

# Racing and Wagering Western Australia **ANNUAL REPORT 2008**

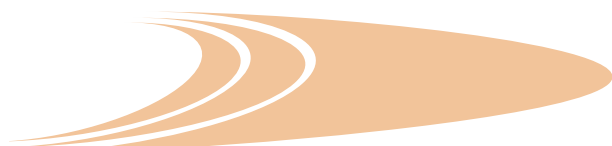




## **Racing & Wagering Western Australia**

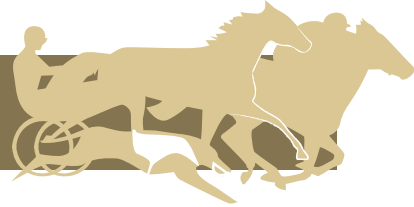
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**RACING AND WAGERING  
WESTERN AUSTRALIA**

# STATEMENT OF COMPLIANCE



**For the Year Ended 31 July 2008**

**To the Hon Terry Waldron, MLA**

**Minister for Sport and Recreation, Racing and Gaming, Minister Assisting on Country Health**

In accordance with Section 61 of the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament, the annual report of Racing and Wagering Western Australia for the year ended 31 July 2008.

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.

A blue ink signature of James Malcolm Freemantle, consisting of a large, stylized 'J' and 'M' followed by a smaller 'F'.

James Malcolm Freemantle

**Deputy Chairman**

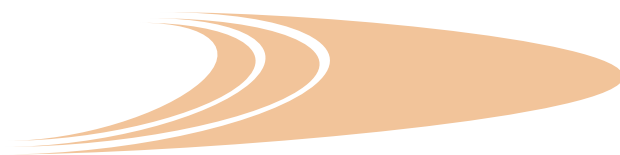
13 October 2008

A blue ink signature of Ronald James McFarlane, featuring a large, stylized 'R' and 'J' followed by 'M' and 'F'.

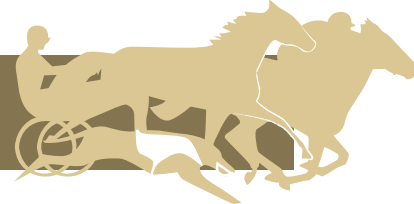
Ronald James McFarlane

**Board Member**

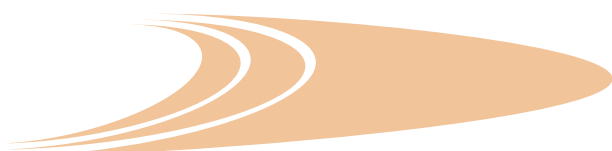
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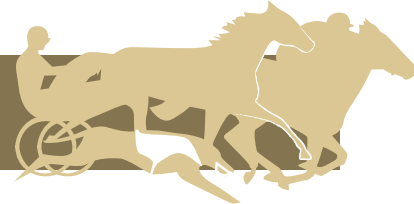


**RACING AND WAGERING  
WESTERN AUSTRALIA**

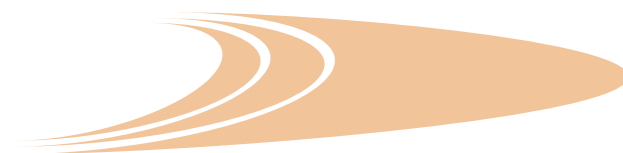


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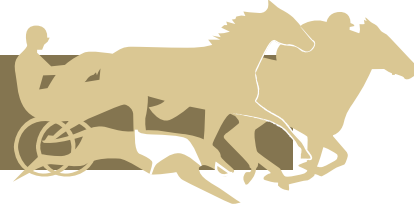




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## EXECUTIVE SUMMARY

### CHAIRMAN'S REPORT

I am pleased to present the Racing and Wagering (RWWA) Annual Report for 2007/2008.

RWWA again distributed a record level of funding to the State's racing industry. In total \$107.4M was provided to the three codes in the form of stakes, capital grants, subsidies and participant payments. This represented an increase of \$12.1M or 12.7% over 2006/2007.

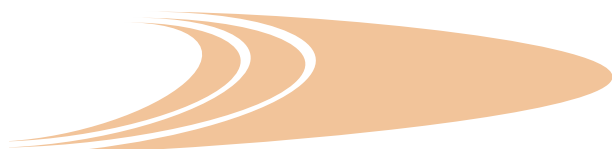
The past year was unprecedented with events never seen before in Australia adversely influencing RWWA's performance, the financial affect of which will have an ongoing impact.

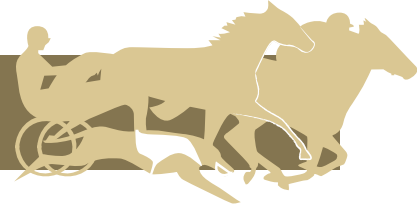
In late August 2007 shortly after the commencement of the financial year, Equine Influenza (EI) was detected at the AQIS quarantine facility at Eastern Creek in New South Wales. Within hours racing events were being cancelled and standstill orders enacted and within days complete containment and eradication controls were being implemented around Australia. EI was to turn out to be an eleven month period of disruption for the racing industry, most severely felt in New South Wales and Queensland where equine industry participants were affected.

Whilst the EI virus was successfully kept out of Western Australia, the State's racing participants were nevertheless impacted by the disease particularly in relation to movement conditions of horses between states. It is appropriate to recognise the cohesive approach that Western Australia's equine stakeholders took during the outbreak. RWWA took a lead role together with racing and recreational equine groups and key relevant Government Departments to ensure efficient communication with all stakeholders to facilitate appropriate action. The State Government generously contributed \$1.2M towards various initiatives to ensure WA was kept EI free, including funding for media, veterinary supplies and an isolation facility.

In March 2008, the High Court of Australia made invalid Western Australian Legislation relating to the licensing and use of betting exchanges in Western Australia. The decision has had far reaching implications nationally and impacts RWWA's ongoing competitiveness. It heightens the need to maintain effective controls over racing integrity and RWWA has taken steps to ensure access and monitoring of betting activity by betting exchanges.

The emergence of race-fields legislation is a significant national issue for the racing industry. Whilst legislation was in place in Victoria throughout 2007, the introduction of new legislation in New South Wales in July 2008 will financially impact RWWA and the state's racing industry going forwards. The progressive introduction of legislation around Australia including Western Australia, spells the end of the historical 'gentlemen's agreement' that has existed for decades. Whilst the intention of the legislation is to ensure all users of race-fields contribute towards the cost of providing the racing product, there will be a new cost to the state's racing industry of approximately \$4-5M per annum as the wagering business generates 75% of its revenues from interstate events on which a new product fee will progressively apply.





As part of a three year programme commencing in 2006, RWWA is currently investing heavily in its wagering operations with the planned redevelopment of its core betting systems, self service and operator wagering terminals, communications networks and business continuity facilities. The programme which will wind down in 2009 will provide key strategic benefits including reduced costs, operational efficiencies and new customer service facilities.

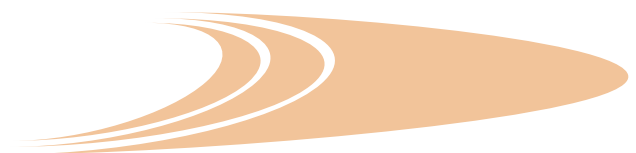
RWWA continues to face significant challenges as the principal funding arm of the Western Australian racing industry. The competitive landscape continues to intensify in Australia with the growth of corporate bookmakers and betting exchanges threatening funding of racing. The introduction of Western Australia product fees under race-fields legislation is aimed at assisting this issue but as previously highlighted, the introduction of product fees will lead to a new cost to Western Australian racing.

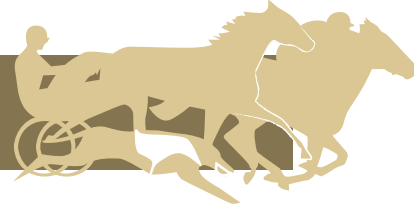
It is important to note the projected returns to racing from corporate bookmakers and betting exchanges are modest compared to the State owned TAB. RWWA through its TAB operations returned in excess of 7.0% of turnover or \$109.4m to racing in 2007/2008. This is an important statistic stakeholders need to recognise when considering the ongoing development and welfare of Western Australian racing.

Finally, I would like to thank my fellow Board members for their continued professional contribution to the governance and strategic direction of the business. I also want to acknowledge the solid performance of the management and staff of RWWA under the leadership of incoming CEO Mr Richard Burt for the delivery of very positive results for 2007/2008 - a very challenging year.

Ross Bowe

**Chairman**





## CEO'S REPORT

Recognising the events of 2007/2008 were overshadowed by the outbreak of EI, the operational and financial performance of RWWA continued to improve on prior years with record revenue growth, distribution payments and grants to the racing industry, investment in strategic wagering infrastructure and a positive net profit result.

Whilst turnover and margin grew a modest 2.5% and 3.2% respectively over the previous corresponding period due to the impact of EI, RWWA responded quickly to the loss of racing by winding back its indirect overheads and prioritising key infrastructure projects. Long term strategic projects such as the replacement of its mainframe betting system, roll out of customer information terminals and upgrade of the TAB communications network were all progressed. Other lower priority projects were put on hold pending the final financial impact of EI being understood.



In addition to savings, RWWA's financial performance was aided by the one off \$3.5M EI insurance payment by RWWA's insurers, cover for which will not be available in future years.

RWWA made payments of \$102.9M in racing distributions, \$1.7M in sports distributions, \$3.5M in grants and \$1.27M in subsidies. In addition 2007 was the final year of the Government's \$20M regional infrastructure program which saw the revitalisation of many country racing clubs tracks and facilities. Over the past four years, RWWA together with the government's regional grants program contributed a total of \$32M towards Western Australian racing infrastructure. Whilst this commitment went a long way to addressing the sub standard facilities at racetracks, there is still considerable investment required in racing infrastructure around the State in order for racing to deliver a modern entertaining and competitive product.

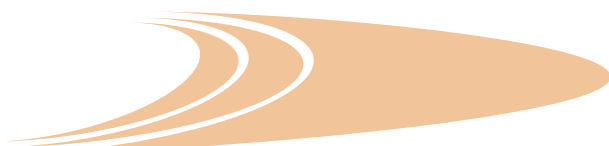
A number of significant issues occurred in 2007/2008 which impacted upon RWWA's operational performance and future strategic planning.

## Economy

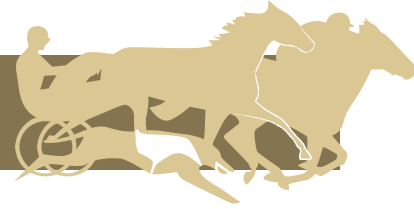
The Australian and Western Australian economies experienced considerable change in 2007/2008. The financial year commenced with a solid economic outlook and high consumer sentiment but quickly deteriorated as a result of increased interest rates and the US sub-prime mortgage market collapse. RWWA's TAB operations are strongly influenced by consumer confidence and disposable income, both of which were negatively impacted in the second half of the year limiting potential growth following the return to racing in NSW and QLD.

## Competition

The market nationally is experiencing intensified competition for the wagering dollar with the growth of corporate







bookmakers in the Northern Territory, the emergence of betting exchanges in Australia and the aggressive behaviour of totalisators to expand their reach beyond their traditional state geographic boundaries. Corporate bookmakers based in the Northern Territory have become the largest threat to funding of racing in Australia. Since 1998, the NT bookmakers have grown their turnover base from \$1.7B to \$4.4B\* much of which has been transferred from traditional tote markets, the major funding arm of the Australian racing industry. To counter this loss of market, RWWA is introducing innovative strategies at a product and channel level to tackle the competitive threat to ensure sustainable funding growth for the Western Australian racing industry.

## Race-Fields Legislation

Whilst legislation licensing the publication of race fields has been in place for several years in Victoria and Western Australia, the introduction of the Racing Legislation Amendment Act (NSW) has effectively brought to an end the ability of wagering operators to publish NSW race-fields without contributing financially to that state's racing industry. Similar legislation is being drafted in all other states whereby all wagering operators in Australia will be paying for the right to bet on interstate racing product. RWWA in cooperation with the Western Australian Government is amending its current Race-fields legislation to achieve the same outcome. The financial impact to RWWA is expected to be \$16M with the figure reducing to approximately \$4-5M annually once Western Australian product fees are introduced. Even though product fees will negatively impact RWWA and the racing industry in Western Australia, their introduction nationally is seen as necessary method to secure funding for the racing industry as a whole.

## Outlook

Even though the economic, competitive and regulatory environments are changing rapidly creating significant challenges for the business, the outlook for the racing industry in Western Australia is positive.

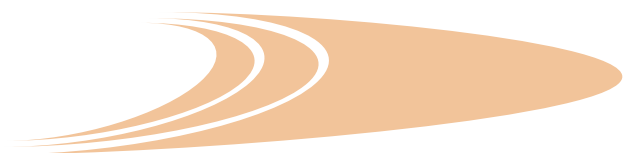
RWWA will continue to build upon a successful base from its first five years of operation with the aim of improving the sustainable development of the industry into the future.

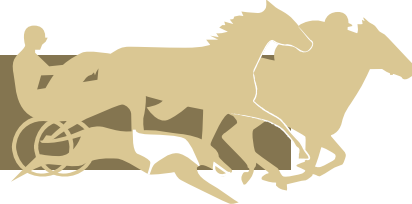
In conclusion, I would like to take this opportunity to thank the management and staff of RWWA, TAB Agents, and Racing Industry Officials for the strong contribution made during 2007/2008.

Richard Burt

**Chief Executive Officer**

\*Source: NT Gambling Statistics 2006/2007





## OPERATIONAL STRUCTURE

### ENABLING LEGISLATION

RWWA commenced operations on 1 August 2003 upon the promulgation of Racing and Wagering Western Australia Act 2003. The act established RWWA as the controlling authority for Thoroughbred, Harness and Greyhound racing in Western Australia, together with the responsibility for off-course TAB wagering. Implementation of RWWA's responsibilities occurred in two stages. Effective 1 August 2003, RWWA assumed the principal club/controlling authority responsibilities of the Western Australian Turf Club, Western Australian Trotting Association and Western Australian Greyhound Racing Authority.

On 30 January 2004, the Totalisator Agency Board Betting Act 1960 was repealed and RWWA assumed responsibility for the conduct of off-course TAB wagering. The Racing and Wagering Western Australia Regulations 2003 were enacted to establish key employee licensing procedures relating to RWWA's wagering activities and to include those provisions of the Totalisator Agency Board (Betting) Regulations 1988 needed to control RWWA wagering activities. To complement the formation of RWWA, the Betting Control Board, established under the Betting Control Act 1954, was abolished and its functions transferred to the Gaming Commission of Western Australia, which was re-titled the Gaming and Wagering Commission of Western Australia. Hence, the Gaming and Wagering Commission, under the Gaming and Wagering Commission Act 1987, now 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 Australian Tax Act 2003; and the Racing Restriction Act 2003. Under the Racing Restriction Act, no Thoroughbred, Harness or Greyhound race for prize or reward (exceeding \$50 in value) may be held without a licence from RWWA.

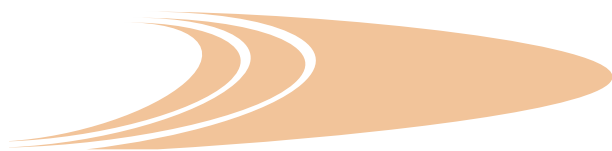
### RESPONSIBLE MINISTER

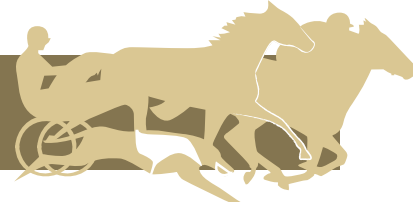
The Hon Terry Waldron MLA (Minister for Sport & Recreation, Racing and Gaming, Minister assisting on Country Health) is the Minister responsible for Racing and Wagering Western Australia.

### MISSION

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

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.



