



## RACING AND WAGERING WESTERN AUSTRALIA



## STATEMENT OF CORPORATE INTENT

2012 - 2013



# Purpose

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

# Vision

*Making our racing great*

# Values

*Customer First  
Teamwork  
Achievement  
Commercial Focus*



## **Racing and Wagering Western Australia**

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## TABLE OF CONTENTS

|   |    |
|---|----|
| INTRODUCTION.....                                     | 4  |
| SUMMARY OF STRATEGIC INITIATIVES AND ACTIVITIES ..... | 6  |
| DISTRIBUTIONS OF FUNDS .....                          | 10 |
| KEY PERFORMANCE INDICATORS .....                      | 11 |
| ACCOUNTING POLICIES .....                             | 11 |
| REPORTING REQUIREMENTS .....                          | 11 |

# INTRODUCTION

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

The *Racing and Wagering Western Australia Act 2003* requires RWVA to produce a Statement of Corporate Intent (SCI) which in this instance reflects the 2012-13 financial year and in particular sets out RWVA's objectives, main undertakings for the year, the nature and scope of the functions proposed to be performed, performance targets and accounting policies.

# Corporate Objectives

## Growth

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

## People

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

## Internal Processes

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

## Customer

RWWA will provide a competitive standard of service to its customers

## Stakeholder

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

## Financial

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

## Risk

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

## Community Respect

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

# SUMMARY OF STRATEGIC INITIATIVES AND ACTIVITIES

RWWA will continue to focus strongly on customer strategies to deliver wagering growth and has a coordinated set of initiatives to achieve them.

The aim is to generate sustainable funding levels for the racing industry. In addition, RWWA provides funding for sporting organisations in Western Australia.

## WAGERING

RWWA's strategy to protect and grow its base continues to evolve in response to changing customer, technology and competitive dynamics. The elements of this strategy include:

- The expansion of combined Parimutuel pools for Quartet, Exacta, Quinella, and Doubles bet types as well as international racing which will provide significant benefits to customers and in turn generate growth to RWWA;
- The expansion of Fixed Odds within RWWA's retail outlets making it easier to select fixed odds betting;
- An increasing focus on 'Customer First' initiatives ensuring all channels are simple and easy to use, improving customer service in agencies through agent training and performance management; and
- Continued investment for growth in the existing retail network, with modern and attractive facilities and developing a presence in areas to exploit growth and potentially mitigate competitor access. In addition, RWWA will focus on the expansion of the retail network into outlets previously not available.

To achieve its growth targets, RWWA is focusing on key enablers including:

- A clearly identified and positioned brand offer;
- A targeted marketing plan;
- Common internet and mobile customer interfaces;
- An improved search engine presence;
- A simple easy to use sign up and betting process; and
- Continuing to evolve our mobile application strategy to meet our customers' needs.

## RACING

RWWA distributes funds to the racing industry using a structured framework called the Distribution Model. The model meets all statutory requirements.

Towards the completion of financial year 2009-10, RWWA developed strategic plans for all three racing codes. Annual reviews of its Distribution Model funding framework are conducted in light of those strategic directions for the industry. All three code strategic plans focus on driving improved performance, greater sustainability and ensuring long-term viability of Western Australian racing into the future.

The Strategic Plans and ongoing revision of the Distribution Model take into account the independent nature of the individual codes, as each have quite different needs and requirements. These include unique participant and punter attractions, upon which their future viability is dependent and therefore determination of the funding model requires relevant strategies specific to each of the racing codes.

### **Increase Participation in the Western Australia Racing Industry**

RWWA encourages participation in the racing industry via attractive base stake and feature race levels, rewarding three code local breeding schemes and a sustainable return on investment for participants. The Strategic Plans focus on a number of initiatives which encourage racing as a career-of-choice industry; sustaining employment across a wide variety of occupations, promotion of the racing product and events, generating increased on-course attendances and wagering activity as well as attracting a wider scope of racing clientele through ownership and associated initiatives.

### **Increase the Quality of the Racing Product in Western Australia**

The key elements of judging the quality of product emanating from a State's racing industry are reputation and performance across breeding, racing, club and participant sectors. Western Australia also adheres to best practice initiatives in relation to integrity and welfare and continues to maintain this high standard for animals, participants and racegoers. The Strategic Plans for all three codes recommended the optimal racing volume for each code – in 2012-13 greyhound race meetings will increase marginally to accommodate the population of animals and the desire to maintain viability for this code through opportunities to race. Harness and Thoroughbred race meetings will continue broadly at levels introduced in 2011-12 with the aim of maximising vision coverage and resulting product fee income from Racefields product fees. These allocations are being further advanced with the lift in stake money for provincial thoroughbreds following on from the introduction of a metropolitan midweek strategy specific to harness in the previous year. Ongoing support of structured industry training and accreditation programmes for participants will further enhance Western Australia's racing reputation whilst initiatives across all three codes for its breeding schemes will encourage sustainable breeding and the production of quality progeny for the race track.

### **Increase the Stakeholder Satisfaction**

RWWA enhanced its range of consultation with stakeholders in the previous period and is committed to continue to advance dialogue across the wider racing industry sector. It does so through regional and metropolitan outreach programmes, integrated with discussion over key funding initiatives, race programming, wagering activity, quarterly consultation with eligible bodies, monthly racing publications and through its ownership of print and electronic mediums such as TABForm and Racing Radio, a state-wide service operating seven days per week. RWWA continues to encourage stakeholder feedback to ensure the controlling authority is across the many issues that affect racing industry constituents.

