at RWWA and clearly see the importance of RWWA's ongoing co-operation and engagement with the racing industry and the WA Government, as well as TAB agents, suppliers and importantly, its customers. Notably, RWWA has ahead of it yet another period of dynamic change and I am looking forward to the challenges and rewards this offers.

STRATEGIC FOCUS - 2008

RWWA is well advanced at improving its wagering technology including upgrading the data communication network to agencies and racetracks, reviewing options for implementing new point of sale terminals, implementing touch screen information terminals and refurbishing the existing bet engine, (the hardware and software that processes bets through the TAB and on-course totes in WA). These investments are aimed at rebuilding the foundation of its successful wagering operations and providing improved and more efficient levels of customer service into the future. It is now estimated that the investment in these technologies will come to just over \$60M, spread over 5 years.

These major projects warrant a strong commitment in 2008 and require the concerted efforts of all those involved to be completed successfully. At the same time they offer us a once in a lifetime opportunity to be involved in dynamically transforming RWWA into a competitive Racing and Sports Wagering service provider.

MAJOR PROJECTS

Bet Engine

The existing RWWA bet engine is being replaced with a new bet processing system that will run on a more modern and effective platform. Detailed analysis to identify the preferred approach was conducted during 2006/07 with work commencing in late 2007 and continuing through to 2009.

Data Communication Network Upgrade

This enables RWWA to implement any Internet protocol (IP) based devices into wagering outlets, including Self-service Customer Information Terminals, Self-service Wagering Terminals and new Operator Terminals.

Self-service Customer Information Terminals

A pilot project was conducted during 2005 with results in improved productivity for agents, positive feedback from customers and improvements in sports betting turnover. Implementation of Self-service Customer Information Terminals throughout the agencies commenced during 2007 and will continue through 2008.

Terminal Replacement Strategy

RWWA will evaluate the requirements for the next generation of wagering terminals. New terminals are required in the WA retail network spread across the metropolitan area and regional cities and towns and in city and country hotels and clubs. In addition all racetracks in the State operate on-course totes on race days and require updated terminals to service their patrons.

Fixed Odds Betting Systems Redevelopment

RWWA offers a fixed odds betting service on a large number of sport and racing events.

The system was first developed in 1999 and has supported a significant increase in sales and number of fixed odds propositions offered over the last 8 years. It is due for redevelopment to keep pace with changes to pooling partners' operations and to take into consideration the expected growth in the demand for the sports wagering service into the future. The redevelopment aims to bring the system up to date with more modern application software and data management standards. This will improve the day-to-day efficiency and reliability of the system and provide a more stable platform for developing the service in the coming years.

Flexi Betting

The introduction of Flexi Betting is scheduled for October 2007. Flexi Betting allows the customer to choose how much to invest on their novelty bet combinations i.e. Quartet, Trifecta and Quadrella bet types. For example, if a customer selected five starters in all combinations in a Quartet, the bet would ordinarily cost \$120 for a \$1 bet on each combination. The cost of the bet increases with the number of selections made. A Flexi Bet allows a customer to only bet \$12 on the same bet combination. This investment amount equates to 10% of what it would ordinarily cost the customer (\$120) to place this bet for \$1. Should the bet actually win, the payout to the customer would therefore be only 10% of the declared dividend. A customer, who previously would not invest \$120 for a novelty bet, may now be willing to invest \$12 in placing that bet.

Quartet Pooling

The introduction of Flexi Betting during 2007 will bring an opportunity to pool the RWWA quartet product with the Victorian "First 4" bet type. This is scheduled for implementation in late 2007 or early 2008.

Racing System Integration

The three racing administration systems are significantly different from each other in many aspects, including software, functionality, user interfaces and databases. Although the harness system is a national system, the thoroughbred and greyhound systems are locally based and require some work to ensure they deliver the necessary business and legal requirements. An important activity during 2008 will be to develop concepts to address the overlap between the racing systems and the potential for integration or redevelopment of systems and processes that will deliver improvements to RWWA Racing administration users and ultimately a better service to participants.

Pooling Merger

TABCorp (Victoria) gained control of TAB Ltd (NSW) in July 2004 and one of the key initiatives was the merging of their respective betting pools. RWWA is currently pooling into the Victorian "Super TAB

CEO'S REPORT ON OPERATIONS...CONT

pool", the merging of pools was scheduled for 2005 however the date for implementation is uncertain. TABCorp is still keen to progress the merger and RWWA remains supportive of this initiative. Consequently the merging of pools has been included as an opportunity for 2008. The changes in RWWA systems have been made in readiness of the introduction of a merged pool.

RWWA believes that customers will benefit from the introduction of significantly larger pools as:

- There will be fewer large dividend fluctuations close to race jump
- Meetings that currently have low turnover will potentially attract more turnover and further customer interest and choice
- Larger pools increase the likelihood of generating competitive dividends.

Lark Hill Development

RWWA has advanced Stage 1 of the work to establish Lark Hill as a major thoroughbred training centre of excellence. The \$5.3M allocated to the Lark Hill Thoroughbred Training Complex so far is being spent on infrastructure improvements such as roads, lights, sewerage connections and electrical upgrade. The Master Plan for Lark Hill has been developed in consultation with the racing industry participants, in particular local trainers, the City of Rockingham, Department of Planning & Infrastructure and associated groups such as Riding for Disabled.

RWWA's long-term plans include the option of a synthetic track at Lark Hill and flexibility to do this has been provided with the construction of the 15-Metre Sand Track as the base can be converted at a later date. RWWA is aiming to find the most suitable synthetic surface and is evaluating options from around the world to ensure the track is chosen to meet specific Western Australian climatic conditions. The costs associated with a synthetic track will be in the vicinity of \$5M and whilst track use levels are on the increase at Lark Hill they are not yet at the level where this would be economically viable.

The following section reports on the activities of RWWA's divisions and initiatives commenced or undertaken during 2007.

To sum up, I am very excited by the opportunity to build further on sound foundations laid so far and I look forward to meeting with people to engage ongoing support for RWWA and the industry.

Richard Burt
Chief Executive Officer







▼ RACING ▼

The Racing Division of Racing and Wagering Western Australia (RWWA) provided the industry participants across the three codes with optimal race meeting opportunities during the 2007 racing season.

The racing calendar comprised 857 race meetings, consisting of 297 metropolitan race dates, two more than in 2006, whilst 560 race meetings were conducted in provincial and country venues across the three racing codes.

The Western Australian jurisdiction produced 71,461 starters with 7,573 individual horses/greyhounds starting in races and trials.

The Distribution Model adopted by RWWA for 2007 was a refinement of the previous year's model, however structured on the Key Objectives arising from the earlier completed strategic review of the WA racing industry. Major changes were introduced to the racing calendar, with additional race meetings and races, increased SKY vision slots and record levels of Base and Feature Stakes funding allocated by RWWA to the 58 clubs operating throughout the State for industry participants. The clubs across the three codes provided \$71M in stakemoney, \$5M coming from those clubs being able to "top-up" stakes from their own operational incomes.

Total Distribution to the Industry rose from \$81.9M in 2006 to \$89.6M during the period in review. Of the \$7.7M distribution increase, \$0.9M went to clubs and the remaining \$6.8M was allocated to participants through stakes, rider/driver fees, owners' incentive payments (OIP), insurance and breeders' incentive schemes.

Other distribution initiatives introduced by RWWA were:

- Race date allocations across the three codes providing continuity of racing by region/season
- Maximising base stakes on those fixtures which drive wagering turnover through SKY vision
- An annual contribution to the Greyhounds-As-Pets program
- An annual contribution to the WA Harness Racing Spider Fund
- Increased allocation of Saturday night harness meetings to Gloucester Park
- Increased racing opportunities at the greyhound provincial level with extra race meetings and races programmed
- A higher proportion of club distribution relating to incentive based turnover fees rather than fixed meeting fees
- Increasing OIP for horses travelling beyond 250km from Perth
- Increasing starter subsidies.

Components of Distribution Funding

	Participants Funding Paid to Clubs	Club Funding Paid	Total Distribution Paid to Clubs	Total Return to Participants	Return to participants as % of distribution to clubs
Thoroughbreds	47,042,535	5,845,684	52,888,219	51,810,535	98.0%
Harness	21,918,392	3,503,278	25,421,670	22,115,564	87.0%
Greyhounds	7,923,070	3,377,065	11,300,135	7,909,860	70.0%
Total	76,883,997	12,726,027	89,610,024	81,835,959	91.3%

Three code consultative groups provided opportunities for effective dialogue on many racing issues. These groups, representing the interests of industry associations, clubs and participants meet quarterly with the RWWA Directors and senior management providing an important two-way communication on racing operational issues and policy.

RWWA continues to play a major role at the national level of racing administration with representation and presence at many national forums. RWWA Thoroughbred Director, Mr Bob Pearson, was appointed Chairman of the Australian Racing Board (ARB) during the period, a first for Western Australia to have a representative of the State attain such a high profile position in that code. RWWA also holds office in the Australian Harness Racing Council (AHRC) and InterDominion Harness Racing Council (IDHRC) with Harness Racing elected Director Mr Ross Cooper.

RWWA is also represented by senior management on the ARB, AHRC, IDHRC, Racing Information Services Australia Pty Ltd (RISA), Greyhounds Australasia (GA), the National Race Planning Committee (NRPC), Australian and New Zealand Classifications Committee (ANZCC) and the Australian Pattern Committee (APC).

A handicapping and programming review was carried out across both WA equine codes. In Thoroughbreds, metropolitan and regional trainers' workshops were held throughout the State in the lead up to the introduction of Ratings Based Programming, in a move which will align to international race programming and handicapping protocols.

For Harness, a review was commenced late in the year in relation to handicapping with an independent assessment by former Harness Racing Victoria handicapper, Mr Duncan McPherson. Focus groups with various sectors within the WA harness fraternity were also held as part of the consultation process. The outcome will provide transparency of the handicapping and programming process and a better understanding for all industry stakeholders.



RACING [OPERATIONS + DISTRIBUTION...CONT]

A review was also undertaken into the Harness code's Westbred/Westsired Incentive Schemes, to determine whether the schemes could be improved for the benefit of more harness participant sectors. At the end of the period in review feedback was forthcoming from many of the interested parties.

All of these reviews of the harness code will contribute to the completion of RWWA's first of three code Strategic Plans for the industry's direction over next five years.

RWWA has continued to build on its strategic partnership with SKY Channel to assist the local industry with vision coverage of our product. Greyhound and Harness race meetings received additional vision opportunities, albeit that a key driver in gaining additional exposure was to race in conjunction with some imported late night product being sourced by the racing telecaster. Whilst these times for racing are not necessarily convenient, the WA product is gaining momentum as a betting medium across the nation as WA receives exposure to a wider audience.

An important aspect of this alliance with SKY Channel has been the execution of International Marketing Agreements for the three WA codes of racing, which will provide vision of many of the local races beamed around the world in the global internationalisation of the Australian racing product.

WA Statistics 2007

Code	Course Class	No. Race Meetings Held	No. Races Held	No. Starters	Average No. Starters per Race	Individual Horses/Greyhounds Raced
Thoroughbreds		302	2,243	21,928	9.8	3,542
	Metro	90	735	7,637	10.4	
	Provincial	72	582	6,512	11.2	
	Country	140	926	7,779	8.4	
Harness		279	2,238	23,092	10.3	2,099
	Metro	101	913	9,880	10.8	
	Country	178	1,325	13,212	10.0	
Greyhounds		276	3,367	26,441	7.9	1,932
	Metro	106	1,217	9,489	7.8	
	Provincial	145	1,864	14,705	7.9	
	Country	25	286	2,247	7.9	
All Codes		857	7,848	71,461	9.1	7,573

Notes: All data for period 04-Aug-2006 to 02-Aug-2007. Does not include fully abandoned meetings.

Provincial Courses: Mandurah (G), Northam (T), Pinjarra (T), York (T) and Bunbury (T).

Thoroughbreds include non-TAB meetings.



Country and Regional racing in WA continued to enjoy the flow of funds from the two year \$20M Government Grants Fund for capital infrastructure and code initiatives. With RWWA support, the concept will deliver a benefit to the clubs exceeding \$25M across the State under this joint arrangement, culminating in July 2008.

RWWA has progressed with Stage One of the Lark Hill Thoroughbred Training Complex, due for completion in mid 2008. A total of \$5.3M has been allocated to the complex, which has enabled the development of better and safer training facilities for the industry participants and their animals. The project has included construction of two new sand tracks, early morning training track lights, new stalls, horse parade areas, extensive safety fencing as well as changing rooms and a stewards/admin office. Although works are not yet completed, the number of horses being trained at the complex is increasing. The complex has produced over 4,200 starters in racing fields across the State this year. This project underlines RWWA's commitment to develop a 'Centre of Excellence' for the thoroughbred racing industry in Western Australia.

The infrastructure available at regional racing venues has been reviewed and, as a result, grants allocated to Albany Race Club (\$654K), and Golden Mile Trotting Club (\$150K). Utakarra Racecourse in Geraldton, (which is a dual racing and pacing venue), received a large grant in the previous year allowing the commencement of new building constructions during the year and scheduled for completion in 2008. Kalgoorlie-Boulder Race Club is currently developing a master plan in conjunction with RWWA and it is anticipated that the Club will receive a grant towards the realisation of this plan in 2008.