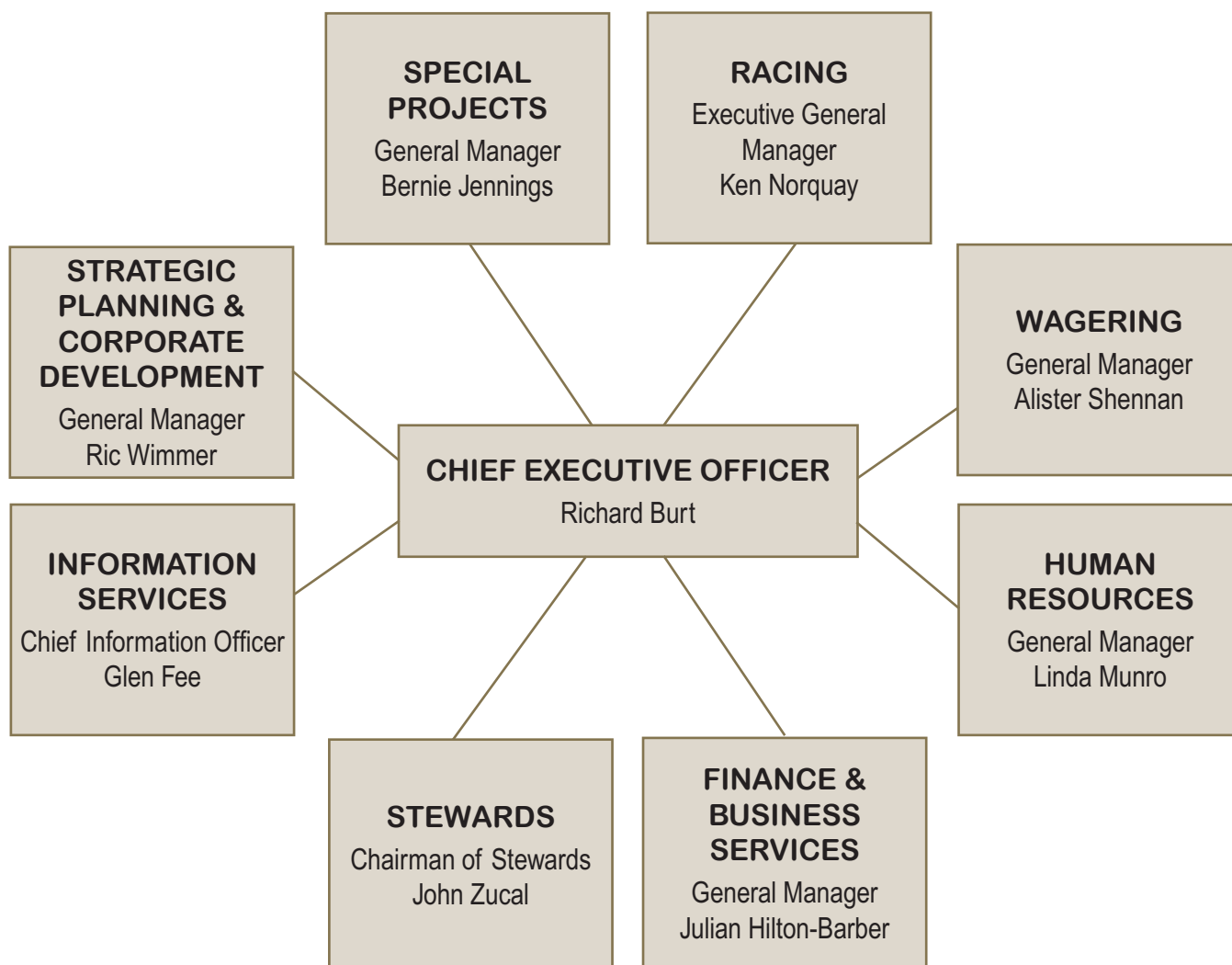


## ORGANISATION STRUCTURE

The Chief Executive Officer reports to the Board.

## OPERATING STRUCTURE

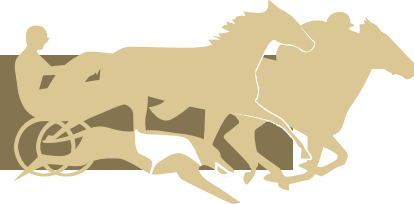
The organisational structure of RWWA is based on a corporate model comprising of a number of divisions which oversee the varying activities of the organisation. The executive managers of each division report to the Chief Executive Officer who is responsible to the RWWA Board for the day-to-day operations.



### Wagering

This division is responsible for providing customers with an efficient, comfortable and conveniently located retail network, as well as internet, phone and IVR electronic channels.





It is responsible for agency supply, including tickets, agent recruitment and training, retail outlet maintenance, property leasing, agent licenses and contracts, operating the agent help desk as well as race day operations with race day control. The division also assists with product development and associated marketing.

## **Special Projects**

This division develops projects to support and improve wagering initiatives. Currently the division is focused on a number of areas to improve performance in the retail agency network through technology upgrades, distribution expansion opportunities and site presentation.

## **Racing**

The Racing division is responsible for racing operations including fixture planning, racing systems and information maintenance, handicapping and grading, programming, stakes supervision, vision contracts, industry consultation, club support and promotion, racing industry development, control of industry training venues and participant training, major event support, club licensing and audits as well as the management of vision services and the overall strategic direction of the racing industry in Western Australia. The division also encompasses media, marketing and communication services.

## **Stewards**

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

## **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.

## **Strategic Planning and Corporate Development**

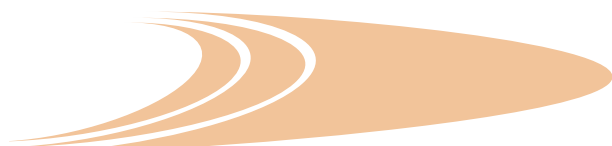
This division is responsible for strategic planning and development of the organisation as well as management of corporate information, business analysis and decision support. It also develops and orchestrates racing industry strategies for each code that lead to long-term sustainability of the industry. The division is also responsible for major business initiatives, including new product development.

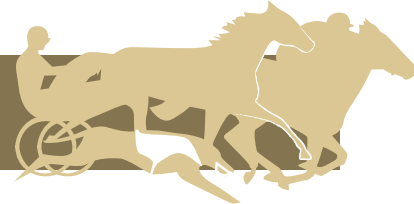
## **Finance and Business Services**

This division is responsible for financial management and strategy, business services, risk and business continuity systems management, wagering compliance, audit and legal matters.

## **Human Resources**

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





## RACING AND WAGERING WESTERN AUSTRALIA BOARD

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

A board of directors constituted as follows governs RWWA:

- Chairperson appointed by the responsible Minister
- One person nominated by eligible thoroughbred racing industry bodies
- One person nominated by eligible harness racing industry bodies
- One person nominated by eligible greyhound racing industry bodies
- Four persons selected by a selection panel for their expertise, including expertise in management, finance, business or commerce, information technology, including one person with knowledge of and experience in regional development.

Each member of the board is appointed to serve for a period of up to three years.

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.

### Board Members

Mr Ross Gregory Bowe (Chairman)

First appointed 1 August 2003.

Mr James Malcolm Freemantle (Deputy Chairman)

First appointed 20 October 2003.

Mr Ross Alan Cooper

Nominated by Harness Racing Industry Bodies. First appointed 1 August 2003.

Mr Ronald James McFarlane

First appointed 1 August 2003.

Mr Geoffrey Alfred Martin

Nominated by Greyhound Racing Industry Bodies. First appointed 1 August 2003.

Mr Michael James Ryan

First appointed 1 August 2003.

Mr Ian Frederick Taylor

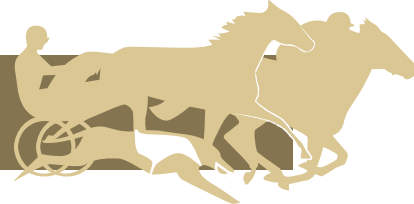
Has expertise in Regional Development. First appointed 1 August 2003.

Mr Robert Charles Pearson

Nominated by Thoroughbred Racing Industry Bodies. First appointed 1 August 2003.







**Seated Row** (left to right): Mr James Freemantle, Mr Ross Bowe, Mr Ross Cooper.  
**Standing Row** (left to right): Mr Mike Ryan, Mr Ian Taylor, Mr Robert Pearson, Mr Geoff Martin, Mr Ronald McFarlane.

## Board Committees

The Board has established committees to oversee various functions of the organisation and industry. These committees have delegated authority to perform certain functions and exercise powers of the Board. The formal committees of the Board, their terms of reference and membership are listed below:

### *Integrity Assurance Committee*

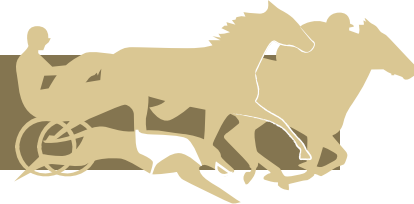
The function of this committee is to oversee such matters as Stewards, drug testing, licensing and handicapping and racing appeals. It is also responsible for audit and compliance matters, including wagering compliance.

- Mr James Malcolm Freemantle (Chairman)
- Mr Ian Frederick Taylor (Deputy Chairman)
- Mr Ronald James McFarlane
- Mr Michael James Ryan
- Mr Ross Gregory Bowe (ex-officio)
- Mr Richard Burt (Deputy)

### *Racing Operations Committee*

This committee is responsible for the racing functions of RWWA. Its responsibilities include consulting with industry bodies, programming and racing dates, loans, grants and distributions.





- Mr Robert Charles Pearson (Chairman)
- Mr Ross Alan Cooper (Deputy Chairman)
- Mr Ronald James McFarlane
- Mr Ian Frederick Taylor
- Mr Geoffrey Alfred Martin
- Mr Ross Gregory Bowe (ex-officio)
- Mr Richard Burt (Deputy)

## LEGISLATION

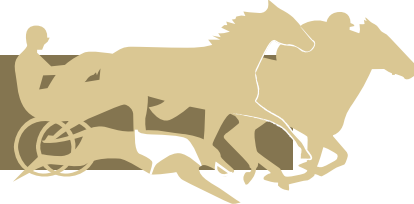
The principal legislation governing RWWA is:

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

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

- Anti-Money Laundering and Counter Terrorism Financing Act 2006
- Copyright Act 1968 (Commonwealth)
- Corruption and Crime Commission Act 2003
- Clerk (Racing Industry Betting) Award 1987
- Criminal Code Act 1913 (WA) and Criminal Code Act 1995 (Commonwealth)
- Electoral Act 1907
- Equal Opportunity Act 1984
- Financial Management Act 2006
- Freedom of Information Act 1992
- Gaming and Betting (Contract Securities) Act 1985
- Government Officers' Salaries, Allowances and conditions Award 1989
- Industrial Relations Act 1979
- Minimum Conditions of Employment Act 1993 (WA)
- 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)
- Work Choices Legislation 2006 (Commonwealth)





## RACING - OPERATIONS AND DISTRIBUTION

With the exception of the EI impact on racing opportunities during August 2007, the Racing Division of RWWA provided the industry participants across the three codes with optimal race meeting opportunities during the 2007/2008 racing season.

The racing calendar comprised 880 race meetings, consisting of 301 metropolitan race dates, four more than in 2007, whilst 579 race meetings were conducted in provincial and country venues across the three racing codes.

The Western Australian jurisdiction produced 72,607 starters with 7,678 individual horses/greyhounds starting in races.

The Distribution Model adopted by RWWA for 2007/2008 was a significant refinement of the previous years' models. Major changes were introduced to the racing calendar, with additional country and provincial race meetings and races, increased SKY vision slots and increases in Base and Feature Stakes funding allocated by RWWA to the 57 clubs operating throughout the State benefiting industry participants.

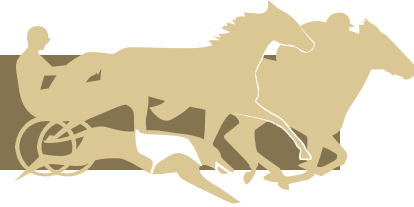
The clubs, across the three codes, provided \$77.5M in stakemoney, in excess of \$5M contributed by the clubs from "top-ups" made possible from their own operational incomes.

Total distribution to the industry rose from \$89.6M in 2007/2008 to \$102.9M during the period in review. Of the \$13.3M distribution increase, \$5.2M was paid to clubs and the remaining \$8.1M 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:

- Club distribution being primarily incentive and performance based, to financially assist in defraying clubs' vision, promotional and maintenance expenditures.
- Introduction of a payment to local clubs based on a percentage of the interstate totalisator wagering investments on their WA race meetings.
- A significant increase in payments to clubs which conduct training, based on starters produced.
- A Product Fee paid on the amount of turnover invested through oncourse totalisator activity.
- Owners' Incentive Payment (OIP) increase in outlying venues for unplaced runners.
- Increased starter subsidies for industry participants across the three codes, including jockeys and drivers.
- 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.
- Increased stakemoney allocation to SKY vision midweek harness meetings.
- An annual contribution to the Greyhounds-As-Pets program.
- An annual contribution to the WA Harness Racing Spider Fund.





## Components of Distribution Funding 07-08

	Participants Funding Paid to Clubs	Club Funding Paid	Total Distribution paid to Clubs	Total Return to Participants	Return to Participants as % of distribution to clubs
Thoroughbreds	52,372,403	8,482,840	60,855,243	57,059,537	93.8%
Harness	23,926,797	5,291,409	29,218,206	24,267,723	83.1%
Greyhounds	8,751,450	4,116,285	12,867,735	8,805,985	68.4%
Total	85,050,650	17,890,534	102,941,184	90,133,245	87.6%

Notes: All data for period 03-Aug-2007 - 31-Jul-2008

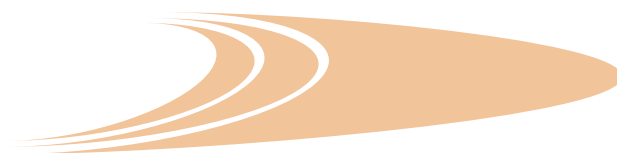
Three code consultative groups continued to meet quarterly and provided opportunities to exchange and discuss industry views and for important industry feedback to RWWA on racing issues. These groups, representing the interests of industry associations, clubs and participants, meet with the RWWA Directors and senior management to provide an important communication on racing operational policy and issues.

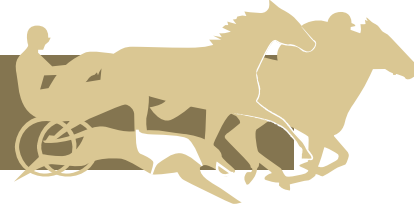
RWWA is represented at many national forums. RWWA's Thoroughbred Director Mr Bob Pearson, continued his role as Chairman of the Australian Racing Board (ARB) during the period under review. RWWA also holds office on Harness Racing Australia (HRA) represented by Director Mr Ross Cooper.

RWWA is also represented by senior management on the ARB, HRA, 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).

RWWA has continued its strong and harmonious relationship with SKY Channel, gaining additional vision coverage of our local product. Greyhound race meetings received additional vision opportunities during the EI period, whilst WA equine product was also in demand during the period impacting racing in New South Wales and Queensland.

An important aspect of the relationship with SKY Channel was the introduction of International Rights Fees for the three WA codes of racing, where contractual arrangements permit SKY Channel to beam local races around the world. This initiative earned over \$184K for the clubs across the three codes, an amount which is destined to increase further in future years.





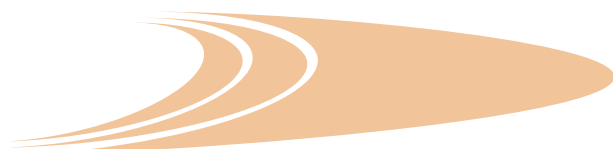
## WA Statistics 2007/2008

Code	Course Class	No. Race Meetings Held	No. Races Held	No. Starters	Average No. Starters per Race	Individual Horses/ Greyhounds Raced
<b>Thoroughbreds</b>		<b>295</b>	<b>2,235</b>	<b>21,985</b>	<b>9.8</b>	<b>3,621</b>
	Metro	89	738	7,426	10.1	
	Provincial	135	1,062	11,317	10.7	
	Country	71	435	3,242	7.5	
<b>Harness</b>		<b>298</b>	<b>2,361</b>	<b>23,384</b>	<b>9.9</b>	<b>2,145</b>
	Metro	106	956	10,093	10.6	
	Country	192	1,405	13,291	9.5	
<b>Greyhounds</b>		<b>287</b>	<b>3,484</b>	<b>27,238</b>	<b>7.8</b>	<b>1,912</b>
	Metro	106	1,250	9,732	7.8	
	Provincial	154	1,937	15,185	7.8	
	Country	27	297	2,321	7.8	
<b>All Codes</b>		<b>880</b>	<b>8,080</b>	<b>72,607</b>	<b>9.0</b>	<b>7,678</b>

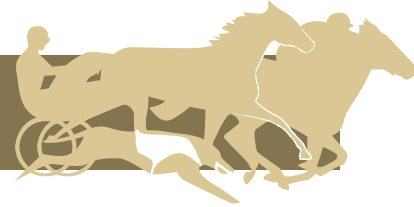
Notes: All data for period 03-Aug-2007 - 31-Jul-2008. Does not include fully abandoned meetings.

Provincial venues include Albany (T), Bunbury (T), Geraldton (T), Kalgoorlie (T), Mandurah (G), Mt Barker (T), Narrogin (T), Northam (T), Pinjarra (T) and York (T).

Thoroughbreds and Harness include non-TAB meetings.







## RACING - DEVELOPMENT

The 2007/2008 racing season marked another busy year for capital works and infrastructure development and completed the final year of the former Labor Government's 2005 pledge to provide \$20M for the redevelopment of country and regional racecourses during the first two years of their term in office. RWWA added \$5M to this amount to fulfill its three year plan for these country racing and training venues.

### Integrity and Vision

It is a continuing objective of the Racing Development business unit, with the assistance of the Stewards' Division, to continue to improve steward and camera vision at all racecourses throughout the State. Health and safety of employees engaged to provide these services is also relevant and progress has been made towards providing vision towers that are ergonomically designed specifically to meet Stewards' and camera operators' needs and comply with Australian Standards. A total of \$325K was spent in the past year on improvements to towers with major work being undertaken at the Bunbury Trotting Club, Northam Harness Racing Club, Harvey Trotting Club and the Pinjarra Harness Racing Club. Golden Mile Trotting Club, Albany Racing Club, Kalgoorlie Boulder Racing Club and York Racing were also allocated funding to carry out minor vision and racing integrity improvements. The overall expenditure throughout 2007/2008 on integrity and vision amounted to almost \$400K.

### Training Centres

Lark Hill Thoroughbred Training Complex, which received almost \$5.3M in grant funding, continued its transformation to become a 'Training Centre of Excellence' for thoroughbred racing. The complex plays an important role in the training of horses in the State, as well as hosting 26 trial meetings annually.