RWWA has also determined that on a biennial basis it will host a Western Australia Racing Symposium for the broader industry. An open invitation is provided for all stakeholders to seek their participation in this tri-code conference. The intent of the event is to discuss current challenges with the input of respected national administrators and code representatives; followed by code-specific workshops which provide an intimate and constructive environment in which to determine tangible and productive solutions.

### **Safeguard the Viability of the Racing Industry**

The code Strategic Plans were also formulated with the view to provide sustainability and certainty recognising future strategic and operational challenges. In identifying the racing industry's strengths and weaknesses and adapting to a changing economic climate, RWWA is committed to the long-term viability of the industry. With an acute emphasis on minimising cost and maximising returns, both the Strategic Plans and Distribution Model equip the industry with proactive and targeted strategies to defend against threats and unforeseen conditions confronting the racing and wagering industry.

### **Racing Industry Grants and Development**

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

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

In order for racing to meet these requirements, RWWA has identified an amount exceeding \$83M required to be invested within the industry over the next three to five years on desired capital infrastructure projects for metropolitan, country and regional clubs.

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

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

The following sub-sections detail the different Grant programmes.

➤ **Racecourse Infrastructure Grants Programme (RIGP)**

The Minister for Racing and Gaming announced a State Government funding commitment of \$13M on a partnership basis for racecourse infrastructure in 2010.

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

32 projects throughout the State have been completed as a result of this significant funding support. Major initiatives include plastic running rails for both metropolitan venues and 8 regional racecourses including Lark Hill Training Complex enhancing jockey and animal safety, new jockey/stewards building for the Albany Race Club, horse float and car park upgrades for the Pinjarra Race Club, construction of a fast harness training track at York racecourse creating a dual code usage and track lighting for the Northam greyhound track.

As of March 2012, 60 grants have been approved or committed 'in principle' to a value of \$5.7M out of a total project cost of \$18.3M.

➤ **Royalties for Regions**

Clubs are encouraged to approach RWWA for support, prior to making an application through the Royalties for Regions grants scheme. In some cases RWWA assists clubs in developing business cases for their applications. This year's application (2012) closing date for funding has yet to be announced.

There was limited funding success for the Clubs in the 2011 Regional Grants Schemes administered by the various Regional Development Commissions. Carnarvon Race Club has been allocated \$207.6K for Master Plan Stage 2 revitalisation, Northam Harness Racing Club has been allocated \$33K for track renovations and Narrogin Race and Pace allocated \$8K for development of additional stalls.

RWWA has taken the initiative to seek matching Royalties for Regions funding to supplement the RIGP through the State Government 2012-13 budget process.

➤ **RWWA Funded Grants**

RWWA continues to have limited funds available for racing infrastructure for 2012-13. Primary infrastructure funding will be from clubs in partnership with RIGP/Royalties for Regions or if successful, through matching funding as referred to previously.

# DISTRIBUTIONS OF FUNDS

**Table 1: Racing Industry Distributions for 2012-13**

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

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

| Track Class        | Thoroughbreds |               | Harness       |               | Greyhounds    |               |
|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                    | (\$000's)     | % of Code     | (\$000's)     | % of Code     | (\$000's)     | % of Code     |
| Metropolitan       | 42,727        | 62.3%         | 17,087        | 57.8%         | 8,451         | 56.3%         |
| Country            | 25,275        | 36.9%         | 12,088        | 40.9%         | 6,560         | 43.7%         |
| Training           | 0             | N/A           | 232           | 0.8%          | 0             | N/A           |
| Unallocated *      | 585           | 0.9%          | 179           | 0.6%          | 0             | N/A           |
| <b>Grand Total</b> | <b>68,586</b> | <b>100.0%</b> | <b>29,586</b> | <b>100.0%</b> | <b>15,011</b> | <b>100.0%</b> |

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

**Table 2: Sports Distributions for 2012-13**

|                                      |              |
|--------------------------------------|--------------|
| <b>Sports Distribution (\$000's)</b> | <b>3,435</b> |
| as a percentage of Sports MAT        | 25.00%       |

**Table 3: Racing Distribution Funding for 2012-13**

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

| Distribution Funding Source (\$000's) | Thoroughbreds | Harness       | Greyhounds    | Total          |
|---------------------------------------|---------------|---------------|---------------|----------------|
| Racefields Grants Income              | 16,072        | 7,432         | 3,398         | 26,902         |
| Wagering Revenue                      | 52,514        | 22,154        | 11,614        | 86,282         |
| <b>Total Distributions</b>            | <b>68,586</b> | <b>29,586</b> | <b>15,011</b> | <b>113,184</b> |
| Racefields revenue code allocation %  | 59.74%        | 27.63%        | 12.63%        | 100.00%        |

# KEY PERFORMANCE INDICATORS

| Key Performance Indicators   | 2012/13 |
|--|---------|
| Number of bets processed (% Change from prior year)                    | # 2.72% |
| Distribution to Racing and Sports (\$000)                              | 116,624 |
| Distribution to Racing and Sports (% Change from prior year)           | # 3.37% |
| Racing and Stewards Expenses per WA meeting (\$000)                    | 17      |
| Racing and Stewards Expenses per WA meeting (% Change from prior year) | 0.19%   |
| Number of staff (FTE)  | 368     |
| Return on Assets (%)   | 83.33%  |
| Return on Assets (% Change from prior year)                            | -2.09%  |
| Primary Betting System availability (%)                                | 99.96%  |
| Primary Betting System availability (% Change from prior year)         | 0.00%   |

# The percentage change from prior year is understated due to the impact of an additional week of Parimutuel turnover in 2011-12.

## ACCOUNTING POLICIES

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

## REPORTING REQUIREMENTS

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

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

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

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

- End -