Bunbury Trotting Club and Bunbury Turf Club received a total of \$1.8M in grants for track and other improvements. Narrogin Harness Racing and Central Wheatbelt Harness Racing Club (Kellerberrin) completed significant projects funded in the prior year.

The capital works projects have not been exempt from the skills shortage experienced across the nation and therefore there has inevitably been some slippage in estimated completion dates.

Pinjarra Park Redevelopment project has been one of the major initiatives under construction this year. The civil works were completed during the period March to June 2007. The new turf surface is currently being nurtured and it is expected that racing will resume at Pinjarra during 2008.

RWWA acquired a new harness racing AVA Mobile Starting Barrier with computerised starting gear for use at the major harness racing clubs. This purchase released outdated machinery to be downgraded for use at community clubs and at training centres.

Greyhounds WA (Mandurah) received a grant of \$750K for a new track and kennel building. The new track was officially opened at Mandurah on 2 November 2006. The track is 599 metres in circumference and provides Western Australia with a world-class greyhound racing facility. Track records tumbled in the first few weeks and this brought a great deal of excitement to the participants and followers of racing.

Other funding grants were made to the Western Australian Turf Club for a new horse swimming pool at Ascot, major capital works at Gloucester Park, Byford Trotting Training Complex, Pinjarra Harness Racing Club, Broome Turf Club, Port Hedland Turf Club and the Esperance Bay Turf Club. Throughout the year a total of 49 grant applications were considered with 43 being fully or partially supported, five declined and one under consideration. Many of these grants reflect RWWA's commitment to a policy of continual improvement to safety in the racing industry including the replacement of over 38km of running rail with modern collapsible rail.

Within the scope of the Harness Racing Review, RWWA examined the future policy of the metropolitan harness racing training centres. The policy has been driven by the needs of the trainers and focuses on three key areas: the quality of facilities, location and availability. The strategies developed from the policy have provided support and education for the people charged with the provision and maintenance of training tracks.

RWWA has appointed a Harness Track Advisor who provides hands-on support and advice to harness clubs regarding track matters on a regular basis. RWWA sponsored four track managers to attend the Harness Racing Victoria Track Maintenance Seminar held in Bendigo in June 2007. It is anticipated that this type of education programme will continue in 2008 and if the initial success continues the programme may be further developed.

The two busiest harness training centres at Wanneroo and Byford provide the training base for over one third of the starters in races across WA. This significant contribution to the industry is recognised by RWWA and policy is now in place to develop these venues as future Centres of Excellence for training of harness horses and drivers.

RWWA financially supports five metropolitan harness training centres and two country centres. In the period under review, RWWA contributed \$370K towards harness racing training via Distribution to these clubs and others.

RWWA maintains a register of all clubs conducting racing or training, which is reviewed annually. In 2007 three clubs sought changes to their registration. Wanneroo Trotting Training Club and Byford Trotting Training Complex advised that they no longer wished to hold a race meeting each year and that they would concentrate their efforts on training activities in the future. Cunderdin Trotting Club decided that it too, no longer wished to race. After discussion with RWWA it was agreed that the tradition of the club, which had a long and rich history as a major player in the Wheatbelt harness racing circuit for over 50 years, should be honoured. The club's two special events, being a heat of the Dainty's Daughter Classic and the Cunderdin Cup, will now be held at Central Wheatbelt Harness Racing Club in Kellerberrin.



RACING [SELECTED GROUP RACES]

RESULTS OF WESTERN AUSTRALIAN SELECTED GROUP RACES FOR 2007

THOROUGHBREDS

RACE	VENUE	STAKEMONEY	WINNER	JOCKEY	TRAINER
RAILWAY STAKES	ASCOT	\$750,000 (G1)	BELLE BIZARRE	PAUL KING	ROD BYNDER
FRUIT 'N VEG	ASCOT	\$500,000 (G1)	NICONERO	BRAD RAWILLER	DAVID HAYES
WATC DERBY	ASCOT	\$400,000 (G1)	GUYNO	JASON WHITING	LOU LUCIANI
KARRAKATTA PLATE	ASCOT	\$500,000 (G2)	ROMAN TIME	WILLIAM PIKE	FRED KERSLEY
PERTH CUP	ASCOT	\$400,000 (G2)	RESPECT	JASON WHITING	PAUL CAVE
WINTERBOTTOM	ASCOT	\$250,000 (G2)	MARASCO	DAMIEN OLIVER	FRED KERSLEY
WA OAKS	ASCOT	\$250,000 (G3)	WESTERLY BREEZE	WILLIAM PIKE	SHANE EDWARDS

HARNESS

RACE	VENUE	STAKEMONEY	WINNER	DRIVER	TRAINER
WA PACING CUP	GLOUCESTER PARK	\$250,000 (G1)	TEALSBY KARITA	GARY HALL JNR.	GARY HALL SNR.
FREMANTLE CUP	GLOUCESTER PARK	\$200,000 (G1)	SHARDONS A FLYIN	KIM YOUNG	GRANT WILLIAMS
AUST. PACING CH'SHIP	GLOUCESTER PARK	\$200,000 (G1)	SHARDONS A FLYIN	GRANT WILLIAMS	GRANT WILLIAMS
WA GOLDEN NUGGET	GLOUCESTER PARK	\$150,000 (G1)	MR YANKEE	KADE HOWSON	GREG HARPER
WA DERBY	GLOUCESTER PARK	\$150,000 (G1)	LORD GUY	KADE HOWSON	JOHN GRAHAM
WA OAKS	GLOUCESTER PARK	\$125,000 (G1)	FLEUR DE LIL	LUKE MCCARTHY	LUKE MCCARTHY

GREYHOUNDS

RACE	VENUE	STAKEMONEY	WINNER	TRAINER
PERTH CUP (530M)	CANNINGTON	\$180,000 (G1)	BETTY'S ANGEL	PAUL BARTOLO
GALAXY (714M)	CANNINGTON	\$ 90,200 (G1)	FLASHING FLOODS	GERALD CUNNOLD
ALL STARS SPRINT	CANNINGTON	\$60,000 (G2)	CAPE OZY	NEIL RYAN
WA OAKS	CANNINGTON	\$50,000 (G2)	MISS HOT GOSSIP	JASON THOMPSON
WA DERBY	CANNINGTON	\$50,000 (G2)	MANDAGERY MAN	SAM SULTANA



WESTERN AUSTRALIAN TRAINERS/JOCKEYS AND DRIVERS' PREMIERSHIPS FOR 2007

THOROUGHBRED TRAINERS (METRO)

RANKING	NAME	WINS
1	NEVILLE PARNHAM	48.5
2	FRED KERSLEY	40
3	DAVID HARRISON	38
4	TREVOR ANDREWS	26
	ADAM DURRANT	26
	LOU LUCIANI	26
	JIM TAYLOR	26

HARNESS TRAINERS (STATEWIDE)

RANKING	NAME	WINS
1	GARY HALL SNR.	115
2	CALLAN SUVALJKO	75
3	GRANT WILLIAMS	70
4	JARRAD HUMPHRIES	59
5	ANDREW DE CAMPO	58

GREYHOUNDS (STATEWIDE)

RANKING	NAME	WINS
1	LINDA BRITTON	249.5
2	JOHN IWANYK	141.5
3	PETER SAYER	129.5
4	ANDREW MC LAREN	108
5	JIMMY LEE	101

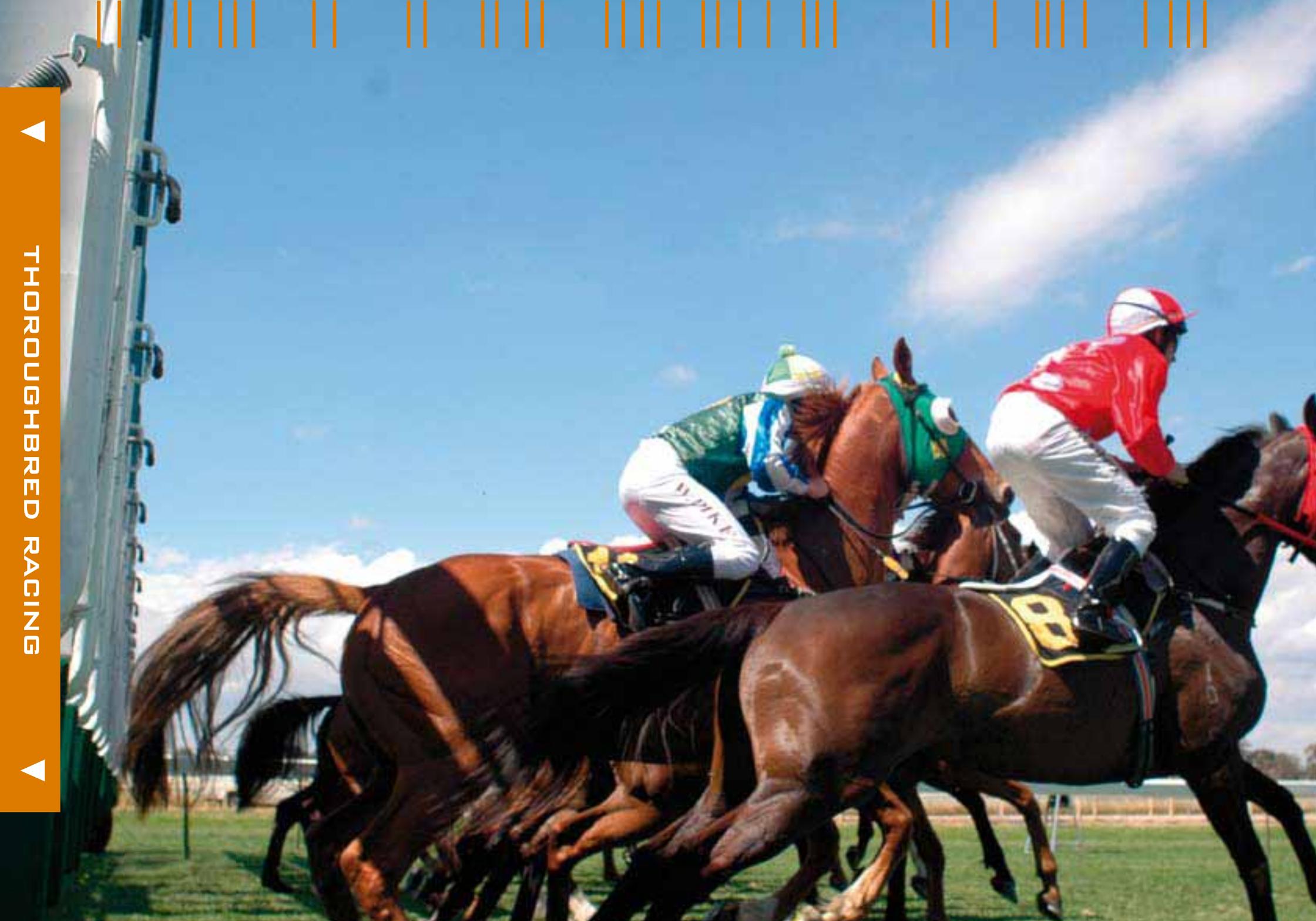
JOCKEYS (METRO)

RANKING	NAME	WINS
1	WILLIAM PIKE	91
2	PAUL HARVEY	45.5
3	JASON BROWN	44
4	JASON WHITING	43
5	SHAUN MCGRUDDY	33
	STEPHEN PARNHAM	33

DRIVERS (STATEWIDE)

RANKING	NAME	WINS
1	CHRIS LEWIS	161
2	GARY HALL JNR.	161
3	COLIN BROWN	124
4	MARK REED	104
5	MORGAN WOODLEY	90





THOROUGHBRED RACING

Major activities in relation to Thoroughbred racing:

- RWWA provided race clubs with payments for stakes, subsidies and owners incentives of \$44.9M
- The Westspeed scheme provided owners and breeders with an additional \$2.2M in bonuses. This very successful scheme was expanded in February 2007 to increase the bonus amounts payable in all sectors along with extending the bonus to 2yo and 3yo horses racing in all age maiden events
- Race clubs conducted a total of 302 race meetings (including non-TAB meetings) and paid \$49.5M in stakes, subsidies and owners incentive payments for the season, representing a 12% increase on the previous year
- TAB wagering on Western Australian thoroughbred racing exceeded \$220M, up from \$203M in the prior year while on-course totalisator turnover of \$57M represented an increase of 10%
- Interstate wagering on the Western Australian thoroughbred product reached \$533M, an increase of 10% on the previous year
- Magic Millions conducted another very successful yearling sale in February, recording an aggregate for the premier sale of \$13.5M (up 20%) and the average price leapt to over \$46,000 representing an increase of 17% of the previous year's sale
- A new Western Australian yearling price record was set when an Elusive Quality filly out of Karrakatta Plate winner Born Priceless was sold for \$365,000
- Perth Racing conducted another successful Ascot Summer Racing Carnival on 2 and 9 December 2006, including participation from several interstate stables. On-course attendance and wagering increased on the previous season with \$2.4M wagered over the two Group One days, representing a 13% increase on the previous year. National TAB wagering on these meetings was in excess of \$14M, up 24%
- For the first time Western Australia saw international participation in the BMW Perth Cup, with English stayer Bay Story finishing a close second in the race for his trainer, Brian Ellison
- A locust infestation in the Great Southern caused disruption to several race meetings in that region. RWWA worked closely with race clubs and the WA Department of Agriculture and Food to manage the situation. Several fixtures were re-scheduled or transferred to other venues to ensure sufficient racing opportunities for local stakeholders
- RWWA conducted Apprentice Week in October including the culmination of the very well received Nagmart Rising Stars series. This series saw apprentice jockeys earn points for riding at race meetings held at metropolitan, provincial and country venues over a four week period. Final year apprentice Dion Luciani was crowned the Nagmart Rising Star for 2006 at the annual Apprentices Awards function on 23 October 2006.