Grants were allocated for major infrastructure upgrades which will accommodate future growth of the complex. The construction of an amenities building, including toilets and change rooms for jockeys and trackwork riders, was completed and will be commissioned later in 2008. The building has public and disabled toilets and a small meeting room to cater for visitors to the venue.

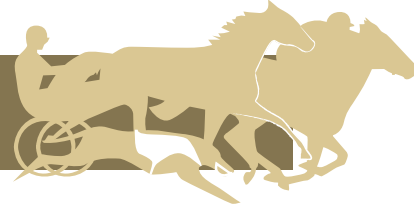
Track lighting was a major improvement project for the venue, which improves the safety oncourse for users and enables access as early as 4.00am. Lighting levels are now consistent at 50 Lux, setting a benchmark standard for other thoroughbred training centres around the nation.

Construction has been completed on a second bank of stalls, two swab boxes, a veterinary room and a sand roll yard.

The Byford Trotting Training Centre (BTTC) underwent major operational change during the period. The Club's volunteers experienced difficulties in managing the complex, as costs and standards requirement for the training of horses steadily increased. As of 1 August 2008, RWWA will take over the operational management of the tracks and facilities, however the Club will continue to conduct trials and work within the local community to maintain support and assist future development.

At a meeting with the BTTC Membership held in June 2008, RWWA acknowledged the effort of the Byford harness





racing community in the important role they play in the landscape of the harness code. The positive relationships established since taking over the management of the track and facilities will ensure this also is developed as a 'Training Centre of Excellence' for the harness code in WA.

RWWA has commenced planning for future oncourse developments and will commence an industry consultation process in 2008/2009 to help formulate a 'master plan' for Byford. \$63K was spent on the Stage 1 redevelopment work to complement the \$130K allocated in the previous year.

## Racing Operations

Assisting race clubs to operate their increasingly expensive training operation and race meetings has again been provided by the Racing Division through a support role by the Development team. Helping clubs provide the higher degree of safety at race meetings has been a major objective in the past 12 months and over \$5.2M of industry funds was made available to primary and secondary tier thoroughbred and harness clubs in 2007/2008. \$2.8M of this funding was assigned to Perth Racing to meet the shortfall costs of Ascot track development completed in 2005.

Further development of Geraldton's Utakarra Racecourse was achieved by expending \$662K on various projects at that venue. A major project was also commenced at the Northam Harness Racing Club with its new horse stalls set to be completed in late 2008. Over \$200K was expended on this project in the period, with total grant funding of \$900K approved.

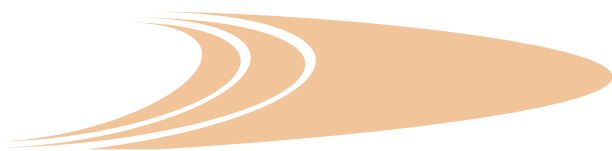
Since 2005, the Pinjarra Park racecourse has received \$3.5M in funding, for which the industry will derive a major benefit as the new track will provide WA with a quality venue located near to the metropolitan area which is capable of conducting an expanded racing season.

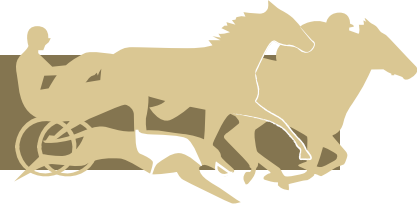
The Albany Race Club received a grant of \$420K to upgrade its irrigation system. The decommissioned system was troublesome and the risk of break-down jeopardised the Club's annual summer season. A total of \$840K has been expended at the Albany Race Club under the Government's Racing Infrastructure Grants Program.

Community level thoroughbred clubs at Moora and Wyndham, as well as the Geraldton and Wagin harness clubs, all received grants from the Community Racing Funding Assistance Programme. These grants were issued for a range of uses, including minor track upgrades, fencing and running rail and general repairs to facilities. Leonora, Leinster and Laverton Race Clubs received a combined grant of \$28K to help fund a new track conditioner to be shared by the three clubs. Guildford Trotting Training Club and Wanneroo Trotting Training Club received funding towards the purchase of machinery. The total committed to community grants in 2007/2008 was \$132K.

## New Initiatives

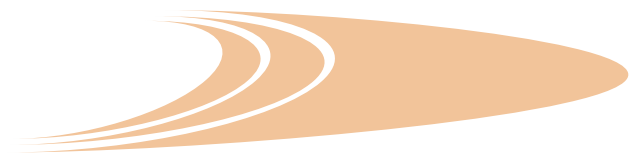
A new initiative commenced in 2008 for the track managers at non-metropolitan SKY Channel Clubs in both the thoroughbred and harness codes. RWWA representatives met with these managers bi-monthly for 'Professional Development Workshops' to share ideas on the industry and how collectively we can work for the mutual benefit of the wider industry sectors. This process will assist RWWA and the clubs in meeting the needs of industry participants and customers. Topics discussed included race scheduling, risk management, media relations, training and marketing.

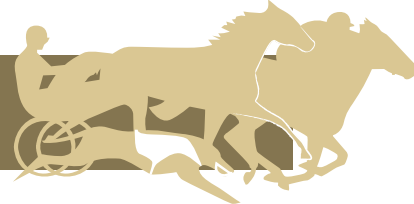




The merger of the Narrogin Harness Racing Club and the Narrogin Race Club to form Narrogin Race and Pace Inc, the first dual code racing club in Western Australia, was achieved with support from RWWA. The merger will offer better utilisation of financial and human resources, and particularly volunteer labour. RWWA will continue to investigate opportunities to streamline the racing business and the many obvious advantages to mergers, amalgamations, co-operatives and shared services.

The Racing Development business unit continued to conduct regular visits to country and regional race clubs. This provided opportunities for clubs' administration and committees to discuss items of interest and issues with RWWA personnel. RWWA took these opportunities to review and confirm that grants funding had been appropriately expended and conducted venue audits on various aspects of the clubs' operational and capital works projects and existing infrastructure.



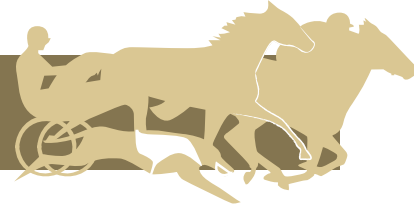


## RACING - THOROUGHBREDS

### Major activities in relation to Thoroughbred racing

- RWWA provided race clubs with payments for stakes, subsidies and owners incentives of \$49M.
- The Westspeed scheme provided owners and breeders with an additional \$3.2M in bonuses. This very successful scheme was expanded in February 2008 to increase the bonus amounts payable at metropolitan midweek and provincial meetings. A further "first win" initiative was also approved by the Board for implementation on 1 August 2008.
- Race clubs conducted a total of 295 race meetings (including non-TAB meetings) and paid \$53.8M in stakes, subsidies and owners incentive payments for the season, representing a 9% increase on the previous year. The Western Australian thoroughbred race clubs paid a total of \$48.7M in stakemoney.
- TAB wagering on Western Australian thoroughbred racing exceeded \$218M, however this was down 1.7% from the \$220M in the prior year. Seven less meetings were conducted, including 2 Saturday metropolitan fixtures when compared to the previous season, due to the suspension of racing during August 2007 as a result of the national horse standstill following the Eastern States Equine Influenza outbreak and extreme wet weather during July 2008.
- Interstate wagering on the Western Australian thoroughbred product reached \$619M, an increase of \$86M on the previous year.
- Magic Millions conducted a very successful yearling sale in February, recording an aggregate for the premier sale of \$16.3M (up 21%) and the average price increased to \$51K, representing an increase of 10% of the previous year's sale. A record 39 yearlings sold for six figure prices.
- Perth Racing conducted another successful Ascot Summer Racing Carnival on 24 November, 1 and 8 December 2007, although participation from interstate stables was not possible due to government import restrictions during the Equine Influenza incident in New South Wales and Queensland. Oncourse attendance and wagering increased on the previous season with \$2.5M wagered over the two Group One days, representing a 4% increase on the previous year.
- 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. Chloe Chatfield was crowned the Nagmart Rising Star for 2007 at the Annual Apprentices Awards function on 22 October 2007.
- The introduction of Ratings Based Programming from 1 August 2007.





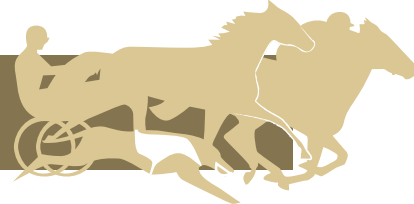
## RACING - HARNESS

### Major activities in relation to Harness racing

- RWWA provided harness racing clubs with payment for stakes (including Sires Series funding), subsidies and Owners Incentive Payments of \$21.5M.
- RWWA paid out \$998K in WestBred bonuses.
- Harness race clubs conducted 298 race meetings and 2,361 races, which provided 23,384 racing opportunities for 2,145 individual horses. The total stakes paid by WA harness clubs during the period in review amounted to \$20.4M.
- TAB wagering on WA harness product was \$77M, 7.7% up from \$71.5M in 2006/2007.
- Interstate wagering on the WA harness product reached \$146M, an increase of \$26.2M on the previous year.
- Western Australian Trotting Association and Fremantle Harness Racing Club conducted a successful Summer Carnival in January, featuring the two Group One events - the WA Pacing Cup and Fremantle Cup respectively. Comparison of wagering is difficult due to the races being conducted in March the previous year.
- In association with the 2008 InterDominion series, RWWA selected Stephen Reed to represent Western Australia in the Australasian Young Drivers' Championship Series in Victoria. Stephen demonstrated his ability by driving 92 winners (including a WA Group One winner), 87 seconds and 94 thirds for stakes of \$692K for the season.
- The establishment of the Harness Handicapping Sub-Committee, which includes three industry representatives.
- The completion of the review of the breeding incentive schemes (WestBred and State Sires Series), with the recommendation that the two schemes combine and become a mares based scheme (WestBred).
- Further improvement in the SKY coverage of WA harness racing with the telecast of additional country Friday night product in conjunction with Gloucester Park, with promising results in terms of wagering turnover. SKY has agreed to continue the coverage of an additional 29 country Friday night fixtures receiving selected event SKY coverage in 2008/2009.





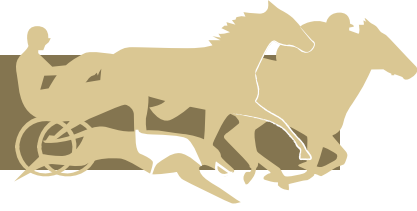


## RACING - GREYHOUNDS

### Major activities in relation to Greyhound racing

- RWWA provided the Western Australian Greyhound Racing Association (WAGRA) with Base and Feature Stake funding of nearly \$8.3M, up from \$7.6M in the previous year and WAGRA paid out this full amount.
- WAGRA conducted a record 3,484 races at 287 meetings, which provided 27,238 racing opportunities for 1,912 individual greyhounds that raced during the year.
- WESTCHAS\$E Incentive Scheme bonuses totalled \$461K (up 30.3%) in a year of strong performances by WA bred greyhounds across all eligible race types up to and including Group 2 level for the first time.
- Total TAB turnover on greyhound racing grew by 19.1% to \$378.8M, largely assisted by the EI outbreak, which saw additional greyhound meetings broadcast on SKY Channel to provide wagering product during the crisis. Greyhound market share of total pari-mutuel wagering finished the year at 26.4%, up from 22.6% the year prior.
- TAB turnover on local greyhound racing reached \$59.6M (up 5.8%).
- Interstate wagering on the Western Australian greyhound product reached \$91.5M, an increase of \$16M on the previous year.
- The SKY Channel vision contract was varied during the year, which saw the deletion of Tuesday night vision from Mandurah effective September 2007, however this was replaced with selected event coverage of the Thursday night meeting in conjunction with UK and South African thoroughbreds.
- Additional vision gains were made later in the year when SKY Channel agreed to introduce selected event coverage of the last four races from Northam on Monday afternoon and the reinstatement of selected coverage of Mandurah Tuesday nights. In a first for the greyhound code in WA, all weekly local greyhound meetings obtained either selected event or full coverage on SKY Channel from May 2008.
- TAB turnover on Quartets on greyhound racing grew by a staggering 189% from \$10.8M to \$31.3M during the period, the highest increase in any pool type and code. The gains came as a result of the retention of Quartets on all greyhound races which were first offered during the EI crisis. Turnover was also driven by the introduction of the Greyhound Quartet "Happy Hour" on Thursday evenings and weekly jackpots on selected events on other major wagering nights.
- In a major achievement for greyhound racing nationally, the establishment of a National Data Repository (NDR) was signed off by all members of the code's peak body, Greyhounds Australasia. The NDR will contain all greyhound and person details at a national level and be accessible by all jurisdictions for regulatory use.
- The two major events in local greyhound racing – New Year's Eve and Perth Cup Night, were major success stories again in 2007/2008.





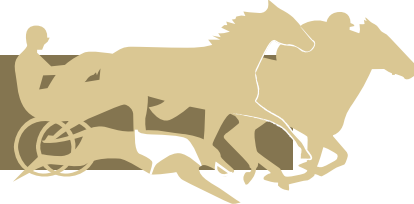
A record crowd of 5,961 patrons attended the New Year's Eve meeting setting a new oncourse turnover benchmark of \$195K for that meeting.

An excellent crowd of 4,760 attended Perth Cup Night, which was promoted again as a free entry family night. Both on and offcourse turnover were only marginally down on the significant records set the year prior.

New 642m and 715m track records at Cannington were set by the Tasmanian-trained littermates FALLEN ZORRO and CHINATOWN LAD during the Perth Cup Carnival.

- WAGRA continued negotiations in relation to their long term tenure at Cannington and the exercising of a second 30-year term on the lease for the venue, with a final decision required by July 2009. Uncertainty remained at year end, with other potential venues for the future home of metropolitan greyhound racing still being evaluated.

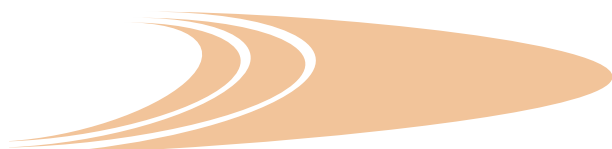


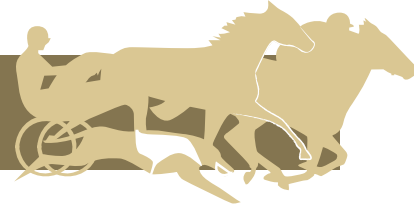


## RACING - SELECTED GROUP RACES

### RESULTS OF WESTERN AUSTRALIAN SELECTED GROUP RACES

THOROUGHBREDS						
RACE	VENUE	STAKEMONEY	WINNER	AGE/SEX	JOCKEY	TRAINER
RAILWAY STAKES	ASCOT	\$1,000,000 (G1)	EL PRESIDENTE	4g	TROY TURNER	BRUCE WATKINS (WA)
KINGSTON TOWN CLASSIC	ASCOT	\$500,000 (G1)	MEGATIC	3c	PAUL HARVEY	ALBIE BECKETT (WA)
WATC DERBY	ASCOT	\$500,000 (G1)	GRAND JOURNEY	3f	WILLIAM PIKE	DAVID BRIDEOAKE (VIC)
KARRAKATTA PLATE	ASCOT	\$500,000 (G2)	BRAVA FORTUNE	2f	BRAD PARNHAM	NEVILLE PARNHAM (WA)
PERTH CUP	ASCOT	\$400,000 (G2)	CATS FUN	5g	DAMIEN OLIVER	MICHAEL GRANT(WA)
WINTERBOTTOM STAKES	ASCOT	\$300,000 (G2)	GLORY HUNTER	5g	LUCAS CAMILLERI	LINDSEY SMITH (WA)
WA OAKS	ASCOT	\$250,000 (G3)	GRAND JOURNEY	3f	WILLIAM PIKE	DAVID BRIDEOAKE (VIC)
HARNESS						
RACE	VENUE	STAKEMONEY	WINNER	AGE/SEX	DRIVER	TRAINER
WA PACING CUP	GLOUCESTER PARK	\$400,000 (G1)	VANLO YORKER NZ	9g	S J SUVALJKO	S J SUVALJKO (WA)
FREMANTLE CUP	GLOUCESTER PARK	\$250,000 (G1)	CHRISTIAN SPIRIT NZ	5g	M B REED	G D HARPER (WA)
AUST. PACING CH'SHIP	GLOUCESTER PARK	\$125,000 (G1)	DARTMOOR NZ	6g	G E HALL (JNR)	G E HALL (SNR) (WA)
WA GOLDEN NUGGET	GLOUCESTER PARK	\$175,000 (G1)	LOMBO POCKET WATCH	4h	G J FITZPATRICK	P R FITZPATRICK (QLD)
WA DERBY	GLOUCESTER PARK	\$175,000 (G1)	ARGENT TREASURE	3g	A C LEWIS	R A OLIVIERI (WA)
WA OAKS	GLOUCESTER PARK	\$150,000 (G1)	RUBY DAZZLER	3f	K D YOUNG	I D FOLEY (WA)
GREYHOUNDS						
RACE	VENUE	STAKEMONEY	WINNER	SEX		TRAINER
PERTH CUP (530M)	CANNINGTON	\$187,500 (G1)	SIZE CAN MATTER	d		REG KAY (QLD)
GALAXY (715M)	CANNINGTON	\$112,500 (G1)	ELEKTRA	b		KEITH HARDING (WA)
ALL STARS SPRINT (530)	CANNINGTON	\$60,000 (G2)	KOSTIC BURNS	d		SIMON LEE (WA)
WA OAKS (530)	CANNINGTON	\$50,000 (G2)	MISS SLICK	b		MAX JULIEN (WA)
WA DERBY (530)	CANNINGTON	\$50,000 (G2)	OCTANOL	d		DAVID HOBBY (WA)



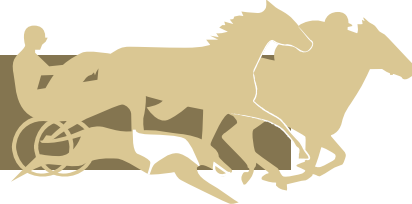


## RACING - PREMIERSHIPS

### WESTERN AUSTRALIAN TRAINERS/JOCKEYS AND DRIVERS' PREMIERSHIPS FOR 2007/2008

THOROUGHBRED TRAINERS (METRO)		
RANKING	NAME	WINS
1	NEVILLE PARNHAM	45
2	ADAM DURRANT	41
3	JIM TAYLOR	32
4	FRED KERSLEY	29
5	LOU LUCIANI	23
HARNESS TRAINERS (STATEWIDE)		
RANKING	NAME	WINS
1	GARY HALL (SNR)	117
2	CALLAN SUVALJKO	104
3	ANDREW DE CAMPO	82
4	GRANT WILLIAMS	60
5	LANG INWOOD	43
GREYHOUNDS TRAINERS (STATEWIDE)		
RANKING	NAME	WINS
1	LINDA BRITTON	377.5
2	JOHN IWANYK	174
3	BARRY McPHERSON	152
4	LEXIA ISAAC	152
5	ANDREW McLAREN	131
JOCKEYS (METRO)		
RANKING	NAME	WINS
1	PAUL HARVEY	76
2	WILLIAM PIKE	74
3	JASON WHITING	46
4	TROY TURNER	43
5	JASON BROWN	37
DRIVERS (STATEWIDE)		
RANKING	NAME	WINS
1	CHRIS LEWIS	206
2	GARY HALL (JNR)	178
3	COLIN BROWN	148
4	MORGAN WOODLEY	107
5	MARK REED	99





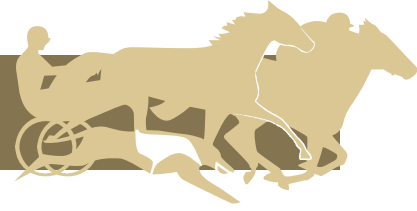
## HALL OF FAME

On 18 November 2007, over 550 people witnessed 15 legendary WA racing icons inducted into the inaugural WA Racing Industry Hall of Fame. The night was attended by many local and interstate racing enthusiasts who witnessed the following 15 inductees welcomed into the inaugural Western Australian Racing Industry Hall of Fame:

Thoroughbred Horses	-	Eurythmic, Northerly
Jockeys	-	Frank Treen, Damien Oliver
Thoroughbred Trainers	-	Angus Armanasco, J J Kelly
Thoroughbred Associate	-	Sir Ernest Lee Steere
Harness Horses	-	Mount Eden, Beau Don
Harness Trainers/Drivers	-	Frank Kersley, Jim Schrader, Phil Coulson, Fred Kersley
Harness Associate	-	James Brennan
Greyhound	-	Sandi's Me Mum





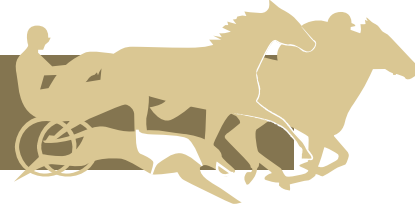


## MARKETING

In addition to promoting and developing the racing and sport wagering products, the Marketing business unit coordinated corporate communications during the year. Highlights for the year included:

- Continued expansion of international racing product.
- Conducted an extremely successful “More Chances to Win” campaign to attract punters to invest with TABSportsbet.
- Provided marketing needs and editorial support for a number of racing club activities and wagering products.
- Hosted the inaugural Western Australian Racing Industry Hall of Fame function in November 2007 (see previous page for overview).
- Provided assistance in support of The West Australian in relaunching a new-look TABform.
- Coordination and management of a number of major awards functions for TAB Agents and industry functions for Harness, Greyhounds and Thoroughbred Apprentices.
- Managed the creative aspects and layout of the 2007 RWWA Annual Report and other official racing and corporate publications.
- Coordinated all internal/external communications to Electronic Print Media within WA, including the “Stop EI” campaign during the Eastern States EI outbreak.
- Launched “The Stars are Back” campaign on the return to racing during the Sydney Autumn Carnival.
- Completed tender process for both advertising agency and publications print agencies.





## STEWARDS

The commencement of the 2007/2008 racing season was greeted by the outbreak of Equine Influenza (EI) in Queensland and New South Wales. On Saturday 25 August 2007, racing throughout Australia stopped when EI was confirmed in NSW. A significant early part of the new season was consumed in action and contingency planning for the possibility of EI reaching Western Australia. With careful planning, dedicated personnel and good fortune, Western Australia remained EI free.

Over the preceding 12 months, the major focus of RWWA Stewards was maintaining and improving race day integrity standards. In total, 880 race meetings were conducted across all codes with RWWA Stewards officiating at all meetings. Importantly, safety standards are consistently being reviewed and improved. All barrier staff throughout the state have now been issued with helmets and safety vests and is a compulsory requirement when officiating at race meetings and trials. End of season Steward Reports (all codes) addressed safety issues and general infra-structure improvements.

RWWA Stewards were instrumental in establishing the RWWA Animal Welfare Group (RAWG). Animal welfare continues to be a high priority for RWWA and with the formation of this body the welfare of the racing animal is further enhanced. Ongoing issues have been identified and further research is being conducted.

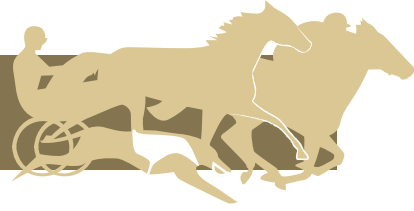
Continuing education of RWWA Stewards to achieve a national qualification (Certificate IV-Racing Administration/Steward) continues with Stewards across all codes progressing to this goal.

The education of Apprentice Jockeys and Drivers attracts major focus and is a priority. The recent recruitment of a Harness Driving Instructor has supported and improved current training in that code.

RWWA's drug detection program of racing animals continues to be a key integrity component. Last year extensive testing across all codes was conducted. Statistics for 2007/2008 for the three codes are as follows:

<u>Code</u>	<u>Samples</u>	<u>Positives</u>
<b>Thoroughbred</b>		
Post race	1,600	0
TC02	1,200	1
<b>Harness</b>		
Post race	1,200	2
TC02	2,500	2
<b>Greyhound</b>		
Post race	1,200	0

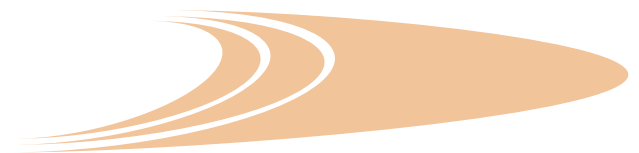


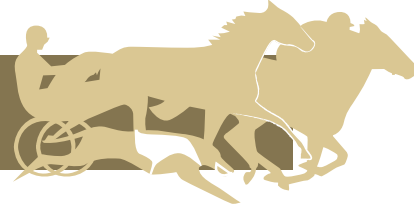


In addition to the above, extensive EPO testing was conducted across the equine codes.

Other primary issues that have been completed or are ongoing:

- Apprentice Jockey Review completed
- Introduction of a Cadet Harness Driver/Trainer Apprenticeship
- Continued involvement in the National Jockey Safety Review
- Continued Trainer information seminars –all codes





## WAGERING

Turnover for the year was \$1.519B which was an increase of 2.5% on last year. The year was challenging with a number of factors impacting turnover. The most significant was the outbreak of Equine Influenza at the beginning of the year. The resulting meeting cancellations and the flow on effect of reduced fields for Thoroughbreds and Harness throughout the remainder of the year had a negative impact on growth. Trading conditions were also tougher with tightening economic conditions in the second half coupled with an above average level of inclement weather causing abandoned meetings.

If a positive could be found in the aftermath of EI it was the growth of turnover on Greyhounds. Turnover was up 19.1% on the previous year, due to the lack of other horse racing product.

The mix of revenue between electronic and retail channels remained similar to previous years with 84.1% of business transacted through our retail channels.

On parimutuel, a strong uptake in the use of Flexi betting saw flexi bet provide 62% of Trifecta, Quaddie and Quartet bets. Fixed Odds betting grew by 20%. Potentially, growth would have been higher however the absence of the Fremantle Dockers and West Coast Eagles from the final eight dampened demand from customers.

During the year 286 licensed and PubTAB outlets operated, an increase of three agencies over last year.

This year, 10 self-service sites (SL3's) were introduced after the success of a pilot in the previous year. The Self-Service option is proving popular with a number of Hotels, Taverns and Clubs in locations where the costs of providing a traditional PubTAB/ClubTAB outlet is prohibitive and has prevented a TAB service being offered to the community.

A new full-time agency (SL1) was established at Falcon, whilst new SL2 and SL3 services were established at Dowerin, Northam, Wanneroo, Mosman Park, Derby, Port Hedland, Kwinana, Beverley, Success, Wembley and Perth (CBD).

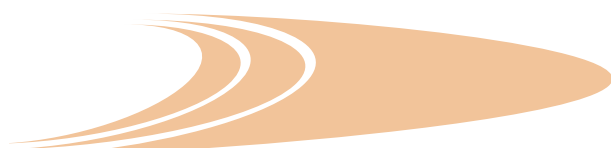
Relocations took place for full-time agencies in Wanneroo, East Fremantle, Woodlands and Spearwood and for PubTab agencies Port Hedland and Burswood. Refurbishments took place at Cannington.

The installation of 1200 Customer Information Terminals across the state, using touch screen technology, was completed in February 2008. These devices were quickly embraced by customers and Agents, particularly in licensed premises, and resulted in meaningful savings on paper usage.

\* SL1 - Full Time / Full Service Agency

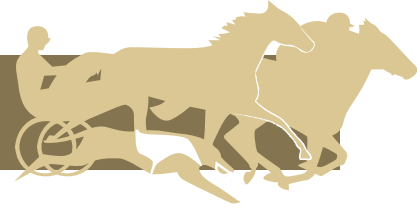
\* SL2 - PubTAB / ClubTAB

\* SL3 - Self Service



RACING AND WAGERING  
WESTERN AUSTRALIA





## WAGERING SPECIAL PROJECTS

This new division was created in the second half of the year to focus on targeted objectives within the Wagering retail operational area.

The key projects included:

### Footprint Extension

In response to the Boston Consulting Group findings in 2006/07, a project was established to fast-track the establishment of a number of new retail sites in licensed premises using touch screen technology to source betting information and for the placement of bets. This involved the development of an all-in-one betting module housing touch screens and televisions used for dividend displays and racing vision with a sports branding graphical surround.

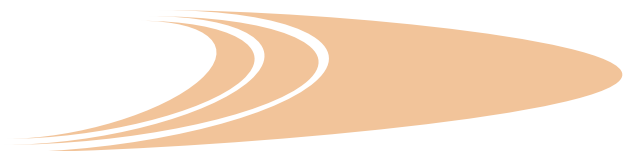
This initiative allowed the automated retail channel to grow from a trial based three outlets to 10 by year's end. A further 15 sites are proposed for the 2008/2009 year and together with the existing network, the 25 outlets should contribute up to \$12.4M to the forthcoming year's turnover.

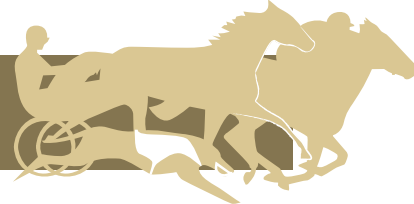
### Retail Agency Design Standards

With a number of internal changes to equipment, including televisions, customer information terminals and products in recent years, RWWA in conjunction with a design consulting group is developing new fit-out design standards to better present its retail offer. This will encompass new displays of racing information, vision walls and dedicated sports betting areas using modular design concepts which can be adapted in part or full to meet future design changes across the network. Two trial sites will be constructed in 2009 to demonstrate the design standards.

### Network Review

In recognising the changing market place for wagering demand and the performance standards of outlets as outlined in the Boston studies, RWWA is currently examining its network needs to maximise its group performance in the retail channels. New opportunities, performance improvements, location upgrades, relocations and capital requirements will be identified as part of the review designed to expand the performance and efficiency of the retail network.





## FINANCE AND BUSINESS SERVICES

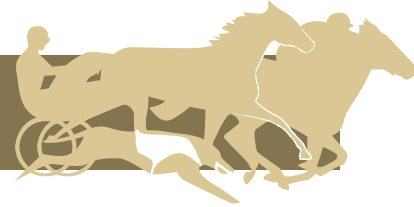
The Division is responsible for financial management, business services, risk and business continuity systems, wagering compliance, audit and legal affairs.

Key achievements during the period:

- Implemented a new version of the financial management system
- Successfully managed RWWA's compliance transition arising through the new Anti Money Laundering and Terrorist Financing Act
- Initiated a corporate sustainability program within RWWA which will cover relevant aspects of RWWA's financial, environmental and social responsibilities
- Coordinated RWWA's response to the Equine Influenza outbreak
- Created a new and comprehensive accounting manual
- Various initiatives undertaken to simplify and streamline internal processes
- Introduced new fleet management system
- Ensured RWWA's readiness for new Race Fields legislation with the associated financial and integrity requirements
- Significant value achieved through re-tendering of a number of key services contracts
- Coordinated a successful disaster recovery simulation for senior management and key personnel







## STRATEGIC PLANNING AND CORPORATE DEVELOPMENT

### Strategy and Planning

The division is responsible for the preparation of the strategic development plan and the development of new business initiatives. Key strategic risks are also identified and addressed by the area.

Board & Executive team strategic planning processes are orchestrated by the group, including a focus on the identification and consideration of significant trends in the industry and on the activities of competitors. The ability of RWWA to maintain and grow its position in a rapidly changing wagering and gambling landscape is also regularly examined.

The Board during 2007, commissioned a major customer research study that will underpin future product and service initiatives and provide fact based evidence in relation to customer needs and preferences and the motivation of current and future market segments to wager.

A detailed market segmentation study due to be reported on in 2008 will provide important information to race clubs which will develop new product and services for targeted marketing and branding campaigns undertaken by RWWA.

Importantly RWWA is well underway with the development of specific code industry strategic plans (Harness, Thoroughbreds and Greyhounds). Work has progressed with the scoping of the plans and the first stage – a comprehensive stakeholder consultation process, has been completed. Further consultation will be undertaken during the strategy development phase of the project.

### Emerging Issues

The past 12 months has seen significant change in the Australian wagering landscape given the decision by the Victorian Government to offer a single 10 year licence from 2012. RWWA made a submission to the licence review as the Super Tab totalisator pool forms a very important foundation of wagering operations and any change in the operation of the Victorian wagering licence is likely to have a significant impact on the revenue generating capabilities of RWWA. RWWA also made a confidential submission into the review of wagering in NSW. Other significant issues that arose during 2007/2008 include the continued growth of Northern Territory corporate bookmakers and the decision by the High Court in allowing Tasmanian based betting exchange, Betfair, to service WA based customers.

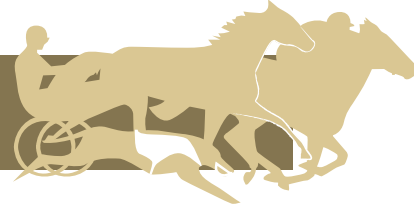
### Business Development

The findings of the strategically focused Sustainable Business Model review brought with it a requirement to promote and develop organisational capabilities along with new products and services. A newly created position of Manager Corporate Development has overall responsibility for key business development initiatives.

### Business Intelligence

Key achievements of the Business Intelligence group over the past 12 months has been the implementation of the new reporting tool set. The integration of various aspects of racing code information into data warehouse tables is expected to continue throughout 2008-09. The group also provided technical support and made improvements to the financial model used to calculate and allocate Racing distributions. Other initiatives include, information analysis and reporting to the sales division, analysis and projections of the retail agents remuneration model and information support for strategic projects such as the introduction of flexibetting and the replacement of the Bet engine and customer terminals.





## INFORMATION SERVICES

The Information Services Division is responsible for providing technical, consulting and support services for the day-to-day operational delivery of wagering services throughout Western Australia. The division also provides technical support services for all RWWA wagering and racing information systems, ticket machines, the data communications network, information security, project delivery and Racing Radio.

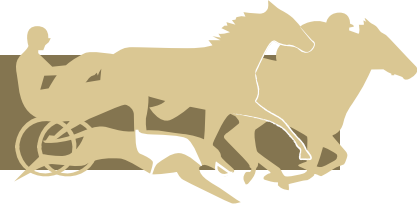
During the period there were a number of key strategic deliverables, including:

- Implementation of the Flexi Bet product, pooled with SuperTAB, from October 2007
- Completion of a state-wide upgrade of the data communications network to all TAB outlets and metropolitan on-course facilities in January 2008
- Finalisation of the implementation of touch screen Customer Information Terminals to all metropolitan and country off-course outlets throughout WA in January 2008

A significant number of operational projects were also undertaken during the year, primarily focused on stabilising and extending the life of existing legacy systems, whilst also commencing system and infrastructure replacement activities in parallel.