▼ HARNNESS RACING ▼



Major activities during the period in review for Harness racing included:

- RWWA provided race racing clubs with payments for stakes, subsidies and owners incentive payments of \$20.9M
- RWWA paid out \$1M in Westbred and State Sires Series bonus payments
- Race clubs conducted 279 race meetings and 2,238 races, which provided 23,092 racing opportunities for 2,099 individual horses that raced
- TAB wagering on WA Harness product was \$71.5M, up from \$64.5M in 2006
- Interstate wagering on the Western Australian harness product reached \$120M, an increase of 14.3% on the previous year
- The SKY Channel coverage of WA harness Saturday product (4-6 races) proved a success with wagering turnover increasing from \$5.3M to \$6.1M
- Western Australian Trotting Association and Fremantle Harness Racing Club concluded a successful Summer Carnival in March featuring the three Group One events, the Fremantle Cup, Australian Pacing Championship and the Western Australian Pacing Cup, with wagering turnover increasing over the previous year. Direct comparisons are difficult due to the carnival not having been held in March previously
- In association with the 2007 InterDominion series, RWWA selected Kade Howson to represent Western Australia in the Australasian Young Drivers' Championship series in South Australia. Kade did WA proud by winning one heat and finishing second in another and fifth overall, and further demonstrated his ability by driving three WA Group One winners during 2007
- Gloucester Standardbreds recorded 178 sales with a clearance rate of 92%. The February sale grossed \$2.1M with an average of \$11,632 (colts average \$12,790 - fillies average \$10,147)
- The top price was \$60,000 for a filly by Red River Hanover (buy back). The top price genuine sale was \$45,000 for a Presidential Ball colt.

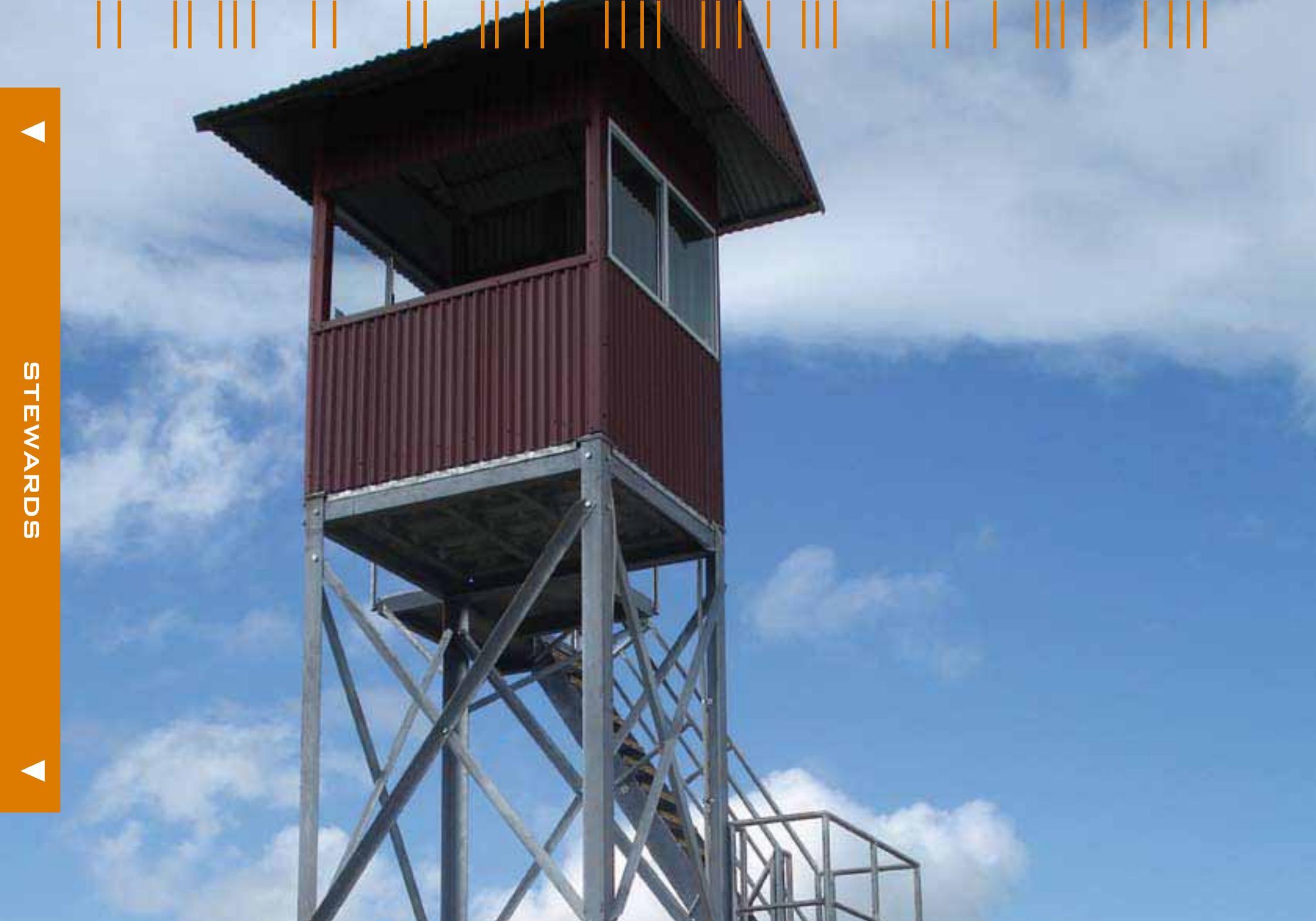


GREYHOUND RACING

Major activities for Greyhound racing included:

- RWWA provided the Western Australian Greyhound Racing Association with payments for stakes of \$7.6M in 2007, up from \$6.8M in 2006
- In a period of consolidation after significant changes the year prior, Westchase Incentive Scheme bonuses totalled \$354K, virtually matching the amount paid to owners and breeders of successful WA bred greyhounds in 2006
- The new track was officially opened at Mandurah on 2 November 2006. The one-turn track is 599 metres in circumference and together with a state-of-the-art kennel building and surrounds cost \$3.8M
- WAGRA conducted a record 3,367 races at 276 meetings providing 26,441 racing opportunities for 1,932 individual greyhounds that raced during the year. This represents increases of between 6.6% (race meetings) and 9.6% (greyhounds that raced) on the previous period
- In 2007, TAB wagering on WA greyhound racing reached \$56.3M (up 12.3%)
- Interstate wagering on the Western Australian greyhound product reached \$75M, an increase of 62% on the previous year
- Increased SKY Channel vision of local chasing continued throughout 2007 with the Tuesday meeting from Mandurah maintaining coverage for the full year, thus remaining the only WA greyhound meeting to be seen interstate in the prime evening timeslot
- Permanent international thoroughbred product from England, Hong Kong and/or South Africa on SKY Channel on Wednesday nights saw the Cannington meeting also broadcast all year
- In a major achievement for greyhound racing at a national level, the National Frozen Semen Repository commenced operation in February 2007. The establishment of the repository, which tracks the collection, storage and use of frozen semen nationwide, was driven by the national peak body Greyhounds Australasia Limited
- Perth Cup night saw a record 5,545 greyhound racing fans pack the Cannington venue. On-course turnover was easily the best ever at \$227,389 – a staggering 44.3% improvement on the \$157,595 in 2006. TAB turnover on the Cup meeting was also a new record at \$374,604, well above the \$327,771 record set in 2006.





STEWARDS



Throughout the year RWWA Stewards focused on maintaining high integrity standards and continued education in Stewarding areas across the three codes.

The RWWA Veterinary Department conducted an inaugural Equine Trainers Forum, attracting a significant number of participants across both the Thoroughbred and Harness codes. World class speakers discussed equine gastric ulcers, fractures and horse welfare issues. RWWA also conducted a one day forum for Official Club Veterinary Surgeons from all racing areas throughout Western Australia, addressing race day issues and sampling procedures. All participants received an official RWWA Veterinary Racing Manual developed by the Veterinary Department. A Greyhound Trainer forum, with invited speakers is programmed for the coming year.

RWWA Stewards are undergoing training to eventually acquire a recognised National training qualification. Steward staffing numbers are continually being reviewed to ensure that the high integrity standards that currently exist are maintained. Cadet Stewards have been recruited for all codes to ensure young, professional Stewards are being trained to service race meetings throughout the state.

Safety issues continue to be a prime issue. Stewards have introduced improved safety gear policies for Barrier Attendants. RWWA has funded the purchase of helmets and safety vests for all Barrier staff throughout the state and it will be mandatory for Barrier staff to wear this safety gear apparel at race meetings and official trials.

Stewards have continued to focus strongly on maintaining a vigorous race day animal testing regime across all codes. Whilst any positive swab is of considerable concern, last year results have been most encouraging. Below is a table of past years results.

Code	Samples	Positive	% Positive
Thoroughbred			
Post race	2,013	1	0.05
TCO2	1,300	0	0
Harness			
Post race	1,156	4	0.3
TCO2	2,316	1	0.04
Greyhound	972	1	0.1

In addition to the above, testing at trials and out of competition testing was also conducted with no positive swabs being returned. RWWA Stewards will continue to stringently enforce the drug rules to enhance integrity standards and ensure a level playing field.

Other major issues being addressed are:

- Apprentice Jockey Employment Review
- Continued involvement in the National Jockey Safety Review
- Continued development of Jockey/Driver health and drug education
- Development of RWWA Animal Welfare Group.



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START
AS AT

OCAST / GOOD

WIN PLACE STARTER

WIN	PLACE	STARTER	
1	5.7	2.5	IONIAN JEWEL
2	50.2	11.1	ART ON THE BEACH
3	4.4	1.4	MISS PLACED
4	8.2	2.3	DUSTY CLOUD
5	13.5	3.7	ELIZA GRACE
6	17.6	4.8	SECRET INTERLU
7	9.2	2.7	JUSTLIKECHOCOL
8	35.1	8.2	MIDNIGHT DISCO
9	4.4	2.0	NOWUSEEME
10	7.1	2.1	APACHE SUNRIS
			HILD DIVA

WAGERING

-

The TAB achieved a record turnover of \$1.5B for the 2007 year. This represents growth of 11.9% or \$157.7M over the previous year. This was despite there being 25 fewer meetings covered throughout the year.

Fixed Odds Betting turnover increased some 12.2% to a total of \$60.9M driven by the introduction of popular multi and accumulator betting. This was a particularly good result when measured against the 2006 performance, which included the World Soccer Cup that is conducted every 4 years.

Turnover through RWWA's Electronic channel, which comprises Internet and telephone account betting, continued to grow and contributed \$238M to overall turnover, an increase of \$40M over the previous year.

Whilst exotic bet types turnover has maintained its market share at around 35%, win and place betting increased to 59.1% of all turnover and contributed to 64% of overall growth for the year.

The Quaddie product, offering large winning dividends, was the most popular exotic bet type in terms of growth with a lift of 15.6% in turnover against last year.

Other significant achievements for the year included:

- Installation of wide screen LCD televisions into full-time outlets offering superior viewing of live racing and contributing to overall Agent performance
- The development of a homegrown touch screen information terminal for customer use providing instantaneous racing and sporting information. This follows a successful pilot in 2005 and will now see some 1,200 terminals rolled out across the state retail network before the end of 2007
- A continuation of the delivery of responsible wagering programmes to regional outlets together with an awareness programme on problem gambling through a print, vision and radio advertisement campaign
- The establishment of a new full-time agency in the Livingston Shopping Centre
- The opening of five new Pubtabs in the towns of Northcliffe, Boddington, Morawa, Kalgoorlie and Karragullen
- Refurbishments at the Warwick and Rockingham outlets offering improved customer facilities including air-conditioned theatre, toilets and improved parking
- The first million dollar turnover on the prestigious Royal Ascot week of racing in the United Kingdom in June highlighted by the win of Australian mare, Miss Andretti in the Group One Kings Stand
- The successful negotiation of a new 10-year contract with TAB Agents operating full-time outlets ensuring the continuation of high levels of customer service and racing information availability.





▼ INFORMATION SERVICES ▼

INFORMATION SERVICES

The Information Services division is responsible for maintaining strategic oversight of all information service requirements of RWWA and providing the day to day operational infrastructure and services required for the delivery of on-line betting services to customers. The division also delivers technical support for all information systems, ticket machines, the data communications network and Racing Radio. Other areas of responsibility include information security and project delivery.