The replacement of the legacy Bet Engine and wagering ticket terminals are two key strategic wagering activities that will be progressed during the 2008/2009 year.





## HUMAN RESOURCES

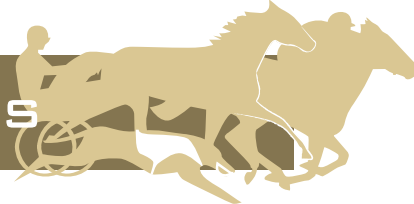
With approximately 580 staff and contractors, the people management services required for RWWA are extensive. This Division provides support to staff and managers on all employment related matters including recruitment, induction, performance management, interpretation and application of policies and workplace conditions. Researching and recommending improvements to workplace reform is a key element of the HR function. In addition, the delivery of Payroll services and the management of staff data and reporting sits within this Division.

During the reporting period, the focus of the HR team has been on reviewing internal processes and administrative infrastructure to ensure these align with RWWA's strategic objectives in terms of people performance. Roles within the HR team have been restructured and new roles created, to position our capability in delivering these objectives.

Key projects initiated during this period include:

- Comprehensive review of the data integrity of the Preceda information management system
- Initiation of employer branding strategies to support longer term attraction of candidates to RWWA
- Review of remuneration and benefits strategies to address attraction and retention issues
- Review and alignment of Stewards' remuneration and conditions to reflect market value and ensure retention and stability in this area
- Refining of Performance Management system and associated recognition and reward structures





## KEY TRENDS AND CHALLENGES FACED BY RACING AND WAGERING WA

Unforeseen events and competitive forces are placing pressure on RWWA's current business model. Challenges relating to changes in customers' preferences for products and channels and the affect of state based changes to law and regulation also give rise to potential threats and growth opportunities. The specific challenges of significant concern include:

### Product Fee / Race Field Legislation

The status of the impact of product fees is unclear at this juncture due to the High Court decision on Betfair and the review of the NSW Racing industry currently underway. However, if the Victorian legislation on Race Fields is adopted it will result in a negative impact on RWWA profits in the medium to long term due to the negative balance of trade. In other words the amount of wagering on WA racing by Australians is less than the amount of wagering on racing from other states by WA wagering customers and any fees charged for the usage of race fields or for the right to bet on racing product will most likely favour Victoria overall. NSW Racing has already indicated that a rate of 1.5% will be introduced from 1 September 2008.

### Stronger Local Competition

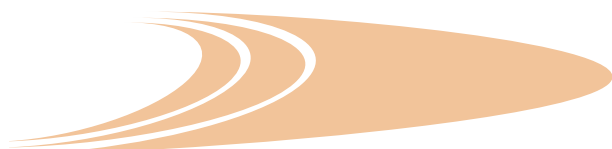
The Burswood Casino and Entertainment Complex has been a dominant force in the gambling market in WA since it opened in 1985. In the last 10 years it has grown substantially. Burswood is now comparable in size to other large Australian Casinos. This is due in most part to it securing approval to install up to 1750 gaming machines up from 1128 in 1997 and 170 gaming tables up from 115 in 1997.

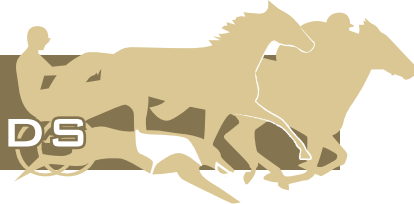
### Animal Infectious Disease

Animal infectious diseases, for example equine influenza will significantly disrupt the racing industry, including possible bans on all movements of horses, suspension of all racing events, quarantine of premises and mass vaccinations.

### Betting Exchanges (Betfair)

Betfair operates a betting exchange service via phone and internet from its base in Hobart, Tasmania. Betfair's offer to wagering clients is competitive as it has a low takeout commission on average of between 2-5% on matched winning bets. It is now an on line agent of Tote Tasmania and has access to the SuperTAB pool, the same pool that WA customers are participating in via WA TAB internet, phone and retail channels on the majority of products on offer.





## **Bookmakers**

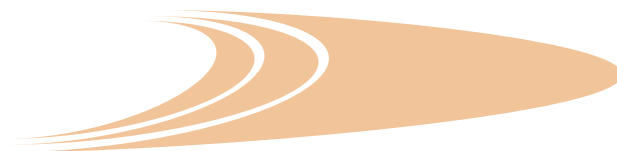
NT Bookmakers are aggressively pricing and offering enticements to join their online and phone betting service including financial incentives and prizes to open accounts and to stimulate sales.

## **Issuing of Victorian Wagering Licence**

In April 2008 the Victorian government announced it is auctioning the wagering licence in Victoria from 2012 for a period of ten years. Should the present holder of the Victorian Wagering Licence not be reissued the licence, this would have considerable impact on RWWA.

## **Equine Influenza**

The outbreak of Equine Influenza (EI) in New South Wales and Queensland in August 2007, one of the most disruptive and costly episodes in the history of the racing industry in Australia, highlighted the fragility of the racing industry and, if in the unfortunate event EI was to infect WA to a similar extent, the WA industry would be severely impacted. EI also highlighted WA's reliance on wagering on racing that is conducted in other states of Australia and its importance on the horse racing product. The loss of wagering turnover in the 2007/2008 period is estimated at \$70M.



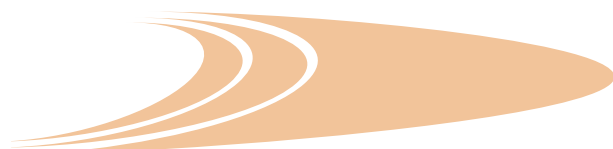


## FINANCIAL STATEMENTS

### INCOME STATEMENT - FOR THE YEAR ENDED 31 JULY 2008

	Notes	2008 \$000	2007 \$000
<b>INCOME</b>			
<b>Revenue</b>			
Margin	2	234,049	226,023
Interest revenue		5,077	4,662
Other revenue	4	22,485	17,769
Total Revenue		<u>261,611</u>	<u>248,454</u>
<b>Gains</b>			
Gain on disposal of non-current assets	5	<u>540</u>	<u>18</u>
<b>Total Gains</b>		<u>540</u>	<u>18</u>
<b>Total Income</b>		<u><b>262,151</b></u>	<u><b>248,472</b></u>
<b>EXPENSES</b>			
<b>Expenses</b>			
Cost of sales	3	32,772	62,278
Racing Services	6	15,392	12,978
Wagering Services	6	68,338	64,393
Support Services	6	26,188	24,771
Projects		4,546	3,262
Grants and subsidies	7	4,728	5,960
Distribution to racing and sports industries	8	104,637	91,235
Loss on disposal of non-current assets	5	139	0
<b>Total Expenses</b>		<u><b>256,740</b></u>	<u><b>264,877</b></u>
Profit/(Loss) before grants and subsidies from State Government		5,411	(16,405)
Grants and subsidies from State Government	7	1,044	20,281
<b>Profit for the period</b>		<u><b>6,455</b></u>	<u><b>3,876</b></u>

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



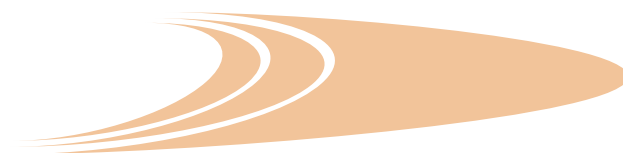




## BALANCE SHEET - AS AT 31 JULY 2008

	Notes	2008 \$000	2007 \$000
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	21	71,939	73,310
Inventories	9	1,126	1,332
Receivables	10	1,073	5,741
Other current assets	12	5,100	1,981
Non-current assets classified as held for sale	13	1,625	769
<b>Total Current Assets</b>		<b>80,863</b>	<b>83,133</b>
<b>Non-Current Assets</b>			
Investments	11	552	558
Receivables	10	88	0
Other Non-current assets	12	69	466
Property, plant and equipment	14	37,239	30,955
Capital works in progress		20,720	11,458
Intangible Assets	15	3,297	2,178
<b>Total Non-Current Assets</b>		<b>61,965</b>	<b>45,615</b>
<b>Total Assets</b>		<b>142,828</b>	<b>128,748</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	17	30,710	27,714
Provisions	18	3,333	2,663
Other liabilities	19	220	418
<b>Total Current Liabilities</b>		<b>34,263</b>	<b>30,795</b>
<b>Non-Current Liabilities</b>			
Payables	17	1,115	1,119
Provisions	18	1,512	1,592
Other liabilities	19	1,153	1,003
<b>Total Non-Current Liabilities</b>		<b>3,780</b>	<b>3,714</b>
<b>Total Liabilities</b>		<b>38,043</b>	<b>34,509</b>
<b>NET ASSETS</b>		<b>104,785</b>	<b>94,239</b>
<b>EQUITY</b>			
Contributed equity		60,884	60,884
Reserves		43,901	33,355
Retained earnings		0	0
<b>TOTAL EQUITY</b>	20	<b>104,785</b>	<b>94,239</b>

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





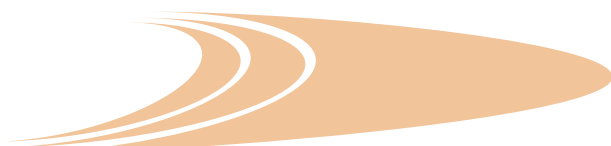
## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2008

	Notes	2008 \$000	2007 \$000
<b>Balance of equity at start of period</b>		<b>94,239</b>	<b>85,024</b>
<b>CONTRIBUTED EQUITY</b>			
Balance at the start of period		60,884	60,884
Contributions		0	0
Distributions		0	0
Balance at the end of period		60,884	60,884
<b>RESERVES</b>			
<b>Asset revaluation reserve:</b>			
Balance at the start of period		8,022	2,787
Change in accounting policy (a)		0	(104)
Restated balance at start of period		8,022	2,683
Net revaluation increments/(decrements):			
Land		2,148	3,678
Buildings		1,944	1,661
Transfer to Retained Earnings		(305)	0
Balance at the end of period		<b>11,809</b>	<b>8,022</b>
<b>General reserve:</b>			
Balance at the start of period		25,333	22,290
Change in accounting policy (b)		0	(937)
Restated balance at start of period		25,333	21,353
Transfer from Retained Earnings		6,760	3,980
Balance at the end of period		<b>32,093</b>	<b>25,333</b>
<b>Balance of reserves at end of period</b>		<b>43,901</b>	<b>33,355</b>
<b>RETAINED EARNINGS</b>			
Balance at the start of period		0	0
Change in accounting policy (a)		0	104
Restated balance at start of period		0	104
Surplus/(deficit) for the period		6,455	3,876
Transfer from Asset Revaluation Reserve		305	0
Transfer to General Reserve		(6,760)	(3,980)
Balance at the end of period		<b>0</b>	<b>0</b>
<b>Balance of equity at end of period</b>	20	<b>104,785</b>	<b>94,239</b>
Total income and expense for the period		10,546	9,215

(a) Change in treatment of revaluation reserve on derecognition / disposal of revalued assets

(b) Increase in asset capitalisation threshold

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

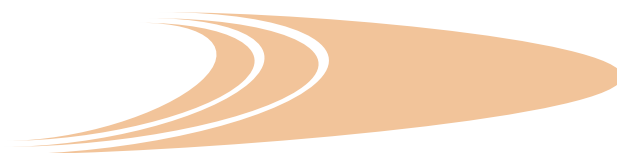




## CASH FLOW STATEMENT - FOR THE YEAR ENDED 31 JULY 2008

	Notes	2008 \$000	2007 \$000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from customers		1,501,433	1,458,745
Interest received		5,464	4,744
GST receipts on sales		24,489	28,795
GST receipts from taxation authority		0	0
Other receipts		20,485	21,968
<b>Payments</b>			
Customers		(1,260,907)	(1,292,164)
Creditors		(108,750)	(71,853)
Employee benefits		(27,362)	(24,186)
Distributions, Grants and Subsidies		(109,365)	(97,195)
Interest paid		(50)	(45)
GST payments on purchases		(9,681)	(9,069)
GST payments to taxation authority		(14,348)	(19,759)
Other payments		(5,521)	(7,554)
<b>Net cash provided by/(used in) operating activities</b>	21	<u>15,500</u>	<u>(7,573)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales of non-current assets		646	58
Purchase of non-current assets		(18,517)	(12,997)
Proceeds from sale of investments		0	0
Purchase of investment		0	(206)
<b>Net cash provided by/(used in) investing activities</b>		<u>(17,871)</u>	<u>(13,145)</u>
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
GST reimbursement		1,000	20,281
<b>Net cash provided by State Government</b>		<u>1,000</u>	<u>20,281</u>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		(1,371)	(437)
Cash and cash equivalents at the beginning of period		73,310	73,747
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	21	<u>71,939</u>	<u>73,310</u>

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





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

### AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

#### General

RWWA's financial statements for the year ended 31 July 2008 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 RWWA 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

RWWA 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 2008.

### 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

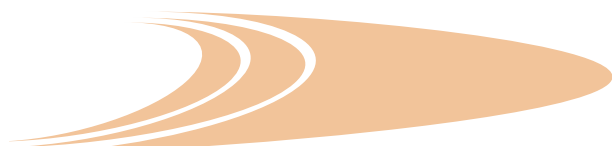
The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land and buildings, which have been measured at fair value.

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.

### *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*

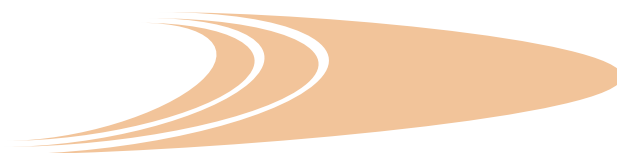
From 1 July 2007 the tax on Parimutuel Racing turnover ceased. With the introduction of the RWWA Tax Amendment Act 2006, the tax on turnover has been replaced by a tax on gross profit (margin). The tax rate imposed by Section 4 is 11.91%. This rate was set partly as a consequence of the State Government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

## **(e) 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.





## (f) Property, Plant and Equipment

### *Capitalisation/Expensing of assets*

Items of property, plant and equipment costing over \$5,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

### *Initial recognition and measurement*

All items of property, plant and equipment are initially recognised at cost.

### *Subsequent measurement*

After recognition as an asset, RWVA 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-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Where market-based evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset. (ie written-down current replacement cost).

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

### *Derecognition*

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

### *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:

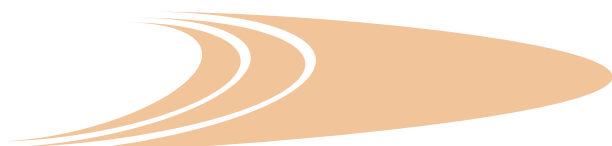
	2008	2007
Buildings	10 to 40 years	10 to 40 years
Motor vehicles	3.3 to 5 years	3.3 to 5 years
Equipment and Fittings	5 to 15 years	5 to 15 years
Leasehold Improvements	5 to 15 years	5 to 15 years
Software (a)	5 to 15 years	5 to 15 years

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

## (g) Intangible Assets

### *Capitalisation/Expensing of assets*

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







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

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

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

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed regularly. All intangible assets controlled by RWWA have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Software (a) 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.

## *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.

## **(h) Impairment of Assets**

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

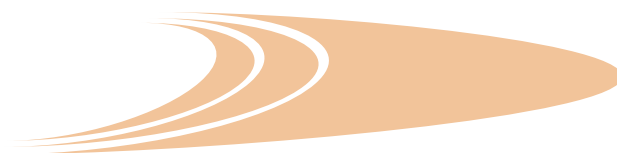
The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation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

## **(i) 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 Sheets. Assets classified as held for sale are not depreciated or amortised.

## **(j) Leases**

RWWA holds a number of operating leases for buildings and operating equipment. Lease payments are expensed on a straight line basis





over the lease term as this represents the pattern of benefits derived from the leased properties and equipment.

## **(k) Financial Instruments**

In addition to cash, RWWA has two categories of financial instrument:

- Receivables and Loans
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

### **Financial Assets**

- Cash and cash equivalents
- Receivables and Loans

### **Financial Liabilities**

- Payables
- Agents Deposits.

Initial recognition and measurement is at fair value. The transaction cost of face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

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

## **(l) 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.

## **(m) 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.

## **(n) Receivables**

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that RWWA will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. Agents settle on a weekly basis.

## **(o) Payables**

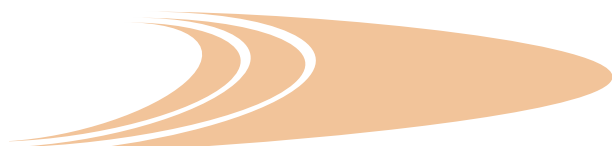
Payables are recognised when RWWA becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

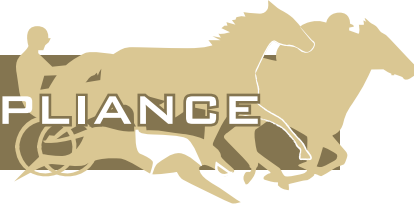
## **(p) Provisions**

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

### *(i) Provisions – Employee Benefits*

*Annual Leave and Long Service Leave*





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

When assessing expected future payments consideration is given to expected future wage and salary levels including non salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

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

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

## *Superannuation*

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

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

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

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

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

## *(ii) Provisions – Other*

### *Employment On-Costs*

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

## **(q) Superannuation Expense**

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

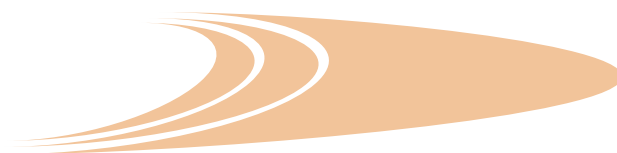
## **(r) Accrued Salaries**

Accrued salaries 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. RWWA considers the carrying amount of accrued salaries to be equivalent to the net fair value.

## **(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 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.

### DISCLOSURE OF CHANGES IN ACCOUNTING POLICY AND ESTIMATES

#### Initial application of an Australian Accounting Standard

RWWA has applied the following Australian Accounting Standards and Australian Accounting Interpretations for annual reporting periods beginning on or after 1 August 2007 that impacted on RWWA:

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, AASB1, AASB 4, AASB 123 and AASB1038]'). This Standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of RWWA's exposure to risks, including enhanced disclosure regarding components of RWWA's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

#### Voluntary changes in Accounting Policy

##### *Asset Capitalisation Threshold*

RWWA increased its capitalisation threshold from \$1,000 to \$5,000 (fixed assets) and \$10,000 (purchased and internally generated intangible assets), effective from 1 August 2007. The impact on the financial statements is as follows:

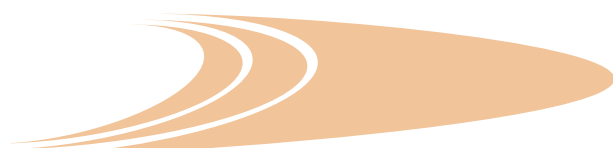
	2008	2007	2006
	\$000	\$000	\$000
<b>INCOME STATEMENT</b>			
Net expenses	1,608	3,105	937
<b>BALANCE SHEET</b>			
Retained Earnings	(1,608)	(3,105)	(937)
Non-current Assets	(1,608)	(3,105)	(937)

##### *Asset Revaluation Reserve – Disposal of Revalued Assets*

During the year RWWA amended its policy from retaining any revaluation reserve relating to derecognised/disposed property. When a revalued property is disposed, the relevant component of the revaluation reserve will be transferred to retained earnings. For the 2007/2008 year \$305,000 (2006/2007: \$103,885) was transferred from the asset revaluation reserve to retained earnings.

#### Future impact of Australian Accounting Standards not yet operative

RWWA cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Applications of Australian Accounting Standards and Other Pronouncements'. Consequently, RWWA has not applied the following





Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. Where applicable, RWWA plans to apply these Standards and their interpretations from their application date:

<i>Title</i>	<i>Operative for reporting periods beginning on/after</i>
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AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. RWWA does not expect any financial impact when the Standard is first applied.

1 January 2009

Review of AAS 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 31:

AASB 1004 'Contributions' (December 2007).

1 July 2008

AASB 2007-9 'Amendments to Australian Standards arising from the review of AAS 31 [AASB 3, AASB 8, AASB 101, AAS 114, AASB 116, AASB 127 and AASB 137] (December 2007).

1 July 2008

Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities (December 2007).

1 July 2008

The existing requirements in AAS 31 have been transferred to the above new and existing topic-based Standards and Interpretation. These requirements remain substantially unchanged. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance.





## 2 Margin

	2008	2007
	\$000	\$000
Margin on Turnover inclusive of GST	257,619	248,249
Goods and Services Tax	(23,570)	(22,226)
	<b>234,049</b>	<b>226,023</b>

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 Parimutual Racing. The GST Reimbursement continues to apply for Fixed Odds Betting and Parimutual Sports.

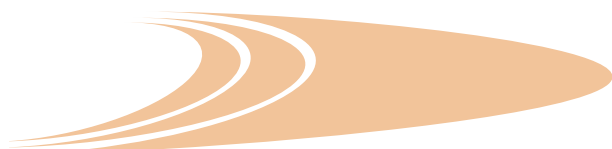
Treasurers' Instruction 1102 requires the GST reimbursement to be disclosed as a grant from the State Government rather than offset against the cost to which it applies.

## 3 Cost of Sales

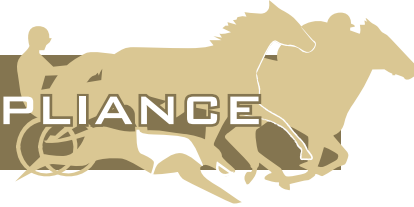
Product Fees	2,405	943
Turnover Rebate	16	0
Tax on turnover	670	65,256
Tax rebate	0	(6,470)
Tax on margin	29,681	2,549
	<b>32,772</b>	<b>62,278</b>

## 4 Other Revenue

External settlement recoup	1,784	1,867
Recoup accounts	10,221	10,240
Unclaimed dividends (Racing)	6,582	5,662
Insurance recovery	3,500	0
Dividends	398	0
Total other revenue	<b>22,485</b>	<b>17,769</b>







2008	2007
\$000	\$000

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

Cost of disposal	245	40
Proceeds from disposal	646	58
Net gain / (loss) *	<b>401</b>	<b>18</b>

\* Net gain / (loss) Respresented as:

Gain on disposal of individual assets	540	18
Loss on disposal of individual assets	(139)	0
	<b>401</b>	<b>18</b>

## 6 Racing, Wagering and Support Services

Employee Benefit Expense	28,463	24,835
Depreciation and Amortisation Expense	4,837	4,548
Finance Costs	50	45
Supplies and Services	42,335	41,717
Advertising and Promotions	16,398	12,394
Communications	6,861	6,057
Accommodation	5,483	4,941
Other Expenses	5,491	7,605
	<b>109,918</b>	<b>102,142</b>

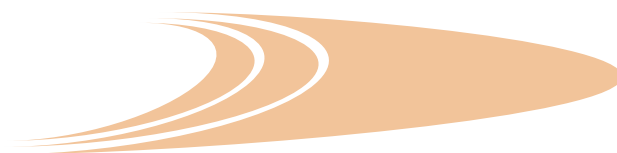
## 7 Grants and subsidies

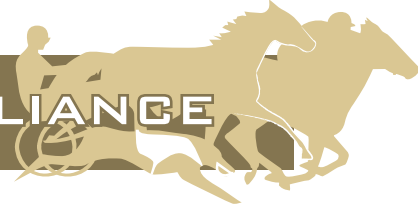
### Grants and subsidies expense

Grants	3,455	4,443
Other subsidies	992	1,273
Unclaimed monies (Sports)	281	244
	<b>4,728</b>	<b>5,960</b>

### Grants and subsidies income

Government Grant	48	0
Reimbursed Goods and Services Tax	996	20,281
	<b>1,044</b>	<b>20,281</b>





## 8 Distributions to Racing and Sports Industries

	2008	2007
	\$000	\$000
Thoroughbreds	60,855	52,888
Harness	29,218	25,422
Greyhounds	12,868	11,300
Sports	1,696	1,625
	<b>104,637</b>	<b>91,235</b>

## 9 Inventories

### Current

Inventories not held for resale:

At cost:

Tickets	580	909
Terminal parts	546	421

Inventories held for resale:

At cost:

Clothing	0	2
	<b>1,126</b>	<b>1,332</b>

## 10 Receivables

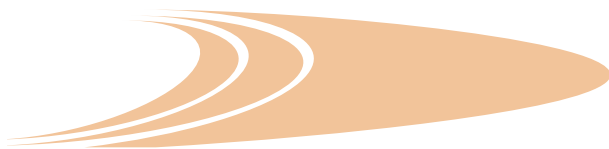
### Current

Receivables	917	4,826
Other Debtors	161	920
Allowance for impairment of receivables	(5)	(5)

<b>1,073</b>	<b>5,741</b>
--------------	--------------

### Non Current

Receivables	88	0
	<b>88</b>	<b>0</b>





2008	2007
\$000	\$000

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of year	5	5
Doubtful debts expense recognised in the income statement	39	9
Amounts written off during the year	(39)	(9)
Amount recovered during the year	0	0
Balance at end of year	<u>5</u>	<u>5</u>

## Credit Risk

Ageing of receivables past due but not impaired based on the information provided to senior management,  
at the balance sheet date:

Not more than 3 months	417	906
More than 3 months but less than 6 months	75	1,119
More than 6 months but less than 1 year	109	0
More than 1 year	249	0
	<u>850</u>	<u>2,025</u>

Receivables individually determined as impaired at the balance sheet date:

Carrying amount, before deducting any impairment loss	0	0
Impairment loss	0	0
	<u>0</u>	<u>0</u>

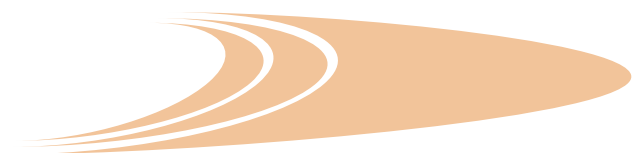
RWWA does not hold any collateral as security or other credit enhancements relating to receivables.

## 11 Investments

### Non Current

At cost:

Unlisted Shares	352	358
Associates	200	200
	<u>552</u>	<u>558</u>





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
		2008	2007	2008	2007	
CFM Pty Ltd	Australia	50%	50%	50%	50%	Broadcaster of Race Vision

The financial statements of CFM Pty Ltd for the year ended 30 June 2008 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.

## 12 Other Assets

**2008**  
**\$000**

**2007**  
**\$000**

### Current

Prepayments

5,100

1,981

**5,100**

**1,981**

### Non Current

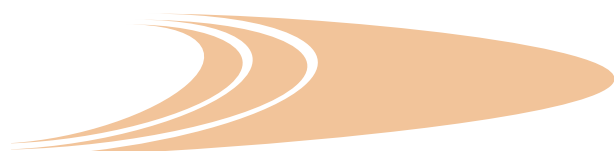
Prepayments

69

466

**69**

**466**



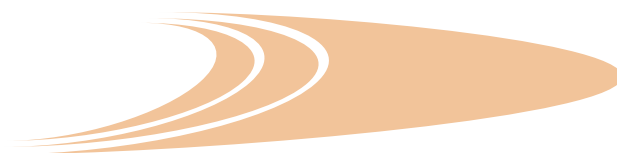


## 13 Non-current assets classified as held for sale

	2008 \$000	2007 \$000
Opening balance		
Freehold land	733	0
Buildings	36	0
	<u>769</u>	<u>0</u>
Assets reclassified as held for sale		
Freehold land	730	733
Buildings	126	36
	<u>856</u>	<u>769</u>
Total assets classified as held for sale		
Freehold land	1,463	733
Buildings	162	36
	<u>1,625</u>	<u>769</u>
Less assets sold		
Freehold land	0	0
Buildings	0	0
	<u>0</u>	<u>0</u>
Closing balance		
Freehold land	1,463	733
Buildings	162	36
	<u>1,625</u>	<u>769</u>

Four freehold properties currently occupied by agencies are in the process of being sold. RWWA has accepted an Auctioneer Selling Contract for one property and Offers of Purchase for two properties.

The sale transactions are expected to be completed during the 2009 year following the relocation of the agencies.



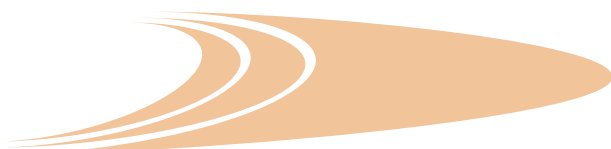


## 14 Property, Plant & Equipment

	2008 \$000	2007 \$000
Freehold land		
At fair value	18,692	17,978
Accumulated impairment losses	0	0
	<u>18,692</u>	<u>17,978</u>
Buildings		
At fair value	7,691	7,176
Accumulated depreciation	(53)	(1,247)
Accumulated impairment losses	0	0
	<u>7,638</u>	<u>5,929</u>
Leasehold improvements		
At cost	7,553	4,850
Accumulated amortisation	(3,667)	(2,546)
Accumulated impairment losses	0	0
	<u>3,886</u>	<u>2,304</u>
Motor Vehicles		
At cost	1,796	1,676
Accumulated depreciation	(1,174)	(1,007)
Accumulated impairment losses	0	0
	<u>622</u>	<u>669</u>
Equipment and Fittings		
At cost	11,206	7,547
Accumulated depreciation	(4,805)	(3,472)
Accumulated impairment losses	0	0
	<u>6,401</u>	<u>4,075</u>
	<u><b>37,239</b></u>	<u><b>30,955</b></u>

Freehold land and buildings were revalued as at 1 July 2007 by Landgate (Valuation Services).  
The valuations were performed during the year ended 30 June 2008 and recognised at 30 June 2008.  
The fair value of all land and buildings has been determined by reference to recent market transactions.

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



# DISCLOSURES AND LEGAL COMPLIANCE

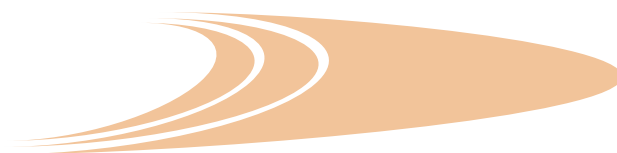


## 2008

	Freehold land	Buildings	Leasehold Improvements	Motor vehicles	Equipment and Fittings	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	17,978	5,929	2,304	669	4,075	30,955
Additions		279	2,995	426	4,228	7,928
Transfers					7	7
Disposals	(500)	(46)	(292)	(73)	(118)	(1,029)
Classified as held for sale	(730)	(126)				(856)
Revaluation increments	1,944	2,148				4,092
Impairment losses						
Impairment losses reversed						
Depreciation		(546)	(1,121)	(400)	(1,791)	(3,858)
Carrying amount at end of year	<b>18,692</b>	<b>7,638</b>	<b>3,886</b>	<b>622</b>	<b>6,401</b>	<b>37,239</b>

## 2007

	Freehold land	Buildings	Leasehold Improvements	Motor vehicles	Equipment and Fittings	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	15,033	4,321	3,181	997	3,909	27,441
Additions		397	204	193	1,918	2,712
Transfers						
Disposals				(22)	(18)	(40)
Classified as held for sale	(733)	(36)				(769)
Revaluation increments	3,678	1,661				5,339
Impairment losses						
Impairment losses reversed						
Depreciation		(414)	(1,081)	(499)	(1,734)	(3,728)
Carrying amount at end of year	<b>17,978</b>	<b>5,929</b>	<b>2,304</b>	<b>669</b>	<b>4,075</b>	<b>30,955</b>

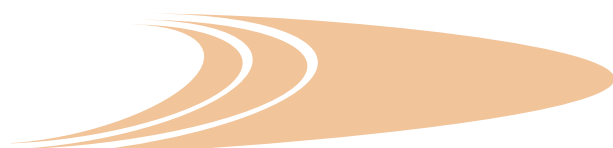






## 15 Intangible Assets

	2008 \$000	2007 \$000
Computer software		
At cost	5,769	3,819
Accumulated amortisation	(2,494)	(1,665)
Accumulated impairment losses	0	0
	<u>3,275</u>	<u>2,154</u>
Domain names		
At cost	25	25
Accumulated amortisation	(3)	(1)
Accumulated impairment losses	0	0
	<u>22</u>	<u>24</u>
	<u><b>3,297</b></u>	<u><b>2,178</b></u>
<u>Reconciliation</u>		
Computer software		
Carrying amount at start of year	2,154	1,339
Additions	2,112	1,635
Transfers (to Fixed Assets)	(7)	0
Revaluation increments	0	0
Impairment losses recognised in Income Statement	0	0
Impairment losses reversed in Income Statement	0	0
Disposals	(7)	0
Amortisation	(977)	(820)
Carrying amount at end of year	<u><b>3,275</b></u>	<u><b>2,154</b></u>
Domain names		
Carrying amount at start of year	24	0
Additions	0	25
Transfers (to Fixed Assets)	0	0
Revaluation increments	0	0
Impairment losses recognised in Income Statement	0	0
Impairment losses reversed in Income Statement	0	0
Disposals	0	0
Amortisation	(2)	(1)
Carrying amount at end of year	<u><b>22</b></u>	<u><b>24</b></u>





2008 2007  
\$000 \$000

## 16 Impairment of Assets

There were no indications of impairment to property, plant and equipment and intangible assets at 31 July 2008.  
RWWA held no intangible assets with an indefinite useful life during the reporting period.  
No surplus assets are held by RWWA as at 31 July 2008.

## 17 Payables

### Current

Trade Payables	7,389	7,399
Unclaimed dividends and refunds	4,713	4,717
TAB Payables and Account betting deposits	6,858	6,041
Other Payables	441	471
GST Payable	1,423	1,883
Accrued Expenses	9,886	7,203
	<b>30,710</b>	<b>27,714</b>

### Non Current

Payables	278	307
Agents deposits and property bonds	837	812
	<b>1,115</b>	<b>1,119</b>





## 18 Provisions

### Current

#### Employee benefits provision

Annual Leave (a)	1,884	1,536
Long Service Leave (b)	1,260	757
	<u>3,144</u>	<u>2,293</u>

#### Other provisions

Employment on-costs (c )	189	140
Agency Incentive Scheme (d)	0	230
	<u>189</u>	<u>370</u>

<b>3,333</b>	<b>2,663</b>
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### Non Current

#### Employee benefits provision

Long Service Leave (b)	1,425	1,234
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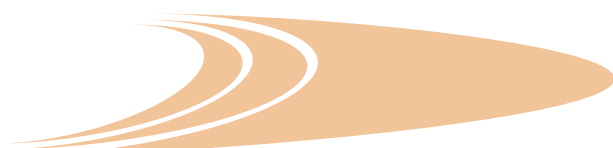
#### Other provisions

Employment on-costs (c )	87	78
Interdominion Funding (e)	0	230
Nationals Funding (f)	0	50
	<u>87</u>	<u>358</u>

<b>1,512</b>	<b>1,592</b>
--------------	--------------

(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 dates	1,514	1,234
More than 12 months after balance sheet date	370	302
	<u>1,884</u>	<u>1,536</u>





2008	2007
\$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 dates	597	443
More than 12 months after balance sheet date	2,088	1,548
	<b>2,685</b>	<b>1,991</b>

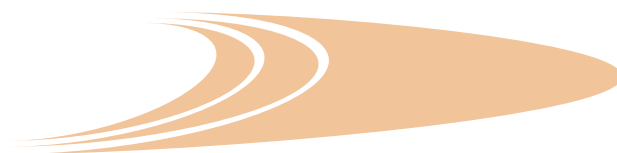
(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the 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. From the 2008 year Incentive Payments incurred but not yet paid are classified as accruals.