2007 proved to be a turning point for the establishment of key strategic wagering projects that have been pending for a number of years. The key activities undertaken during the year included:

- A significant due diligence exercise, which resulted in the procurement of the Singapore Turf Club Bet Engine
- Rollout of a modern IP telecommunications network to cater for the introduction of PC based enquiry and point of sale terminals throughout the off-course agency network and metropolitan on-course outlets
- Finalisation of an evaluation of Customer Information Terminal hardware and initiation of a state-wide rollout which is scheduled for completion in the first quarter of 2008
- Development of a IS Human Resource strategy to support the transition from the existing technology to the new technology and infrastructure, ensuring a support base for ongoing operational activities
- Consolidation of Information Services and Project Office staff at one location in a leased building next door to RWWA Head office on Hasler Road
- Redevelopment of the RWWA website to improve communication and interaction with Racing Industry participants and the community
- Development of the Flexi Bet product to pool with the Super TAB from October 2007.





STRATEGIC PLANNING + CORPORATE DEVELOPMENT

The division is responsible for preparation of the Strategic Development Plan, which is developed in conjunction with the Finance and Business Services Division. The document includes the Racing Industry Distribution Model, formulated with the input and direction of the Operations, Integrity and Racing Divisions and underpinned by the annual budget process and verification of a sustainable long-term financial outlook.

In addition the Board commissioned during 2006 a major review of the organisation's capabilities and future opportunities. The purpose and scope of the 'Staying On Track' or Sustainable Business Model review can be found on the RWWA website at www.rwwa.com.au. The recommendations flowing from the RWWA Sustainable Business Model strategic review, (undertaken with assistance from the Boston Consulting Group), are incorporated within the RWWA Strategic Development Plan 2007-12.

Also flowing from the 2004 'Back on Track' Industry economic review was the development of code specific plans that feed into the RWWA strategic plan. The first of the plans, the Harness Strategic Review, was commenced during 2007 and is due for completion during 2008.

During 2005 a dispute between existing racing vision provider SKY Channel and Thoroughvision (TVN) created issues for all racing enthusiasts around Australia. During the dispute period arrangements were made by RWWA to distribute the important metropolitan Sydney and Victorian TVN thoroughbred vision in WA. This effectively minimised any disruptions brought about by the split vision service, which severely impacted on wagering revenues on the eastern seaboard. The dispute was finally settled in early 2007 with RWWA continuing to manage the distribution of racing vision to TAB agencies throughout the state.

CORPORATE DEVELOPMENT

The findings of the strategically focused Sustainable Business Model review brought with it a requirement to develop organisational capabilities to deliver on the findings. An important first step was the engagement of a Manager Corporate Development who will oversee business development initiatives detailed in the RWWA 5 year plan.

BUSINESS INTELLIGENCE

Achievements of the Business Intelligence Group include loading of racing code information into data warehouse tables and further development of this information is set to continue in 2008. The group also provided technical support and made improvements to the financial planning model used to calculate and allocate racing distributions. Other initiatives were information analysis and reporting in relation to the SKY and TVN changes, analysis and projections of the Agents remuneration model, and information support for strategic projects such as the Self-service wagering terminal pilot. The Racing Industry status report was also reviewed and improved. Most importantly the area is progressing the implementation of new business intelligence capability in the form of a new reporting toolset, which is scheduled for completion in late 2007.

MARKETING AND MEDIA

In addition to promoting and developing the racing and sport wagering products, the marketing and media area co-ordinated corporate communications during the year. Highlights for the year included:

- Introduction of expanded UK and South African racing plus full Hong Kong racing programme
- The Melbourne Cup, our premier event, recorded the TAB's first ever \$20M day with the Cup itself a record \$11.9M
- Marketing support for the extensive programme of TABCorp commission sales during the second half of the financial year
- Planning & co-ordination for the first ever Racing Industry Hall of Fame event scheduled for November 2007
- Co-ordination and management of a number of major awards functions for TAB Agents and industry functions for Harness, Greyhounds and Thoroughbred Apprentices
- Development of the 2006 Annual Report
- Co-ordination of the Flexi Bet project implementation, including negotiation of terms by which RWWA could progress the use of TABCorp's patented Flexi Bet product.





▼ FINAGNE + BUSINESS SERVICES ▼

The division advanced its responsibilities for financial management and strategy, business services, risk and business continuity systems management, wagering compliance, audit and legal matters.

Some of key objectives reached in the period were:

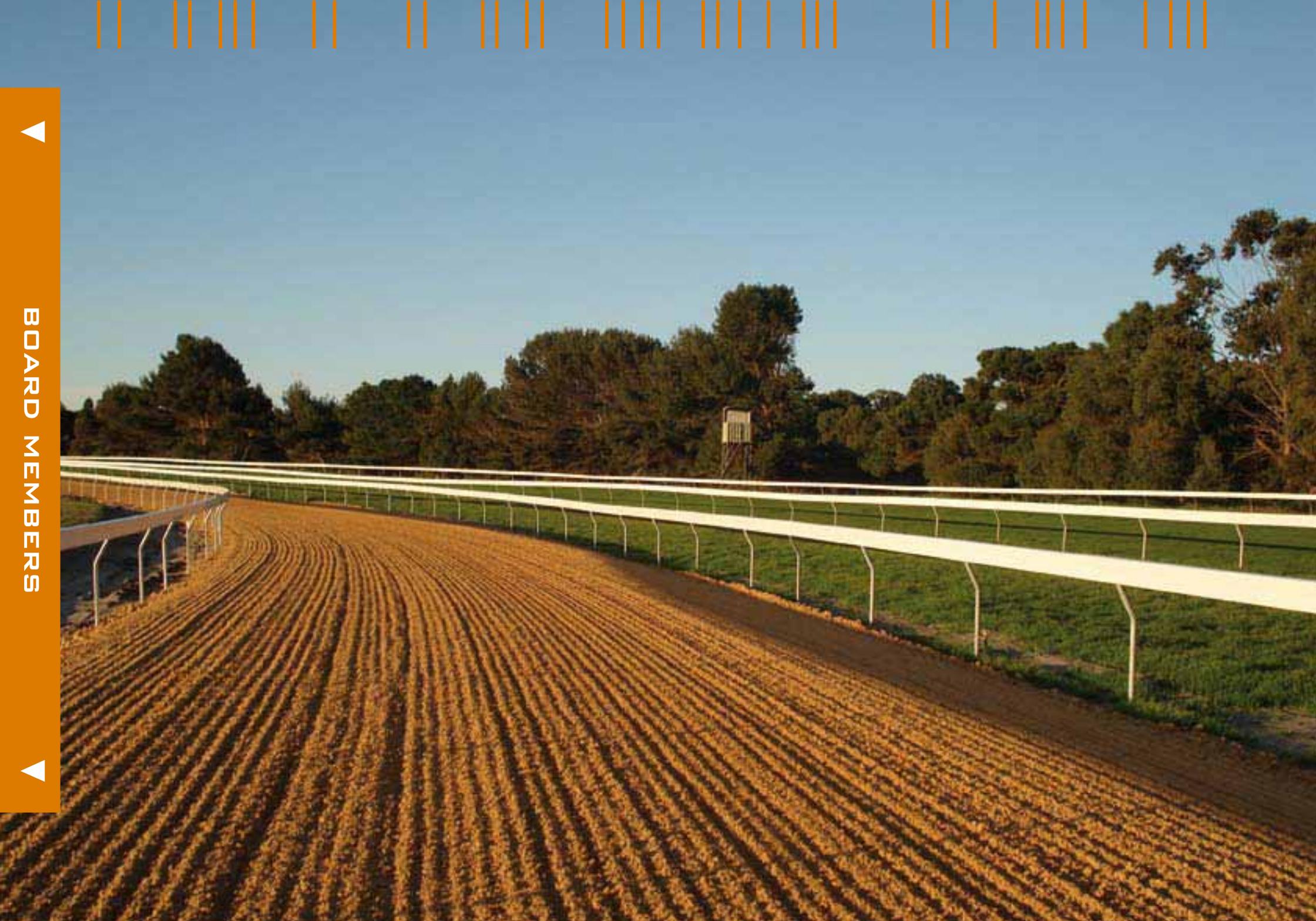
- Implementation of the initial phase of the Cognos financial forecasting and budgeting system
- Co-ordination and development of new club financial reporting process and chart of accounts for selected clubs
- Implementing significant improvements to racing systems for GST compliance
- Implementation of the 1st stage of the RWWA accommodation strategy
- Development and leadership of the RWWA disaster recovery strategy for administration
- Streamlining of purchasing processes through the introduction of purchase cards
- Negotiating and implementing the requirements brought about by new legislation that is reducing parimutuel wagering tax rates and controlling the rights to use or publish WA race fields
- Improvements in risk management policy and practices
- Implementation of phase 1 of the compliance strategy for new Anti-Money Laundering legislation.

HUMAN RESOURCES

The Human Resources division undertakes development and implementation of human resource strategy and the effective management of all related human resource and employee relations' functions across the organisation.

The highlights in 2007 were:

- Implementation of a web-based human resource information management system (Preceda) that offers full HR and payroll functionality, employee self-service and workflow and strategic reporting capabilities
- Refinement and implementation of a number of revised performance management processes
- Development of an Equal Employment Opportunity (EEO) Management Plan 2007-2009 that established RWWA priorities and performance objectives for equity and diversity.



BOARD MEMBERS



BOARD MEMBERS

MR ROSS GREGORY BOWE

Chairman

Former Under Treasurer of Western Australia and former Chairman of the Western Australian Treasury Corporation and is currently a Board member of Landcorp and Chairman of the Metropolitan Cemeteries Board. Has had extensive high-level experience in financial administration particularly in the State Government sector. Chairman of the Western Australian TAB (2004).



MR JAMES MALCOLM FREEMANTLE

Deputy Chairman

Formerly CEO of Home Building Society Ltd following more than 30 years in banking in Australia and overseas. Consultant to various land development companies associated with Home and to organisations in the banking and finance sector. Director of a number of public and private companies. Western Australian TAB Board Member (2004).



MR ROSS ALAN COOPER

Was a licensed bookmaker at Thoroughbred, Harness and Greyhound race meetings in WA (1976-2001). Is a life member of the WA Bookmakers' Association. Was a delegate to both the WA Thoroughbred Racing Industry Council and Harness Racing Industry Council. He was also a member of the Betting Control Board (1994-98). Ross also operated as a Form Analyst with the Western Australian Trotting Association providing analytical assessment of race performance and assisting in maintaining confidence and integrity in the conduct of racing. Western Australian TAB Board Member (2002 to 2004).



MR RONALD JAMES MCFARLANE

Has over 30 years experience as a Senior Manager, Director and Principal Consultant in Communications, Research and Business Consultancy. Has worked on a large range of human resources communication, consulting and research projects in Education, Training, Business Services, Innovation, Financial Services and Utilities. Is currently Chief Executive of Transnational Information Services Pty Ltd; Director – TransGlobal Consulting Pty Ltd and an Associate Consultant with Australian Institute of Management Western Australia. Also, an Associate Research Fellow at the Centre for Entrepreneurial Management and Innovation. University of Western Australia. Previous Fellow Australian Institute on Company Directors, Sydney.



MR GEOFFREY ALFRED MARTIN

Majority of working life spent with family company as a director of Archie Martin and Sons (Holdings) Ltd. Director of companies associated with Archie Martin and Sons and boards and committees pertaining to the electrical retailing industry. Board member of WAGRA 2002 and Chairman 2003. Western Australian TAB Board Member (2004).



MR MICHAEL JAMES RYAN

Has had over 30 years experience in Management in the Information, Communications & Technology Industries, primarily with IBM, Data General and Optus. TAB board member from 2002 to 2004 and has been a Board member at His Majesty's Theatre Foundation and Starlight Foundation.



MR IAN FREDERICK TAYLOR

Currently self employed in the Abalone Industry and various consultancies. MLA for Kalgoorlie 1981-1996. Minister in a range of portfolios 1986-1993 including Health, Conservation, Police and State Development, Deputy Premier and Leader of the Opposition. Past Patron Kalgoorlie Boulder Racing Club. Western Australian TAB Board Member (2004).



MR ROBERT CHARLES PEARSON

Chairperson of Statewide Oil Distributors since 1985 and Managing Director from 1985-2005. Extensive involvement in the Oil Industry particularly for logistical and marketing of lubricants throughout WA. Previous President East Perth Football Club (1990-1992), former Director of Racing Information Services (RISA) Committee WATC (1992-1994), Betting Control Board Member (1993-1994), Board Member WA Swimming Association (2000-2002). Currently Principal Director and Chairman of Australian Racing Board (ARB). Owner/Part owner of a number of thoroughbred horses in WA and Eastern States. Western Australian TAB Board Member (2004).





CORPORATE GOVERNANCE



CORPORATE GOVERNANCE DISCLOSURE

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 Western Australian Gaming and Wagering Commission regulates 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:

- 1 chairperson appointed by the Minister responsible for RWWA
- 4 members selected for their expertise in management, finance, business, commerce or information technology
- 3 members representing each of the racing codes – 1 representative from each code.

BOARDROOM CONDUCT AND RELATIONSHIPS

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

Key roles of the Board include:

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

All RWWA Board Members are required to comply with the following:

- RWWA Board and Committee Code of Conduct
- RWWA Code of Conduct
- Statutory Corporations (Liability of Directors) Act (1996).