(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.

During 2008 the provision was reversed. The full cost of the Interdominion will be incurred in the year that the event is held in Western Australia.

(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. During 2008 the provision was reversed. The full cost of the Greyhound National will be incurred in the year that the event is held in Western Australia.





2008	2007
\$000	\$000

## 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	218	183
Additional provisions recognised	1,687	1,400
Payments/other sacrifices of economic benefits	(1,629)	(1,365)
Unwinding of discount		
Carrying amount at end of year	<b>276</b>	<b>218</b>

### Agency Incentive Scheme provision

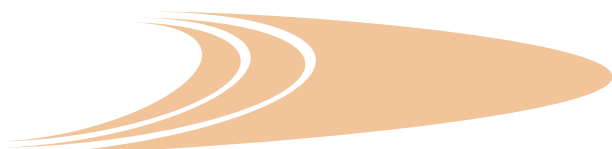
Carrying amount at start of year	230	0
Additional provisions recognised	0	230
Payments/other sacrifices of economic benefits	(230)	0
Unwinding of discount	0	0
Carrying amount at end of year	<b>0</b>	<b>230</b>

### Interdominion Funding provision

Carrying amount at start of year	230	150
Additional provisions recognised	0	80
Provisions reversed during the year	(230)	0
Carrying amount at end of year	<b>0</b>	<b>230</b>

### Nationals Funding provision

Carrying amount at start of year	50	0
Additional provisions recognised	0	50
Provisions reversed during the year	(50)	0
Carrying amount at end of year	<b>0</b>	<b>50</b>



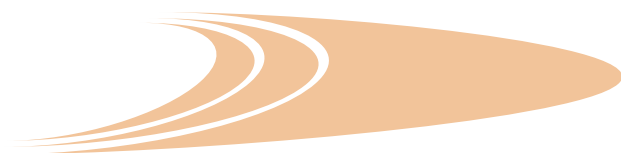


## 19 Other liabilities

	2008 \$000	2007 \$000
<b>Current</b>		
Deferred Income	220	418
	<b>220</b>	<b>418</b>
<b>Non Current</b>		
Deferred Income	1,153	1,003
	<b>1,153</b>	<b>1,003</b>

## 20 Equity

<b>Contributed equity</b>		
Balance at the start of the year	60,884	60,884
Contributions	0	0
Distributions	0	0
Balance at the end of the year	<b>60,884</b>	<b>60,884</b>
<b>Reserves</b>		
<b>Asset revaluation reserve:</b>		
Balance at the start of the year	8,022	2,787
Changes in accounting policy	0	(104)
Net revaluation increments/(decrements):		
Land	2,148	3,678
Buildings	1,944	1,661
Transfer to Retained Earnings	(305)	0
Balance at the end of the year	<b>11,809</b>	<b>8,022</b>
<b>General reserve:</b>		
Balance at the start of the year	25,333	21,353
Transfer from Retained Earnings	6,760	3,980
Balance at the end of the year	<b>32,093</b>	<b>25,333</b>
Balance of reserves at end of the year	<b>43,902</b>	<b>33,355</b>





	2008 \$000	2007 \$000
<b>Retained earnings</b>		
Balance at the start of the year	0	0
Changes in accounting policy	0	104
Result for the period	6,455	3,876
Transfer from Asset Revaluation Reserve	305	0
Transfer to General Reserve	(6,760)	(3,980)
Balance at the end of the year	<b>0</b>	<b>0</b>

#### General reserve

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

## 21 Notes to the Statement of Cash Flow

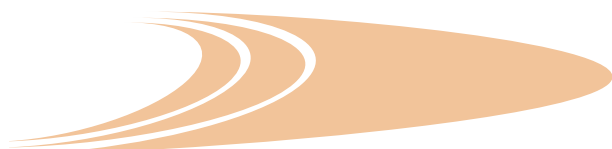
Cash at bank earns interest at floating rates based on daily bank deposit rates.

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:

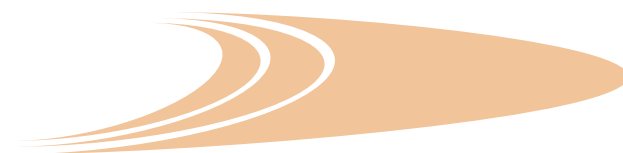
Cash and cash equivalents		
Cash at bank	16,597	13,915
Cash on hand	50	28
Short-term deposits	55,292	59,367
	<b>71,939</b>	<b>73,310</b>







	2008 \$000	2007 \$000
<u>Reconciliation of profit to net cash flow provided by/(used in) operating activities</u>		
Profit for the period	6,455	3,876
Non cash items:		
Depreciation and amortisation expense	4,837	4,548
Doubtful debts expense		
Net (gain)/loss on sale of property, plant and equipment	(401)	(18)
(Increase)/decrease in assets:		
Receivables / Accrued Income	4,581	3,373
Current inventories	207	(95)
Prepayments	(2,721)	(427)
Increase/(decrease) in liabilities:		
Trade creditors	775	322
Other creditors	2,679	615
Other liabilities	(47)	(497)
Annual leave and long service leave provisions	1,043	649
Other current provisions	(452)	395
Net GST Receipts/Payments	460	(543)
Change in GST Receivables/Payables	(920)	510
Grants and Subsidies from State Government	(996)	(20,281)
Net cash provided by/(used in) operating activities	<b>15,500</b>	<b>(7,573)</b>





## 22 Financial Instruments

### Financial Risk Management

Financial Instruments held by RWWA are cash and cash equivalents, loans, receivables and payables. RWWA has limited exposure to financial risks. RWWA's overall risk management program focuses on managing the risks identified below.

#### Credit Risk

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

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

#### Liquidity Risk

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

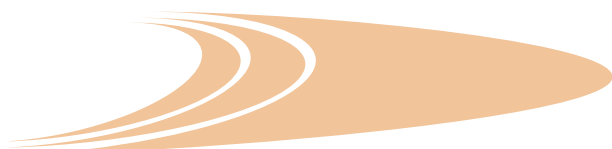
#### Market Risk

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

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

### Categories of Financial Instruments

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





	2008	2007
	\$000	\$000
<b>Financial Assets</b>		
Cash and cash equivalents	71,939	73,310
Receivables and Loans	1,161	5,741
<b>Financial Liabilities</b>		
Financial Liabilities measured at amortised cost (a)	30,402	26,950

(a) The amount of financial liabilities measured at amortised cost excludes GST payable to the ATO (statutory receivable/payable).

## Financial Instrument Disclosures

### Credit Risk, Liquidity Risk and Interest Rate Risk Exposure

The following table details the exposure to liquidity and interest rate risk as at the balance date.

RWWA's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table.

The table is based on information provided to senior management of RWWA.

The contractual maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date. An adjustment for discounting has been made where material.

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

	"Weighted Average Effective Interest Rate %"	Contractual Maturity Dates			Adjustment for discounting	Total
		Variable Interest Rate	Non Interest Bearing	Fixed Interest Rate Within 1 year		
2008		\$000	\$000	\$000	\$000	\$000
Financial Assets						
Cash and cash equivalents	7.76	11,070	5,576	55,293		71,939
Receivables and Loans			1,161			1,161
		11,070	6,737	55,293		73,100
Financial Liabilities						
Payables (a)			29,572			29,572
Agent deposits	6.66				830	830
			29,572		830	30,402



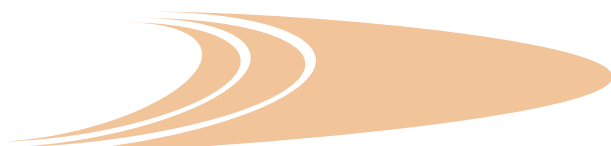
	"Weighted Average Effective Interest Rate %"	Variable Interest Rate	Contractual Maturity Dates			Adjustment for discounting	Total
			Non Interest Bearing	Fixed Interest Rate Within 1 year	Fixed Interest Rate More than 5 years		
<b>2007</b>	Rate %	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial Assets</b>							
Cash and cash equivalents	6.37	13,915	28	59,367			73,310
Receivables and Loans			5,741				5,741
		<b>13,915</b>	<b>5,769</b>	<b>59,367</b>			<b>79,051</b>
<b>Financial Liabilities</b>							
Payables (a)			26,145				26,145
Agent deposits	5.78				805		805
			<b>26,145</b>		<b>805</b>		<b>26,950</b>

(a) The amount of financial liabilities measured at amortised cost excludes GST payable to the ATO (statutory receivable/payable). The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

## Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the authority's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying amount amount \$000	-1% change		+1% change	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000
<b>2008</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	71,939	(664)	(664)	664	664
<b>Financial Liabilities</b>					
Agent deposits	830	8	8	(8)	(8)
Total Increase/(Decrease)		(656)	(656)	656	656





## 2007

### Financial Assets

Cash and cash equivalents

Carrying amount \$000	-1% change		+1% change	
	Profit \$000	Equity \$000	Profit \$000	Equity \$000
73,310	(733)	(733)	733	733
<b>Financial Liabilities</b>				
Agent deposits	805	8	8	(8)
Total Increase/(Decrease)		(725)	725	725

### Fair Values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

2008  
\$000

2007  
\$000

## 23 Commitments

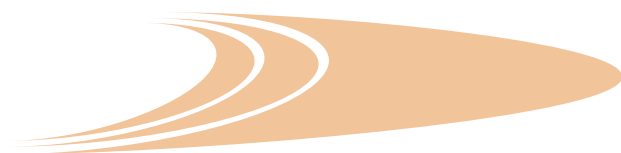
### Capital Commitments

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	355	811
Later than one year but not later than five years	0	0
Later than five years	0	0
	<b>355</b>	<b>811</b>

The capital commitments include amounts for:

Replacement of Bet Engine	0	89
Customer Information Terminals and communications upgrade	0	582
Other miscellaneous capital projects	0	140
Motor Vehicles	251	0
Air Conditioning	90	0
Other miscellaneous capital	14	0
	<b>355</b>	<b>811</b>





2008	2007
\$000	\$000

## 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	2,749	2,283
Later than one year but not later than five years	5,902	5,709
Later than five years	1,335	1,525
	<b>9,986</b>	<b>9,517</b>

Representing:

Cancellable operating leases	0	0
Non-cancellable operating leases	9,986	9,517
Future finance charges on finance leases	0	0
	<b>9,986</b>	<b>9,517</b>

The non-cancellable operating lease commitments include amounts for:

Property	9,805	9,057
Computer and office equipment	181	460
	<b>9,986</b>	<b>9,517</b>

## Expenditure Commitments

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

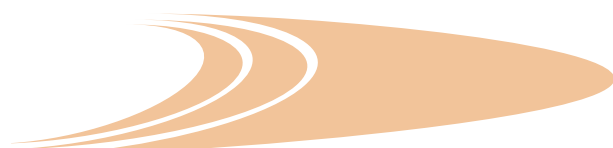
Within one year	1,832	315
Later than one year but not later than five years	0	0
Later than five years	0	0
	<b>1,832</b>	<b>315</b>

## 24 Contingent liabilities

In addition to the liabilities included in the financial statements, RWWA has the following contingent liability:

Litigation in progress

A \$2.9M claim was received in relation to an alleged breach of licence agreement. Matter was determined by the Supreme Court in RWWA's favour on 29 August 2008. This decision has since been appealed to the full court of the Federal Court.





2008	2007
\$000	\$000

**25 Events occurring after the balance sheet date**

There are no significant post balance sheet events.

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

**Remuneration of members of the Accountable Authority**

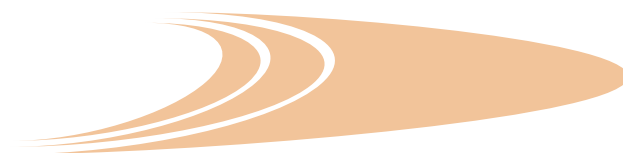
The number of members of the Accountable Authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

\$20,001 - \$30,000		7
\$30,001 - \$40,000	6	
\$40,001 - \$50,000	1	
\$50,001 - \$60,000	1	1

The total remuneration of Members of the Accountability Authority is:

315	246
-----	-----

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







2008	2007
\$000	\$000

## Remuneration of Senior Officers

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

\$20,001 - \$30,000	1	
\$60,001 - \$70,000		1
\$80,001 - \$90,000	1	
\$100,001 - \$110,000	1	
\$160,001 - \$170,000	1	
\$180,001 - \$190,000		1
\$190,001 - \$200,000		1
\$200,001 - \$210,000	2	1
\$210,001 - \$220,000	1	
\$220,001 - \$230,000		1
\$230,001 - \$240,000	1	
\$250,001 - \$260,000		1
\$270,001 - \$280,000	1	
\$280,001 - \$290,000		1
\$290,001 - \$300,000	1	
\$330,001 - \$340,000	1	
\$450,001 - \$460,000		1

The total remuneration of senior officers is:	2,138	1,876
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No senior officers are members of the Pension Scheme.

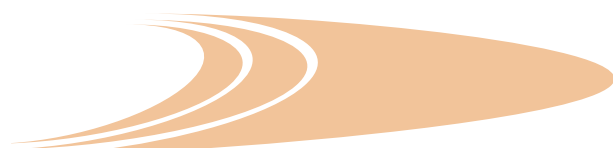
## 27 Remuneration of Auditor

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

Auditing the accounts, financial statements and performance indicators	100	93
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## 28 Supplementary Financial Information

Bad Debts Written off	39	9
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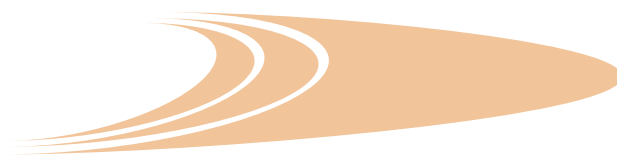


RACING AND WAGERING  
WESTERN AUSTRALIA



## 29 Schedule of Income and Expense by Service

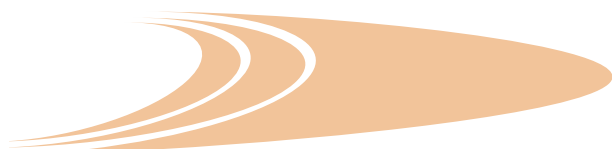
	Racing		Wagering		Unallocated		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>INCOME</b>								
<b>Revenue</b>								
Margin			234,049	226,023			234,049	226,023
Interest revenue			523	558	4,554	4,104	5,077	4,662
Other revenue	5,183	4,952	16,277	12,130	1,025	687	22,485	17,769
Gain on disposal of non-current assets					540	18	540	18
<b>Total Income</b>	<b>5,183</b>	<b>4,952</b>	<b>250,849</b>	<b>238,711</b>	<b>6,119</b>	<b>4,809</b>	<b>262,151</b>	<b>248,472</b>
<b>EXPENSES</b>								
Cost of sales			32,772	62,278			32,772	62,278
Racing Services	15,392	12,978					15,392	12,978
Wagering Services			68,338	64,393			68,338	64,393
Support Services					26,188	24,771	26,188	24,771
Projects	259	258	895	289	3,392	2,715	4,546	3,262
Grants and subsidies	3,736	4,688	992	1,272			4,728	5,960
Distribution to racing and sports industries	102,941	89,610			1,696	1,625	104,637	91,235
Loss on disposal of non-current assets					139		139	
<b>Total Expenses</b>	<b>122,328</b>	<b>107,534</b>	<b>102,997</b>	<b>128,232</b>	<b>31,415</b>	<b>29,111</b>	<b>256,740</b>	<b>264,877</b>
<b>Profit/(Loss) before Grants and Subsidies</b>	<b>(117,145)</b>	<b>(102,582)</b>	<b>147,852</b>	<b>110,479</b>	<b>(25,296)</b>	<b>(24,302)</b>	<b>5,411</b>	<b>(16,405)</b>
Grants and subsidies from State Government (GST Reimbursement)			1,044	20,281			1,044	20,281
<b>Profit/(Loss) for the period</b>	<b>(117,145)</b>	<b>(102,582)</b>	<b>148,896</b>	<b>130,760</b>	<b>(25,296)</b>	<b>(24,302)</b>	<b>6,455</b>	<b>3,876</b>





## 30 Explanatory Statement

	Comment	2008 Actual \$000	2008 Budget \$000	2007 Actual \$000
<b>Revenue</b>				
Margin	(1)	234,049	247,544	226,023
Interest Revenue	(2)	5,077	3,101	4,662
Other Revenue	(3)	22,485	16,492	17,769
<b>Gains</b>				
Gain on disposals of non-current assets		540	1,152	18
<b>Total Income</b>		<b>262,151</b>	<b>268,289</b>	<b>248,472</b>
<b>Expenses</b>				
Cost of sales	(4)	32,772	33,272	62,278
Racing services	(5)	15,392	16,513	12,978
Wagering Services	(5)	68,338	73,346	64,393
Support Services	(5)	26,188	29,127	24,771
Projects	(6)	4,546	9,208	3,262
Grants and subsidies	(7)	4,728	3,555	5,960
Distribution to racing and sports industries	(8)	104,637	106,015	91,235
Loss on disposal of non-current assets		139	0	0
Total Expenses		<b>256,740</b>	<b>271,036</b>	<b>264,877</b>
Grants and subsidies from State Government (GST reimbursement)		1,044	1,326	20,281
Profit for the period		<b>6,455</b>	<b>(1,421)</b>	<b>3,876</b>

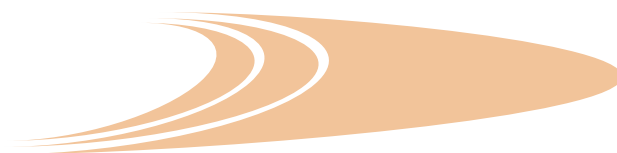




## Comment

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

- (1) Margin has reduced by \$13.5M or 5.5% compared to budget primarily due to the impact of the Equine Influenza outbreak which caused the abandonment of many race meetings and subsequently a reduction in the quality of racing which affected turnover.
- (2) The increase in interest revenue compared to budget is due to the increase in cash holding due to lower than budgeted project expenditure and higher than anticipated interest rates.
- (3) The rise in other revenue is mainly due to the insurance recoup of losses arising from the Equine Influenza outbreak.
- (4) Cost of sales has decreased from last year due to the legislative changes affecting taxation (refer note 1 (d)).
- (5) Expenses were lower than budget in direct costs (due to the reduced turnover), and in depreciation (\$4M) as a number of significant capital initiatives carried over into 2008/9.
- (6) The reduction in non capital project expenditure is also related to the project initiatives carried forward into 2008/2009.
- (7) An additional amount of \$1.2M was paid out on grants to the racing industry compared to budget.
- (8) Distributions were \$1.4M below budget arising from a number of factors including timing issues.





## CERTIFICATION OF FINANCIAL STATEMENTS

### For the Year Ended 31 July 2008

The accompanying financial statements of Racing and Wagering Western Australia, have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 31 July 2008 and the financial position as at 31 July 2008.

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

A blue ink signature of James Malcolm Freemantle.

James Malcolm Freemantle  
**Deputy Chairman**

A blue ink signature of Ronald James McFarlane.

Ronald James McFarlane  
**Board Member**

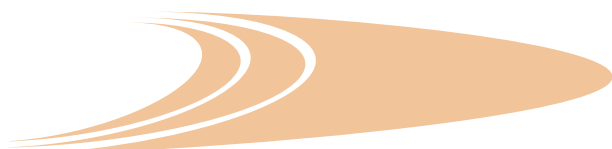
A blue ink signature of Julian Hilton-Barber.

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

13 October 2008

13 October 2008

13 October 2008



RACING AND WAGERING  
WESTERN AUSTRALIA



## KEY PERFORMANCE INDICATORS

### FOR THE YEAR ENDED 31 JULY 2008

#### 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		2008		2007	2006
				Actual	Budget	Actual	Actual
1	Margin		\$000	234,049	247,544	226,023	205,346
2	Number of Bets Processed		000	199,719		200,734	191,027
3	Operating Profit (excluding the profit/loss from sale of assets) before distribution to codes.		\$000	110,691	103,442	95,093	88,548
4	Distribution to Industry		\$000	104,637	106,015	91,235	83,545
5	Grants to Industry (RWWA Funded)	(a)	\$000	3,455	2,297	4,443	4,010
	Grants to Industry (WA Government Funded)		\$000	2,496	4,763	4,091	4,329
	Number of Clubs and allied bodies assisted (Combined Funding)		No.	27	19	34	42
6	% of Winners Swabbed / Returned Negative	(b)					
	Thoroughbreds		%	99.8		99.9	99.4
	Harness		%	98.5		99.4	99.7
	Greyhounds		%	100.0		99.9	99.9
	Average number of starters in WA Races (Excludes non-TAB Meetings)	(c)					
	Thoroughbreds		No.	10.2		10.3	10.1
	Harness		No.	10.0		10.3	10.1
	Greyhounds		No.	7.8		8.0	7.8
7	Staff (FTE)	(d)	No.	344	364	339	314
8	Margin per employee		\$000	680	680	667	654
9	Profit per employee		\$000	322	284	281	282
10	Return on assets (Operating profit as a percentage of total assets)		%	77.5	78.0	73.9	75.0
11	Primary Betting System availability		%	99.97	99.96	99.99	99.99

##### Comments

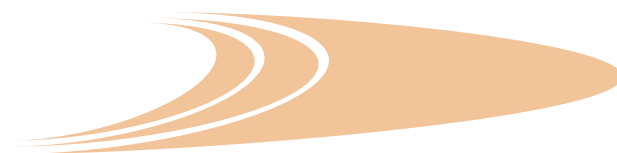
- 1 Margin has reduced by \$13.5M or 5.5% on budget.
- 3 A lower than expected margin was offset by higher other income, reduced expenditure.
- 4 RWWA's distribution policy to the Racing codes and to Sports has provided a record high which was 14.7% over the prior year.
- 5 These figures do not take into account other Industry Funding on RWWA owned industry assets (\$2.4M in 2007/8).
- 7, 8, 9 A number of budgeted staff positions were unfilled or deleted during the year.

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

**For the Year Ended 31 July 2008**

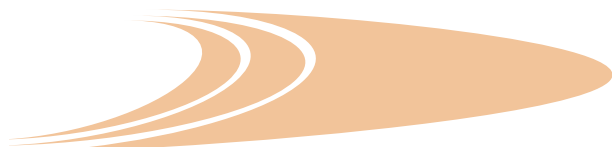
We hereby certify that the Performance Indicators for Racing and Wagering Western Australia (RWWA) are based on proper records, are relevant and appropriate for assisting users to assess the performance of RWWA and fairly represent the performance of RWWA for the financial year ended 31 July 2008.

James Malcolm Freemantle  
**Deputy Chairman**

13 October 2008

Ronald James McFarlane  
**Board Member**

13 October 2008







## 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 2008

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 2008, 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 2008

#### 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 2008 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 2008.

  
COLIN MURRAY  
AUDITOR GENERAL  
13 October 2008

4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664



## OTHER FINANCIAL DISCLOSURES

### PRICING POLICIES

RWWA has discretion over pricing for goods and services rendered.

### CAPITAL WORKS

#### Completed Capital Works

Project Name	Actual total cost of project
Accommodation	\$1,257,503

#### Capital Projects in Progress

Project Name	Expected year of completion	Estimated cost to complete	Estimated total cost of project
Enterprise Management Services	May-09	\$1,181,232	\$1,239,971
Customer Information Terminals Rollout	Dec-09	\$1,417,149	\$6,688,440
Bet Engine Replacement	Jun-10	\$19,288,137	\$30,980,000
FOB Rewrite	Jun-09	\$1,131,410	\$1,280,436

## EMPLOYMENT AND INDUSTRIAL RELATIONS

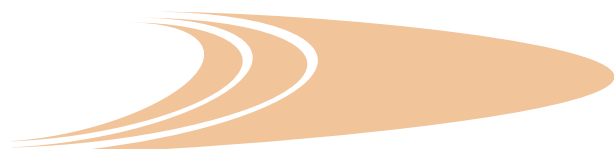
### Staff Profile

As at the end of the reporting year the number of people employed was 531 (463 in 2007).

EMPLOYEE PROFILE	FULL TIME EQUIVALENT (FTE)	
	2008	2007
Full time	238	219
Part time	14	17
Casual	84	81
Fixed-term contractors	8	11
<b>TOTALS</b>	<b>344</b>	<b>328</b>

### Staff Development

Staff development is a key focus for RWWA in light of the ongoing competitive employment market. RWWA recognises staff development assists in engaging employees and in turn, ensures continued success in retaining highly skilled employees within the organisation.





Strategies which have assisted in the development of employees include the 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. These specific training needs are aligned to training courses and programs, internally or externally, to further enhance employee engagement and skill set.

With a new HR team and structure in place RWWA is positioned for the coming years to provide the organisation with increased resources and skills to add further value in areas such as targeted internal training programs in recruitment and performance management and reviewing current talent management processes to align with business objectives. This will further assist RWWA in engaging and retaining our current workforce.

## Industrial Relations

The Government Officers Salaries, Allowances and Conditions Award 1989 and Agreement (GOSAC) is the underpinning instrument governing employee conditions and entitlements for RWWA employees. Due to the recent change of Federal government, RWWA is currently required to transition these conditions instrument from State based to a federal jurisdiction. This process will evolve over time as a result of the new Federal government introducing its own legislation "Forward with Fairness" and abolishing much of "Work Choices".

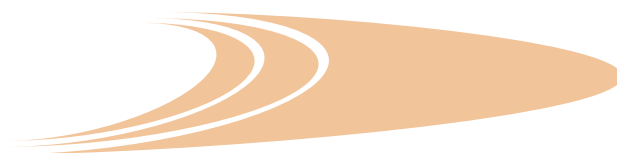
RWWA's existing two Enterprise Agreements and one Agency Specific Agreement are also under review, with the aim to provide specific employee groups within RWWA with appropriate conditions to retain and attract employees.

## 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.

INDICATOR	2008 ACTUAL*	2008 TARGET*	2007 ACTUAL*
Number of claims accepted by Riskcover	5	n/a	2
Estimated cost of claims per \$100 payroll	0.0774	n/a	0.0008
Premium rate	0.67	n/a	0.80
Rehabilitation success rate	0	0	0
Number of fatalities	0	0	0
Lost time injury/diseases (LTI/D) rate	3	0 or 10% reduction on 2007	0
Lost time injury severity rate	0	0 or 10% reduction on 2007	0

\* For the period 1 July to 30 June





## GOVERNANCE DISCLOSURES

### 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.

### INSURANCE PREMIUMS PAID TO INDEMNIFY MEMBERS OF THE BOARD

An insurance policy has been undertaken to indemnify members of the Board against any liability incurred under sections 13 or 14 of the Statutory Corporations (Liabilities of Directors) Act 1996. The amount of the insurance premium paid for 2008 was \$12,886.

### RWWA'S CORPORATE GOVERNANCE PRINCIPLES

RWWA's Board strongly supports the principles of Corporate Governance and is committed to maintaining the highest standards within the organisation.

This is particularly important given that RWWA has to balance commercial decisions, against the welfare and integrity of the racing industry, within a heavily regulated environment, and ensure that RWWA and the Racing Industry remains viable and sustainable into the future.

### BOARD POWERS, STRUCTURE, COMPOSITION AND MEMBERSHIP

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

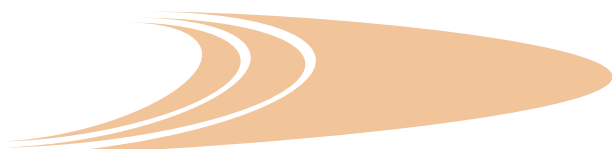
The RWWA Act 2003 gives RWWA broad powers, in relation to the management of its affairs and also in the management and regulation of the Western Australian Racing Industry. The Western Australian Gaming and Wagering Commission regulate RWWA's commercial wagering activities. The RWWA Board is not subject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

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

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

### BOARDROOM CONDUCT AND RELATIONSHIPS

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





Key roles of the Board include:

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

## REGULATORY DISCLOSURE AND STAKEHOLDERS COMMUNICATIONS

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

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

RWWA maintains regular communications with its stakeholders through:

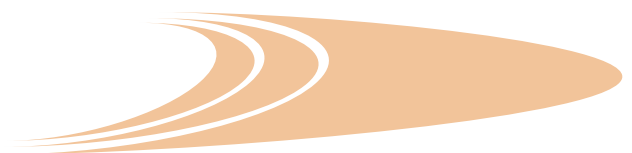
- Racing Industry Consultative Groups
- TAB Agents Advisory Council
- Meetings with the Minister responsible for RWWA
- Communications with Employees

## ROBUST MANAGEMENT AND COMPLIANCE PROCESSES

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

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

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





## **ETHICAL DECISION MAKING**

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

RWWA has developed a Responsible Wagering Policy to guide Board Members, Employees, 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.

## **STRATEGY, PLANNING AND MONITORING**

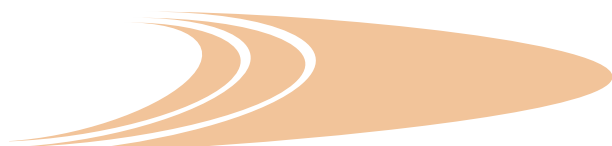
To fulfil RWWA's mission, an annual Statement of Corporate Intent and a Strategic Development Plan (longer term plan) is developed which documents the plans, future and vision for RWWA and the Racing Industry.

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

## **ENCOURAGED ENHANCED PERFORMANCE**

RWWA undertakes performance appraisals of all employees, including the CEO and Executive Members as part of the Performance Management System.

Annual Budgets and Business Plans are developed to meet the targets set in the Statement of Corporate Intent and the Strategic Development Plan, and these are linked into RWWA Performance Management System.





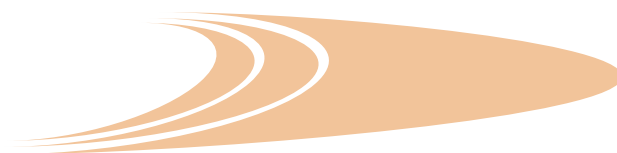
## OTHER LEGAL REQUIREMENTS

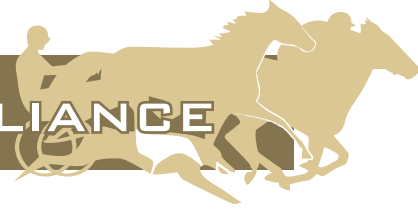
### ADVERTISING

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

Total expenditure for 2007/2008 was \$2,627,704 and was incurred as follows:

Advertising Agencies		\$
	Bowtell Clark & Yole	301,773
	Adcorp	142,460
Market Research Agencies		
	Media Monitors	17,611
	Colmar Brunton	21,810
Polling Organisations		Nil
Direct Mail Organisations		Nil
Media Advertising Organisations		
	Redwave Media	67,392
	Southern Cross Broadcasting	23,689
	Heritage FM	1,900
	Radio 6PR	25,000
	Radio 3UZ	17,140
	FM104-9 Network	10,000
	Fairfax Radio	197,535
	STW Channel 9	20,000
	British League Football Club	6,000
	West Regional Sales	56,338
	Express Magazine	1,048
	West Australian	16,831
	Western Sports Media	3,000
	Competitive Edge	1,500
	Sensis	12,354
	Rural Press Regional Media (WA)	900
	Bench Ad	1,187
	Owners Turf News	500
	Albany Advertiser	1,094
Media Agencies		
	Media Decisions	1,648,982
	Media Tonic	31,662
TOTAL EXPENDITURE		\$2,627,704



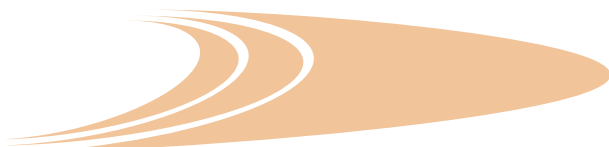


## RECORD KEEPING

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

## COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

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







## GOVERNMENT POLICY REQUIREMENTS

### 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.

### SUBSTANTIVE EQUALITY

Not applicable to RWWA.

### SUSTAINABILITY

RWWA considers the issue of Sustainability as an important issue, not only for the organisation, but also for the Western Australian Racing Industry. RWWA is embarking on a project to implement the culture of Sustainability within the organisation, and the WA Racing Industry.

RWWA has already introduced programs to assist in developing a Sustainable organisation including:

- Responsible Wagering Program and Code of Conduct
- Ensuring Equity and Diversity in the workplace
- Ensuring the financial viability of the Racing Industry through its financial practices
- Ensuring that environmental standards are met for land holdings

RWWA is committed in improving its Sustainability Practices and Principles.

### OCCUPATIONAL HEALTH AND SAFETY

The RWWA Executive is responsible for providing leadership in the management of all aspects of RWWA's operation, including health, safety and welfare. It is responsible for the development of policies, programs and procedures in consultation with the Occupational Safety and Health Advisory Committee and for the provision of adequate resources to give effect to them. Managers and supervisors are responsible for ensuring that programs are carried out and that policies and procedures are followed.

RWWA is committed to:

- Providing a safe and healthy workplace, plant and work systems
- Providing protective clothing and equipment
- Providing occupational safety and health information, instruction, supervision and training
- Fulfilling the outcomes of the OSH Plan
- Consulting and cooperating with the Occupational Safety and Health Advisory Committee.





The OS&H Advisory Committee meets on a quarterly basis and is responsible for actioning a management plan to fulfil statutory and business requirements, determine and administer OS&H management requirements of RWWA and maintain the RWWA OS&H budget.

The Committee comprises one staff member from each work area at each RWWA location and one Executive Committee member (on a six-monthly rotational basis). This representation ensures that all staff have a mechanism for consultation and input regarding occupational safety and health matters.

RWWA is compliant with the injury management requirements of the Workers' Compensation and Injury Management Act 1981 through its Injury Management Policy.