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 that the interest should not disqualify the Board Member from considering or voting on the Matter. (Sections 18 & 19, Schedule 1, clause 8(1) of the RWWA Act.)

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

RWWA maintains regular communications with its stakeholders through:

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

ROBUST RISK MANAGEMENT AND COMPLIANCE PROCESSES

RWWA has a sound system of Risk Management, Compliance, and Internal Control. A Risk Management, Compliance, and Internal Control framework and Governance Structure have been developed to ensure that risks that RWWA experiences are properly managed, including the ongoing viability and reputation of RWWA.

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

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

Please refer to the section entitled "The Act and Compliance with the Written Law" in this annual report, which discloses the Legislation which RWWA has to comply with.

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, Racing Industry Participants and TAB Agents in the responsible provision of Wagering Services, and to ensure that RWWA provides customers with the highest standard of customer care.

RWWA has a Code of Conduct, which ensures high levels of ethics are maintained within RWWA. Included in this Code of Conduct are policies on Tendering and Purchasing, and the acceptance of Gifts and Gratuities.

STRATEGY, PLANNING AND MONITORING

RWWA's mission is:

“To provide strategic direction and leadership in the development, integrity and welfare of the racing industry in Western Australia, ensuring its competitiveness and long-term commercial viability for the benefit of industry stakeholders. To position RWWA as a competitive and responsible gambling organisation providing a major source of funding for the development of racing and sports in Western Australia.”

To fulfil this mission RWWA develops an annual Statement of Corporate Intent and a Strategic Development Plan (longer term plan), which documents the plans, future and vision for RWWA and the Racing Industry.

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

EFFECTIVE AND APPROPRIATE COMMITTEE STRUCTURES

RWWA has three committees:

- Integrity Assurance Committee - responsible for Integrity of the Racing Industry and Integrity of RWWA and acts as RWWA's Audit Committee
- Operations Committee - responsible for the Racing and Wagering Operations of RWWA
- Executive Committee - responsible for the day-to-day management of RWWA including implementing the annual strategic Development Plan.

ENCOURAGE 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.







▼ STATEMENT OF COMPLIANCE ▼

STATEMENT OF COMPLIANCE

HUMAN RESOURCES

Staff Profile

At the end of the reporting year the number of people employed was 463.

	Full Time Equivalent (FTE)
Full time	219
Part time	17
Casual	81
Fixed term contractors	11
Total	328

Equal Employment Opportunity

Equal Employment Opportunity (EEO) principles were applied to all recruitment and selection processes for employees and in the implementation of human resource practices.

Staff Development

RWWA has a commitment to the development of its employees. A learning and development planning process, which aims to identify the skills and experience required for the roles performed by employees, is incorporated in RWWA's employee performance management program. Commitments to undertaking specific training courses and programs are agreed between employees and their managers on an annual basis.

RWWA has developed a professional development program targeted at senior executives and managers and has approved the investment for this group to undertake courses on a continuing basis.

Occupational Safety and Health

RWWA's Occupational Safety and Health Advisory Committee continues to examine and address a variety of organisational issues including ergonomic assessments, first aid and fire evacuation.

Workers' Compensation and Rehabilitation

During the reporting period two claims were made under the Workers' Compensation and Rehabilitation Act (WA) 1981.

	1 July 2006 – 30 June 2007
Total number of claims accepted by RiskCover	2
Estimated cost of claims per \$100 payroll (includes ongoing claims from 2006)	0.0008
Premium rate	0.80
Rehabilitation success rate	0

ADVERTISING

In compliance with section 175ZE of the Electoral Act 1907, RWWA is required to report on the following expenditure:

Advertising Agencies		\$
	Bowtell Clarke & Yole	156,200
Market Research Agencies		
	Media Monitors	15,814
	Colmar Brunton	12,786
	Research Solutions	5,340
Polling Organisations		Nil
Direct Mail Organisations		Nil
Media Advertising Agencies		
	Media Decisions	985,933
	Southern Cross Broadcasting	74,570
	Media Tonic	46,096
	West Regional Sales	43,368
	Redwave Media	36,588
	Scoop Magazine	11,779
	West Australian	11,199
	STW Channel 9	8,000
	Western Sports Media	4,800
	British League Football Club	3,936
	Competitive Edge	3,150
	Sensis	2,744
	Footy Goss	2,696
	Heritage FM	2,500
	Rural Press Regional Media (WA)	1,092
	Bench Ad	1,008
	Owners Turf news	500
	Albany Advertiser	228
	Albany Community Radio	100
Total Expenditure		\$1,430,427

STATEMENT OF COMPLIANCE...CONT

PRICING POLICIES

RWWA has discretion over pricing for goods and services rendered.

CONTRACTS WITH SENIOR OFFICERS

At the date of reporting, other than normal contracts of employment of service, no Senior Officers, 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 and Senior Officers.

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 (Liability of Directors) Act 1996. The amount of the insurance premium paid for 2007 was \$12,885.

RECORD KEEPING

RWWA is committed to ensuring its recordkeeping activities are in accordance with the requirements of the State Records Act (WA) 2000. The efficiency and effectiveness of the organisation's recordkeeping system is evaluated not less than once every 5 years. The organisation conducts a regular recordkeeping training and awareness program. The organisation's induction program addresses employees' roles and responsibilities with regards to their compliance with the organisation's recordkeeping plan.

PUBLIC INTEREST DISCLOSURES

The General Manager Human Resources has been appointed as the Public Interest Disclosure Officer. The policy and procedures are available to employees through the intranet.

INFORMATION

RWWA maintains a web site for the public. This is available at www.rwwa.com.au and includes information on our organisation.

During the 2007 year, 15 Freedom of Information applications were received. Of these 1 was provided with full access, 2 were provided with edited access and 12 were denied access. Three internal reviews were also requested.

CORRUPTION PREVENTION

RWWA has developed a Corruption and Fraud Prevention Policy and Plan based on Australian Standard 8001-2003 Fraud and Corruption Control. The policy and plan has been communicated to all employees.





▼ THE ACT AND COMPLIANCE WITH THE WRITTEN LAW ▼



THE ACT AND COMPLIANCE WITH THE WRITTEN LAW

RWWA commenced operations on 1 August 2003 upon the promulgation of Racing and Wagering Western Australia Act 2003. The Act established RWWA as the controlling authority for Thoroughbred, Harness and Greyhound racing in Western Australia, together with the responsibility for off-course TAB wagering. Implementation of RWWA's responsibilities occurred in two stages. Effective 1 August, 2003, RWWA assumed to principle 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 Totaliser 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 regulate 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 2003, no Thoroughbred, Harness or Greyhound race for prize or reward (exceeding \$50 in value) may be held without a license from RWWA.

ENABLING LEGISLATION

The principle legislation governing RWWA is:

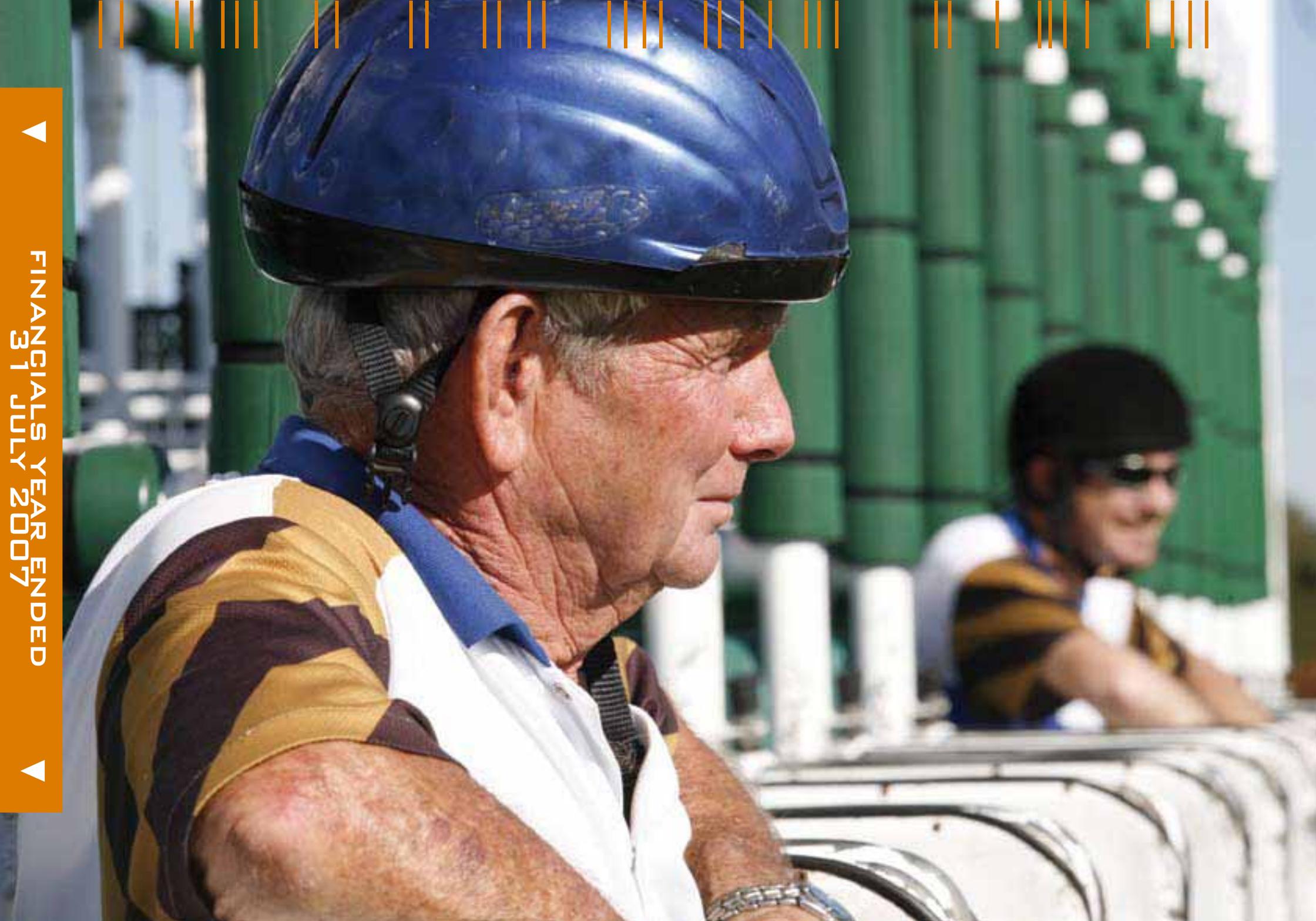
- Racing and Wagering Western Australia Act 2003
- Racing and Wagering Western Australia Tax Act 2003
- Racing Restriction Act 2003
- Gaming and Wagering Commission Act 1987
- Betting Control Act 1954.

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

- 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 and Securities) Act 1985

- Government Officers' Salaries, Allowances and Conditions Award 1989
- Industrial Relations Act 1979
- Minimum Conditions of Employment Act 1993 (W)
- Occupational Safety and Health Act 1984
- Public Interest Disclosure Act 2003
- State Superannuation Act 2000
- Superannuation Guarantee (Administration) Act 1992
- Unclaimed Money Act 1990
- Workplace Relations Amendment (Work Choices) Act 2005
- Workers Compensation and Rehabilitation Act 1981 (WA)
- Workplace Relations Act 1996 (Commonwealth)
- WorkChoices Legislation 2006 (Commonwealth).





▼ FINANCIALS YEAR ENDED 31 JULY 2007 ▼

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INCOME STATEMENT

[FOR THE YEAR ENDED 31 JULY 2007]

	Notes	2007 \$000	2006 \$000
INCOME			
Revenue			
Margin	2	226,023	205,346
Interest revenue		4,662	4,097
Other revenue	4	17,769	14,791
Gains			
Gains on disposals of non-current assets	5	18	491
Total Income		248,472	224,725
EXPENSES			
Expenses			
Cost of sales	3	61,335	57,540
Racing Services	6	12,965	12,133
Wagering Services	6	63,902	60,266
Support Services	6	23,113	18,022
Projects		3,262	1,589
Grants and subsidies	7	5,960	5,579
Distribution to racing and sports industries	8	91,235	83,545
Total Expenses		261,772	238,674
Profit/(Loss) before grants and subsidies from State Government		(13,300)	(13,949)
Grants and subsidies from State Government	2	20,281	20,380
Profit for the period		6,981	6,431

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



BALANCE SHEET

[AS AT 31 JULY 2007]

	Notes	2007	2006		Notes	2007	2006
		\$000	\$000			\$000	\$000
ASSETS				LIABILITIES			
Current Assets				Current Liabilities			
Cash and cash equivalents	21	73,295	73,740	Payables	17	19,291	19,598
Inventories	9	1,332	1,237	Provisions	18	2,663	2,459
Receivables	10	6,775	10,481	Other liabilities	19	10,713	11,470
Other current assets	12	2,022	2,191	Total Current Liabilities		32,667	33,527
Non-current assets classified as held for sale	13	769	0				
Total Current Assets		84,193	87,649	Non-Current Liabilities			
Non-Current Assets				Payables	17	307	307
Investments	11	558	352	Provisions	18	1,592	752
Other Non-current assets	12	466	0	Other liabilities	19	1,003	0
Property, plant and equipment	14	34,364	28,163	Total Non-Current Liabilities		2,902	1,059
Capital works in progress		11,496	2,829				
Intangible Assets	15	2,773	1,554	Total Liabilities		35,569	34,586
Total Non-Current Assets		49,657	32,898				
Total Assets		133,850	120,547	NET ASSETS		98,281	85,961
				EQUITY			
				Contributed equity		60,884	60,884
				Reserves		37,397	25,077
				Retained earnings		0	0
				TOTAL EQUITY	20	98,281	85,961

The Balance Sheet should be read in conjunction with the accompanying notes.



STATEMENT OF CHANGES IN EQUITY

[FOR THE YEAR ENDED 31 JULY 2007]

	Notes	2007 \$000	2006 \$000		Notes	2007 \$000	2006 \$000
Balance of equity at start of period		85,961	76,743	RETAINED EARNINGS			
CONTRIBUTED EQUITY				Balance at the start of period		0	0
Balance at the start of period		60,884	60,884	Result for the period		6,981	6,431
Contributions		0	0	Transfer to General Reserve		(6,981)	(6,431)
Distributions		0	0	Balance at the end of period		0	0
Balance at the end of period		60,884	60,884	Balance of equity at end of period	20	98,281	85,961
RESERVES				Total income and expense for the period		12,320	9,218
Asset revaluation reserve:							
Balance at the start of period		2,787	0				
Net revaluation increments/(decrements):							
Land		3,678	2,482				
Buildings		1,661	305				
Balance at the end of period		8,126	2,787				
General reserve:							
Balance at the start of period		22,290	15,859				
Transfer from Retained Earnings		6,981	6,431				
Balance at the end of period		29,271	22,290				
Balance of reserves at end of period		37,397	25,077				

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



CASH FLOW STATEMENT

[FOR THE YEAR ENDED 31 JULY 2007]

	Notes	2007 \$000	2006 \$000		Notes	2007 \$000	2006 \$000
CASH FLOW FROM OPERATING ACTIVITIES				CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts				Proceeds from sales of non-current assets			
Receipts from customers		1,458,745	1,286,034	Purchase of non-current assets		(16,332)	(6,551)
Interest received		4,744	4,097	Proceeds from sale of investments		0	0
GST receipts on sales		28,795	26,311	Purchase of investment		(206)	0
GST receipts from taxation authority		0	0	Net cash provided by/(used in) investing activities		(16,480)	(5,113)
Other receipts		21,968	0	CASH FLOWS FROM STATE GOVERNMENT			
Payments				GST reimbursement			
Customers		(1,292,164)	(1,098,486)	Net cash provided by State Government		20,281	20,380
Creditors		(68,527)	(87,317)	Net Increase/(decrease) in cash and cash equivalents			
Employee benefits		(24,186)	(20,909)	Cash and cash equivalents at the beginning of period		73,740	64,223
Distributions, Grants and Subsidies		(97,195)	(89,124)	CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	21	73,295	73,740
Interest paid		(45)	(45)				
GST payments on purchases		(9,069)	(7,794)				
GST payments to taxation authority		(19,759)	(18,517)				
Other payments		(7,554)	0				
Net cash provided by/(used in) operating activities	21	(4,247)	(5,750)				

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



NOTES TO THE FINANCIAL STATEMENTS [FOR THE YEAR ENDED 31 JULY 2007]

AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

General

The Authority's financial statements for the year ended 31 July 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Authority has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues group (UIG).

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by Treasurers' Instruction (TI) 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Authority for the annual reporting period ended 31 July 2007.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Statement

The financial statements constitute a general purpose financial report, which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

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

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land and buildings, which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The preparation of financial statements requires management to make judgements, estimates and

assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

Employee Benefits Provision

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

(c) Income

Revenue

Sales revenue represents revenue earned from the sale of goods and services net of returns, allowances and duties and taxes paid. Betting receipts are only recognised as revenue when the events to which they relate are finalised.

Interest

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

Unclaimed Dividends

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

Asset Disposals

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

Government Grants and Subsidies

The Western Australian Government provides reimbursement for GST paid on the operators' margin. Treasurers' instruction 1102 requires the GST reimbursement to be disclosed as a grant from the State Government.

(d) 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.



NOTES TO THE FINANCIAL STATEMENTS

[FOR THE YEAR ENDED 31 JULY 2007]

Parimutuel (Sports), Fixed Odds Betting

The tax rate for Parimutuel Sports turnover is 5.0%, Fixed Odds Betting (FOB) Sports 0.5% and FOB Racing 2.0%.

Parimutuel Racing

The tax rate for Parimutuel Racing turnover has been set at 5.0%. In February 2001 the State Government announced its intention to reduce the tax on Parimutuel Racing turnover to 4.5%. As an interim measure a 0.5% turnover tax rebate is applicable, which is an arrangement between the Department of Racing, Gaming and Liquor and the Department of Treasury and Finance.

From 1 July 2007 the tax on Parimutuel Racing turnover ceased. With the introduction of the RWWA Tax Amendment Act 2006, the tax on turnover has been replaced by a tax on gross profit (margin). The tax rate imposed by Section 4 is 11.91%. This rate was set partly as a consequence of the State Government decision not to reimburse RWWA for GST applicable to Parimutuel Racing Margin.

(e) Property, Plant and Equipment

Capitalisation/Expensing of assets

Items of property, plant and equipment costing over \$1,000 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 \$1,000 are expensed direct to the Income Statement (other than where they are considered to be an attractive items or 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

After recognition as an asset, the Authority uses the revaluation model for the measurement of land and buildings and the cost model for all other property, plant and equipment. 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 are carried at cost less accumulated depreciation and accumulated impairment losses.

Where market 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.

The revaluation of land and buildings is an independent valuation provided on an annual basis by Landgate (Valuation Services).

Depreciation

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

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

	2007	2006
Buildings	10 to 40 years	10 to 40 years
Motor vehicles	3.3 to 5 years	5 years
Equipment and Fittings	5 to 15 years	5 to 15 years
Leasehold Improvements	5 to 15 years	5 to 15 years
Software(a)	5 to 15 years	5 to 15 years

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

(f) Intangible Assets

Capitalisation/Expensing of assets

Acquisitions of intangible assets costing over \$1,000 and internally generated intangible assets costing over \$5,000 are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than \$1,000 (where purchased) and \$5,000 (where internally generated) are immediately expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially measured at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

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

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

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 annually. All intangible assets controlled by the Authority have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

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

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

Research and Development

Research costs are expensed as incurred. Development costs incurred for an individual project are carried forward and capitalised where the future recoverability can reasonably be regarded as assured.

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.



NOTES TO THE FINANCIAL STATEMENTS

[FOR THE YEAR ENDED 31 JULY 2007]

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.

(g) Impairment of Assets

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

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

(h) Non-Current Assets Classified as Held For Sale

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

(i) Leases

The Authority holds a number of operating leases for buildings and operating equipment. Rental payable under operating leases are charged to profit / loss on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

(j) Financial Instruments

The Authority has two categories of financial instrument:

- Loans and Receivables (includes cash and cash equivalents, receivables, term deposits); and
- Non trading financial liabilities (includes payables, unclaimed dividends, account betting deposits, agent deposits).

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.

(k) Cash and Cash Equivalents

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

(l) 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.

(m) 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. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority 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.

(n) Payables

Payables are recognised when the Authority 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.

(o) Provisions

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

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

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

When assessing expected future payments consideration is given to expected future wage and salary levels including non salary components such as employer superannuation contributions. In



NOTES TO THE FINANCIAL STATEMENTS [FOR THE YEAR ENDED 31 JULY 2007]

addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted to present value using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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

Superannuation

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

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

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

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

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

(ii) Provisions - Other

Employment On-Costs

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

Agency Incentive Scheme

Provision is made for the estimated liability at balance sheet date as determined by contractual obligations.

Interdominion Funding

Provision is made for the funding of the Interdominion in 2012. Estimates are based on expected future cash outflows.

National Funding

Provision is made for the funding of the Greyhound National in 2010. Estimates are based on expected future cash outflows.

(p) Superannuation Expense

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

(q) Accrued Salaries

Accrued salaries (refer note 19 'Other liabilities') represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(r) Goods and Services Tax

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

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

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

(s) 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 accounted for using the equity accounting principles and are carried at the lower of the equity accounted amount and the recoverable amount. The financial statements include the authority's share of the total recognised gains and losses on an equity accounted basis, from the date



NOTES TO THE FINANCIAL STATEMENTS

[FOR THE YEAR ENDED 31 JULY 2007]

that significant influence commences to the date that significant influence ceases.
Investments in associates are carried at cost less any charge for impairment.

(t) Comparative Figures

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

Initial application of an Australian Accounting Standard

The Authority has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods on or after 1 August 2006:

1. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The Authority does not currently undertake these types of transactions, resulting in no financial impact in applying the Standard.
2. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease' as issued in June 2005. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At balance sheet date, the authority has not entered into any arrangements as specified in the Interpretation, resulting in no impact in applying the Interpretation.
3. UIG Interpretation 9 'Reassessment of Embedded Derivatives'. This Interpretation requires an embedded derivative that has been combined with a non-derivative to be separated from the host contract and accounted for as a derivative in certain circumstances. At balance sheet date, the Authority has not entered into any contracts as specified in the Interpretation, resulting in no impact in applying the Interpretation.

The following Australian Accounting Standards and Interpretations are not applicable to the Authority as they have no impact or do not apply to not-for-profit entities:

AASB Standards and Interpretations

2005-1	'Amendments to Australian Accounting Standard' (AASB 139 – Cash flow hedge accounting)
2005-5	'Amendments to Australian Accounting Standard' [AASB 1 & AASB 139]'
2006-1	'Amendments to Australian Accounting Standard' [AASB 121]'
2006-3	'Amendments to Australian Accounting Standard' [AASB 1045]'

2006-4	'Amendments to Australian Accounting Standard' [AASB 134]'
2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraph 9
UIG 5	'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'
UIG 6	'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment'
UIG 7	'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'
UIG 8	'Scope of AASB 2'

Future impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Applications of Australian Accounting Standards and Other Pronouncements'. Consequently, the Authority has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The standard is considered to result in increased disclosures, both quantitative and qualitative of the Authority's exposure to risks, enhanced disclosure regarding components of the Authority's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The Authority does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
2. AASB 2005-10 'Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, & AASB 1038)'. The amendments are as a result of the issue of AASB 7 'Financial Instruments: Disclosures', which amends the financial instrument disclosure in these standards. The Authority does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
3. AASB 101 'Presentation of Financial Statements'. This Standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 'Presentation of Financial Statements' (as issued by the IASB) in respect of for-profit entities. The Authority is a not-for-profit entity and consequently does not expect any financial impact when the Standard is first applied.



NOTES TO THE FINANCIAL STATEMENTS [FOR THE YEAR ENDED 31 JULY 2007]

The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

4. AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (AASB 1, 2, 3, 4, 4, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 and 1038)'. This Standard introduces policy options and modifies disclosures. These amendments arise as a result of the AASB decision, that in principle, all options that currently exist under IFRSs should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment. The Department of Treasury and Finance has indicated that it will mandate to remove the policy options added by this amending Standard. This will result in no impact as a consequence of application of the Standard. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
5. AASB 2007-5 'Amendment to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities (AASB 102)'. This amendment changes AASB 102 'Inventories' so that inventories held for distribution by not-for-profit entities are measured at cost, adjusted when applicable for any loss of service potential. The Authority does not have any inventories held for distribution so does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
6. AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease [revised]'. This Interpretation was revised and issued in February 2007 to specify that if a public-to-private service concession arrangement meets the scope requirements of AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007, it would not be within the scope of Interpretation 4. At balance sheet date, the Authority has not entered into any arrangements as specified in the Interpretation or within the scope of Interpretation 12, resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.
7. AASB Interpretation 12 'Service Concession Arrangements'. This Interpretation was issued in February 2007 and gives guidance on the accounting by operators (usually a private sector entity) for public-to-private service concession arrangements. It does not address the accounting by grantors (usually a public sector entity). It is currently unclear as to the application of the Interpretation to the Authority if and when public-to-private concession arrangements are entered into in the future. At balance sheet date, the Authority has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods.
8. AASB Interpretation 129 'Service Concession Arrangements: Disclosures [revised]'. This Interpretation was revised and issued in February 2007 to be consistent with the requirements in AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007. Specific disclosures about service concession arrangements entered into are required in the notes accompanying the financial statements, whether as a grantor or an operator. At balance sheet date,

the Authority has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

The following Australian Accounting Standards and Interpretations are not applicable to the Authority as they will have no impact or do not apply to not-for-profit entities:

AASB Standards and Interpretations

AASB 8	'Operating Segments'
AASB 1049	'Financial Reporting of general Government Sectors by Governments'
AASB 2007-1	'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraphs 1 to 8
AASB 2007-3	'Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
AASB 2007-6	'Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]'. This standard was issued on 14 June 2007 and applies to annual reporting periods beginning on or after 1 January 2009.
AASB 2007-7	'Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]'. This standard was issued on 28 June 2007 and applies to annual reporting periods beginning on or after 1 July 2007.
Interpretation 10	'Financial Reporting and Impairment'
Interpretation 11	'AASB 2 – Group and Treasury Share Transactions'



NOTES TO THE FINANCIAL STATEMENTS

[FOR THE YEAR ENDED 31 JULY 2007]

	2007	2006
	\$000	\$000
2 Margin		
Margin on Turnover inclusive of GST	248,249	225,726
Goods and Services Tax	(22,226)	(20,380)
	226,023	205,346
Reimbursed Goods and Services Tax	20,281	20,380

The Goods and Services Tax (GST) is not applied to the consumption of gambling services. It is however, applied to the operators' 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 operators' margin. Effective from 1 July 2007 the RWWA Tax Amendment Bill 2006 removes the GST reimbursement on Parimutuel Racing. The GST Reimbursement continues to apply for Fixed Odds Betting and Parimutuel Sports

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

3 Cost of Sales		
Tax on turnover	65,256	63,877
Tax rebate	(6,470)	(6,337)
Tax on margin	2,549	0
	61,335	57,540
4 Other Revenue		
External settlement recoup	1,867	1,672
Recoup accounts	10,240	8,061
Unclaimed dividends (Racing)	5,662	5,058
	17,769	14,791

	2007	2006
	\$000	\$000
5 Net gain/(loss) on disposal of Property, Plant and Equipment		
Costs of disposal of non-current assets		
Property, Plant & Equipment and Vehicles	40	947
Proceeds from Disposal of non-current assets		
Property, Plant & Equipment and Vehicles	58	1,438
	18	491
6 Racing, Wagering and Support Services		
Employee Benefit Expense	24,835	20,917
Depreciation and Amortisation Expense	4,774	3,885
Finance Costs	45	44
Supplies and Services	41,717	37,649
Advertising and Promotions	13,337	12,728
Communications	5,644	5,414
Accommodation	4,941	5,129
Other Expenses	4,687	4,655
	99,980	90,421
7 Grants and subsidies		
Grants	4,443	3,904
Other subsidies	1,273	1,569
Unclaimed monies (Sports)	244	106
	5,960	5,579



NOTES TO THE FINANCIAL STATEMENTS

[FOR THE YEAR ENDED 31 JULY 2007]

	2007	2006
	\$000	\$000
8 Distributions to Racing and Sports Industries		
Thoroughbreds	52,888	47,836
Harness	25,422	23,845
Greyhounds	11,300	10,315
Sports	1,625	1,549
	91,235	83,545
9 Inventories		
Current		
Inventories not held for resale:		
At Cost:		
Tickets	909	875
Terminal parts	421	357
Inventories held for resale:		
At Cost:		
Clothing	2	5
	1,332	1,237
10 Receivables		
Current		
Receivables	5,210	7,573
Other Debtors	1,570	2,913
Provision for Doubtful Debts	(5)	(5)
	6,775	10,481

	2007	2006
	\$000	\$000
11 Investments		
Non Current		
At cost:		
Unlisted Shares	358	352
Associates	200	0
	558	352

Details of interests in associates are as follows:

Name	Place of incorporation and operation	Proportion of ownership interest		Proportion of voting power held		Principle activity
		2007	2006	2007	2006	
CFM Pty Ltd	Australia	50%	0	50%	0	Broadcaster of Race Vision

The financial statements of CFM Pty Ltd for the year ended 30 June 2007 are unaudited and have not been approved by its Board.

There have been no distributions of profit post-acquisition of CFM. Additionally, there has not been any significant movement in net assets from the date of purchase.

In these circumstances it is considered to be misleading to apply the equity method of accounting and incorporate CFMs financial information in these accounts.



NOTES TO THE FINANCIAL STATEMENTS

[FOR THE YEAR ENDED 31 JULY 2007]

	2007	2006
	\$000	\$000
12 Other Assets		
Current		
Prepayments	2,022	2,191
	2,022	2,191
Non Current		
Prepayments	466	0
	466	0
13 Non current assets classified as held for sale		
Opening balance		
Freehold land	0	0
Buildings	0	0
	0	0
Assets reclassified as held for sale		
Freehold land	733	0
Buildings	36	0
	769	0
Closing balance		
Freehold land	733	0
Buildings	36	0
	769	0

Two freehold properties currently occupied by agencies are in the process of being sold. The authority has accepted an Offer of Purchase for each property. The sale transactions are expected to be completed during the 2008 year following the relocation of the two agencies.

	2007	2006
	\$000	\$000
14 Property, Plant & Equipment		
Freehold land		
At fair value	17,978	15,033
Accumulated impairment losses	0	0
	17,978	15,033
Buildings		
At fair value	7,176	5,169
Accumulated depreciation	(1,247)	(848)
Accumulated impairment losses	0	0
	5,929	4,321
Leasehold improvements		
At cost	4,868	4,664
Accumulated amortisation	(2,557)	(1,476)
Accumulated impairment losses	0	0
	2,311	3,188
Motor Vehicles		
At cost	1,697	1,591
Accumulated depreciation	(1,019)	(591)
Accumulated impairment losses	0	0
	678	1,000
Equipment and Fittings		
At cost	12,546	7,786
Accumulated depreciation	(5,078)	(3,165)
Accumulated impairment losses	0	0
	7,468	4,621
	34,364	28,163

Freehold land and buildings were revalued as at 1 July 2006 by Landgate (Valuation Services). The fair value of all land and buildings has been determined by reference to recent market transactions.



NOTES TO THE FINANCIAL STATEMENTS

[FOR THE YEAR ENDED 31 JULY 2007]

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

	Freehold land	Buildings	Leasehold Improvements	Motor Vehicles	Equipment and Fittings	Total
2007	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	15,033	4,321	3,188	1,000	4,621	28,163
Additions		397	204	201	4,789	5,591
Transfers						0
Disposals				(22)	(18)	(40)
Classified as held for sale	(733)	(36)				(769)
Revaluation increments	3,678	1,661				5,339
Impairment losses						0
Impairment losses reversed						0
Depreciation		(414)	(1,081)	(501)	(1,924)	(3,920)
Carrying amount at end of year	17,978	5,929	2,311	678	7,468	34,364
2006	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	11,245	4,397	4,299	1,307	4,188	25,436
Additions	1,899	(13)	2	341	2,473	4,702
Transfers		138	76		(277)	(63)
Disposals	(593)	(128)	(431)	(187)	(114)	(1,453)
Classified as held for sale						0
Revaluation increments	2,482	305				2,787
Impairment losses						0
Impairment losses reversed						0
Depreciation		(378)	(758)	(461)	(1,649)	(3,246)
Carrying amount at end of year	15,033	4,321	3,188	1,000	4,621	28,163



NOTES TO THE FINANCIAL STATEMENTS

[FOR THE YEAR ENDED 31 JULY 2007]

	2007	2006		2007	2006
	\$000	\$000		\$000	\$000
15 Intangible Assets					
Computer software			Domain names		
At cost	4,814	2,765	Carrying amount at start of year	0	0
Accumulated amortisation	(2,065)	(1,211)	Additions	25	0
Accumulated impairment losses	0	0	Transfers (from Fixed Assets)	0	0
	2,749	1,554	Revaluation increments	0	0
Domain names			Impairment losses recognised in Income Statement	0	0
At cost	25	0	Impairment losses reversed in Income Statement	0	0
Accumulated amortisation	(1)	0	Disposals	0	0
Accumulated impairment losses	0	0	Amortisation	(1)	0
	24	0	Carrying amount at end of year	24	0
	2,773	1,554			
Reconciliation			16 Impairment of Assets		
Computer software			There were no indications of impairment to property, plant and equipment and intangible assets at 31 July 2007		
Carrying amount at start of year	1,554	1,467	The authority held no intangible assets with an indefinite useful life during the reporting period.		
Additions	2,049	667	No surplus assets are held by the authority as at 31 July 2007.		
Transfers (from Fixed Assets)	0	63			
Revaluation increments	0	0			
Impairment losses recognised in Income Statement	0	0			
Impairment losses reversed in Income Statement	0	0			
Disposals	0	(4)			
Amortisation	(854)	(639)			
Carrying amount at end of year	2,749	1,554			
			17 Payables		
			Current		
			Trade Payables	8,810	10,259
			Unclaimed dividends and refunds	4,717	4,142
			Account betting deposits	4,952	4,393
			Agents deposits and property bonds	812	804
				19,291	19,598
			Non Current		
			Payables	307	307



NOTES TO THE FINANCIAL STATEMENTS

[FOR THE YEAR ENDED 31 JULY 2007]

	2007	2006
	\$000	\$000
18 Provisions		
Current		
Employee benefits provision		
Annual Leave (a)	1,536	1,416
Long Service Leave (b)	757	896
	2,293	2,312
Other provisions		
Employment on-costs (c)	140	147
Agency Incentive Scheme (d)	230	0
	370	147
	2,663	2,459
Non Current		
Employee benefits provision		
Long Service Leave (b)	1,234	566
Other provisions		
Employment on-costs (c)	78	36
Interdominion Funding (e)	230	150
Nationals Funding (f)	50	0
	358	186
	1,592	752

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

Within 12 months of balance sheet date	1,131	1,043
More than 12 months after balance sheet date	405	373
	1,536	1,416

	2007	2006
	\$000	\$000
(b) Long service leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of balance sheet date	108	79
More than 12 months after balance sheet date	1,883	1,383
	1,991	1,462

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

(d) As part of the negotiations of the 2006 Assignable Business License (ABL) agreement with the TAB Agents' Association an incentive scheme has been developed. Incentive payments of the amount provided for are expected to be made in 2008. The associated expense is included under 'Supplies and Services' at Note 6.

(e) Provision is made for the Interdominion, an annual Harness event which is rotated throughout Australia and New Zealand. It is held in Western Australia once every 8 years and is next scheduled for 2012. The associated expense, apart from the unwinding of the discount (finance cost), is included under 'Distributions to Racing and Sports Industries' (Harness) at Note 8.

(f) Provision is made for the Greyhound National, an annual event which is rotated throughout Australia. It is held in Western Australia every 6 years and is next scheduled for 2010. The associated expense, apart from the unwinding of the discount (finance cost), is included under 'Distributions to Racing and Sports Industries' (Greyhounds) at Note 8.

Movements in Other provisions

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

Employment on-cost provision

Carrying amount at start of year	183	200
Additional provisions recognised	1,400	1,232
Payments/other sacrifices of economic benefits	(1,365)	(1,249)
Carrying amount at end of year	218	183



NOTES TO THE FINANCIAL STATEMENTS

[FOR THE YEAR ENDED 31 JULY 2007]

	2007	2006
	\$000	\$000
Agency Incentive Scheme provision		
Carrying amount at start of year	0	0
Additional provisions recognised	230	0
Payments/other sacrifices of economic benefits	0	0
Carrying amount at end of year	230	0
Interdominion Funding provision		
Carrying amount at start of year	150	75
Additional provisions recognised	80	75
Payments/other sacrifices of economic benefits	0	0
Carrying amount at end of year	230	150
Nationals Funding provision		
Carrying amount at start of year	0	0
Additional provisions recognised	50	0
Payments/other sacrifices of economic benefits	0	0
Carrying amount at end of year	50	0
19 Other liabilities		
Current		
Accrued expenses	10,295	11,470
Deferred Income	418	0
	10,713	11,470
Non Current		
Deferred Income	1,003	0
	1,003	0

	2007	2006
	\$000	\$000
20 Equity		
Contributed equity		
Balance at the start of the year	60,884	60,884
Contributions	0	0
Distributions	0	0
Balance at the end of the year	60,884	60,884
Reserves		
Asset revaluation reserve		
Balance at the start of the year	2,787	0
Net revaluation increments/(decrements):		
Land	3,678	2,482
Buildings	1,661	305
Balance at the end of the year	8,126	2,787
General reserve		
Balance at the start of the year	22,290	15,859
Transfer from Retained Earnings	6,981	6,431
Balance at the end of the year	29,271	22,290
Balance of reserves at end of the year	37,397	25,077
Retained earnings		
Balance at the start of the year	0	0
Result for the period	6,981	6,431
Transfer to General Reserve	(6,981)	(6,431)
Balance at the end of the year	0	0
General reserve		

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



NOTES TO THE FINANCIAL STATEMENTS

[FOR THE YEAR ENDED 31 JULY 2007]

	2007	2006
	\$000	\$000
21 Notes to the Statement of Cash Flow		
Cash at bank earns interest at floating rates based on daily bank deposit rates.		
Short-term deposits are made for varying periods of between one and three months, depending upon the immediate cash requirements of RWWA, and earn interest at the respective short-term deposit rates.		
Reconciliation of cash		
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash and cash equivalents		
Cash at bank	13,900	8,191
Cash on hand	28	18
Short-term deposits	59,367	65,531
	73,295	73,740
Reconciliation of profit to net cash flow provided by operating activities		
Profit for the period	6,981	6,431
Non cash items:		
Depreciation and amortisation expense	4,774	3,885
Doubtful debts expense		
Net (gain)/loss on sale of property, plant and equipment	(18)	(491)
(Increase)/decrease in assets:		
Current receivables	3,706	(5,982)
Current inventories	(95)	298
Prepayments / Accrued Income	(297)	(595)
Increase/(decrease) in liabilities:		
Trade creditors	(890)	9,346
Other creditors	583	544
Other liabilities	246	1,128

	2007	2006
	\$000	\$000
Annual leave and long service leave provisions	649	8
Other current provisions	395	58
Grants and Subsidies from State Government	(20,281)	(20,380)
Net cash provided by/(used in) operating activities	(4,247)	(5,750)

22 Financial Instruments

Financial Risk Management

Financial Instruments held by the authority are cash and cash equivalents, short-term deposits, receivables, investments and payables. The authority has limited exposure to financial risks.

Credit Risk

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 authority's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Liquidity Risk

The authority has appropriate procedures to manage cash flows by monitoring forecast cashflows to ensure that sufficient funds are available to meet its commitments.

Interest Rate Risk

The authority to interest rate risk is limited because it does not have any borrowings.

Foreign Currency Risk

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



NOTES TO THE FINANCIAL STATEMENTS

[FOR THE YEAR ENDED 31 JULY 2007]

Financial Instrument Disclosures

Interest Rate Risk Exposure

The following table details the authority's exposure to interest rate risk as at the balance sheet date:

	Weighted Average Effective Interest Rate %	Variable Interest Rate	Fixed Interest Rate Within 1 year	Fixed Interest Rate More than 5 years	Non Interest Bearing	Total
2007	Rate %	\$000	\$000	\$000	\$000	\$000
Financial Assets						
Cash and cash equivalents	6.37	13,900	59,367	0	28	73,295
Receivables					6,775	6,775
		13,900	59,367	0	6,803	80,070
Financial Liabilities						
Payables					18,793	18,793
Agent deposits	5.78			805		805
		0	0	805	18,793	19,598
2006						
	Rate %	\$000	\$000	\$000	\$000	\$000
Financial Assets						
Cash and cash equivalents	5.98	8,191	65,531	0	18	73,740
Receivables					10,481	10,481
		8,191	65,531	0	10,499	84,221
Financial Liabilities						
Payables					19,105	19,105
Agent deposits	5.25			730	70	800
		0	0	730	19,175	19,905



NOTES TO THE FINANCIAL STATEMENTS

[FOR THE YEAR ENDED 31 JULY 2007]

	2007	2006
	\$000	\$000
23 Commitments		
Capital Commitments		
Commitments in relation to capital expenditure contracted for at the reporting date but not recognised in the financial statements as liabilities are payable as follows:		
Within one year	12,549	3,581
Later than one year but not later than five years	29,729	0
Later than five years	0	0
	42,278	3,581
The capital commitments include amounts for:		
Replacement of Bet Engine	28,616	0
Customer Information Terminals and communications upgrade	7,613	0
Other miscellaneous capital projects	6,049	3,581
	42,278	3,581
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised in the financial statements as liabilities are payable as follows:		
Within one year	2,283	2,590
Later than one year but not later than five years	5,709	5,960
Later than five years	1,525	1,155
	9,517	9,705
Representing:		
Cancellable operating leases	0	0
Non-cancellable operating leases	9,517	9,705
Future finance charges on finance leases	0	0
	9,517	9,705

	2007	2006
	\$000	\$000
The non-cancellable operating lease commitments include amounts for:		
Property	9,057	8,790
Computer and office equipment	460	915
	9,517	9,705
Expenditure Commitments		
Other expenditure commitments (ie Projects) contracted for at the reporting date but not recognised as liabilities, are payable as follows:		
Within one year	3,928	1,330
Later than one year but not later than five years	6,067	0
Later than five years	0	0
	9,995	1,330
24 Contingent Liabilities		

A \$2.9M claim has been received in relation to an alleged breach of licence agreement. Any liability has been denied and the legal claim will be defended in the Federal Court.

25 Events occurring after the balance sheet date

The outbreak of Equine Influenza (EI) in New South Wales and Queensland is not expected to have a material impact upon the the financial results of the authority in 2007/8.



NOTES TO THE FINANCIAL STATEMENTS

[FOR THE YEAR ENDED 31 JULY 2007]

	2007	2006
	\$000	\$000
26 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:		
\$20,001 - \$30,000	7	7
\$40,001 - \$50,000		1
\$50,001 - \$60,000	1	
The total remuneration of Members of the Accountability Authority is:	246	239

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

Remuneration of Senior Officers

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

\$60,001 - \$70,000	1	1
\$150,001 - \$160,000		1
\$160,001 - \$170,000		2
\$180,001 - \$190,000	1	1
\$190,001 - \$200,000	1	
\$200,001 - \$210,000	1	
\$210,001 - \$220,000		1
\$220,001 - \$230,000	1	1
\$250,001 - \$260,000	1	
\$280,001 - \$290,000	1	
\$380,001 - \$390,000		1
\$450,001 - \$460,000	1	
The total remuneration of senior officers is:	1,876	1,556

No senior officers are members of the Pension Scheme.

	2007	2006
	\$000	\$000
27 Remuneration of Auditor		
Remuneration payable to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	93	93
28 Supplementary Financial Information		
Bad Debts Written off	9	2



NOTES TO THE FINANCIAL STATEMENTS

[FOR THE YEAR ENDED 31 JULY 2007]

29 Schedule of Income and Expense by Service

	Racing		Wagering		Unallocated		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
INCOME								
Revenue								
Margin			226,023	205,346			226,023	205,346
Interest revenue			558	596	4,104	3,501	4,662	4,097
Other revenue	4,952	4,257	12,130	10,101	687	434	17,769	14,792
Gains on disposals of non-current assets				0	18	491	18	491
Total Income	4,952	4,257	238,711	216,043	4,809	4,426	248,472	224,725
EXPENSES								
Cost of sales			61,335	57,540			61,335	57,540
Racing Services	12,965	12,133					12,965	12,133
Wagering Services			63,902	60,266			63,902	60,266
Support Services					23,113	18,022	23,113	18,022
Projects	258	273	289	315	2,715	1,001	3,262	1,589
Grants and subsidies	4,688	4,010	1,272	1,569			5,960	5,579
Distribution to racing and sports industries	89,610	81,996			1,625	1,549	91,235	83,545
Total Expenses	107,521	98,412	126,798	119,690	27,453	20,572	261,772	238,674
Profit/(Loss) before Grants and Subsidies	(102,569)	(94,155)	111,913	96,352	(22,644)	(16,146)	(13,300)	(13,949)
Grants and subsidies from State Government (GST Reimbursement)			20,281	20,380			20,281	20,380
Profit/(Loss) for the period	(102,569)	(94,155)	132,194	116,732	(22,644)	(16,146)	6,981	6,431



NOTES TO THE FINANCIAL STATEMENTS

[FOR THE YEAR ENDED 31 JULY 2007]

30 Explanatory Statement

	Comment	2007 Actual \$000	2007 Budget \$000	2006 Actual \$000
Revenue				
Margin	(1)	226,023	224,177	205,346
Interest Revenue	(2)	4,662	3,040	4,097
Other Revenue	(3)	17,769	16,161	14,791
Gains				
Gains on disposals of non-current assets		18	326	491
Total Income		248,472	243,704	224,725
Expenses				
Cost of sales		61,335	61,979	57,540
Racing services	(4)	12,965	14,865	12,133
Wagering Services	(4)	63,902	65,372	60,266
Support Services	(4)	23,113	24,696	18,022
Projects	(5)	3,262	8,495	1,589
Grants and subsidies	(6)	5,960	4,126	5,579
Distribution to racing and sports industries	(7)	91,235	90,052	83,545
Total Expenses		261,772	269,585	238,674
Grants and subsidies from State Government (GST reimbursement)		20,281	22,418	20,380
Profit for the period		6,981	(3,463)	6,431

Comment

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

(1) Turnover increased \$30.7M (2.1%) over budget and \$157.7M (11.9%) over last year. The margin is directly linked to turnover and consequently displays a similar growth rate over last year.

(2) The increase in interest revenue is mainly due to the increase in cash holding due to higher revenue and lower than budgeted project expenditure. Spending on a number of large projects has been deferred to the 2008 year as a result of resource constraints.

(3) The rise in other revenue is due to a number of factors including a higher level of unclaimed dividends relating to increased turnover and unbudgeted income derived from the renegotiation of TAB Agency Contracts.

(4) Although in the 2007 year turnover exceeded budget, expenses remained within budget. Both turnover and expenses increased when compared against the prior year. The largest increases in Wagering, Racing and Support Services included: Direct Wagering Costs (primarily Agency Commission) \$4.1M; Staff Costs \$3.9M; Depreciation and Amortisation \$0.9M.

(5) Although lower than budgeted, the level of project activity has escalated when compared with prior years. Resource constraints continue to impact on the delivery of projects.

(6) Grants totalling \$8.5M were issued to the Racing Industry during the year. The RWWA funded portion was \$4.4M and the majority of these grants were allocated to metropolitan clubs. The remaining \$4.1M was funded by the WA Government (not shown in Income Statement) and distributed throughout the state for the development of country clubs. An additional \$1.5M was paid out by RWWA in subsidies and unclaimed monies.

(7) The significant increase of \$7.7M in Distributions over 2006 is reflective of RWWA's commitment to increased industry funding.



CERTIFICATION OF FINANCIAL STATEMENTS [FOR THE YEAR ENDED 31 JULY 2007]

The accompanying financial statements of Racing and Wagering Western Australia have been prepared in accordance 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 2007 and the financial position as at 31 July 2007.

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



Ross Gregory Bowe
Chairman

15 October 2007



James Malcolm Fremantle
Deputy Chairman

15 October 2007



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

15 October 2007



KEY PERFORMANCE INDICATORS

Agency Level Government Desired Outcomes and Key Effectiveness 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		2007 Actual	2007 Budget	2006 Actual	2005 Actual
1	Margin	\$000	226,023	224,177	205,346	187,066
2	Number of Bets Processed	'000	200,734		191,027	184,201
3	Operating Profit (excluding the profit from sale of assets) before distribution to codes.	\$000	98,198	86,263	89,485	77,531
4	Distribution to Industry	\$000	91,235	90,052	83,545	66,576
5	Grants to Industry (RWWA Funded)	\$000	4,443	3,391	4,010	8,945
	Grants to Industry (WA Government Funded)	(a)	\$000	4,091	7,102	4,329
	Number of Clubs and allied bodies assisted (Combined Funding)		No.	34	23	42
6	% of Winners Swabbed / Returned Negative	(b)				
	Thoroughbreds		%	99.9	99.4	99.4
	Harness		%	99.4	99.7	99.9
	Greyhounds		%	99.9	99.9	99.5
	Average number of starters in WA Races (Excludes non-TAB Meetings)	(c)				
	Thoroughbreds		No.	10.3	10.1	10.4
	Harness		No.	10.3	10.1	9.7
	Greyhounds		No.	8.0	7.8	7.8
7	Staff (FTE)	(d)	No.	339	350	314
8	Margin per employee		\$000	667	641	654
9	Profit per employee		\$000	290	246	285
10	Return on assets (Operating profit as a percentage of total assets)		%	73.4	70.8	74.2
11	Primary Betting System availability		%	99.99	99.96	99.99



Agency Level Government Desired Outcomes and Key Effectiveness Indicators ...cont

Comments

- 1 Turnover increased by 2.1% over the budget and 11.9% over last year. The increased growth was achieved across all the codes.
- 3 Increased contribution from turnover was offset by increases in costs and project spending.
- 4 RWVA's distribution policy to the Racing codes provided a record 9.2% over the prior year.
- 5 A total of \$8.5M in Grants was provided to the Industry in 2007. A further \$6.3M of Government Grants will be spent in 2008. These figures do not take into account other Industry Funding on RWVA owned assets (\$1.8M in 2007).
- 7, 8, 9 From 2006 the FTE indicator includes permanent Contractors. As contractor numbers for the 2005 year are unavailable, the Margin per employee and Profit per employee for that year are overstated and not comparative.
- 10 A significant increase of assets primarily driven by the revaluation of properties in 2007 and an active capital works program has resulted in a reduction in the Return on Assets.

Above performance indicators are grouped as follows:

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

Note

- (a) This indicator addresses the development aspect of the racing industry
- (b) This indicator addresses the integrity aspect of the racing industry
- (c) This indicator addresses the welfare aspect of the racing industry
- (d) The FTE represents the full year average.



CERTIFICATION OF KEY PERFORMANCE INDICATORS

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of Racing and Wagering Western Australia (RWVA) and fairly represent the performance of RWVA for the financial year ended 31 July 2007.



Ross Gregory Bowe
Chairman

15 October 2007



James Malcolm Fremantle
Deputy Chairman

15 October 2007



OPINION OF THE AUDITOR GENERAL



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

RACING AND WAGERING WESTERN AUSTRALIA FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 31 JULY 2007

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

The financial statements comprise the Balance Sheet as at 31 July 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

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

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

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

Racing and Wagering Western Australia

Financial Statements and Key Performance Indicators for the year ended 31 July 2007

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of Racing and Wagering Western Australia at 31 July 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by Racing and Wagering Western Australia 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; and
- (iii) the key performance indicators of Racing and Wagering Western Australia are relevant and appropriate to help users assess Racing and Wagering Western Australia's performance and fairly represent the indicated performance for the year ended 31 July 2007.

COLIN MURPHY
AUDITOR GENERAL
15 October 2007

