



RACING AND WAGERING WESTERN AUSTRALIA



STATEMENT OF CORPORATE INTENT

2013 -2014



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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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 2013-14 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
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.

A key part of RWWA's purpose in providing a sustainable future for the racing industry is to ensure its funding is maintained at appropriate levels, recognising that the racing industry nationally is becoming increasingly competitive, as racing bodies chase the income and sponsorship that accrues to quality and competitive racing products.

WAGERING

Critical to RWWA's success in delivering on its purpose is how successfully it chooses initiatives to invest in, and how quickly and cost effectively it is able to implement those initiatives that will deliver the best returns for the industry. In addition to maximising its revenue from wagering, RWWA is constantly looking for innovative ways to reduce costs without impacting its revenue objectives

Three key initiatives and activities RWWA will focus on are listed below.

Improve the Capacity to Deliver Customer Loyalty;

The ability to retain customers in the face of intensifying competition requires RWWA to not only match the products of its competitors but to also offer something unique in the market. The system architecture and capacity to enable and support Customer Loyalty initiatives will be developed in the coming year

Adapt the Retail Business to the Digital Age; and

RWWA still derives the majority of its revenue through its retail agency network. Like many other retail businesses, this channel faces increasing challenges from internet based services, mobile devices in particular. Several retail initiatives are being developed to provide digital content to enhance the customer experience in the retail environment.

Improve Brand Clarity in an Increasingly Competitive Market.

RWWA is reviewing its brand strategy with the aim of creating a point of difference within the market.

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 and the revised strategies implemented during the annual review process focus on providing and sustaining employment across a wide variety of occupations, promotion of the horse and Greyhound racing product, three code events, generating increased awareness of the racing industry and developing the requirements of responsible club management and operations, enhanced owner involvement including the attraction and retention of owners and garnering support through participant and club consultation and communication.

Increase the Quality of the Racing Product in Western Australia

RWWA's funding of the industry is highly motivated by the quality of product emanating from the racing industry breeding schemes; our reputation in terms of integrity, having a strong ownership base and that the WA racing industry has a sound foundation for driving reputation and performance across all breeding, training, animal welfare, club and punter segments. RWWA 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 were increased to accommodate the population of animals, the desire to maintain viability for this code through opportunities to race and product fee revenues through added vision coverage via SKY Racing.

Thoroughbred race meetings continued at similar levels to the previous season as maximising continued vision coverage through new Friday afternoon SKY slots and as a secondary Thoroughbred meeting on Saturdays and public holidays assisted in driving increased product fee income. These allocations are being further advanced with increased stake money for provincial Thoroughbreds. Harness racing also advanced the percentage of SKY meetings to assist revenue gains overall. Ongoing support of structured industry training and accreditation programmes for participants has further enhanced Western Australia's racing reputation, whilst initiatives across all three codes for breeding schemes encourages sustainable interest breeding and the production of quality progeny for WA racing.

Increase the Stakeholder Satisfaction

RWWA enhanced consultation with stakeholders to that of previous years and is committed to continue to advance dialogue across the wider racing industry sector, through industry association meetings from both the participant and clubs sectors. It does so through regional and metropolitan communication, 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. These state-wide services operate seven days per week. RWWA continues to encourage stakeholder feedback to ensure that RWWA is able to deal with the many issues that affect racing industry constituents.

Safeguard the Viability of the Racing Industry

RWWA's Purpose is to "Provide a positive sustainable future for the Western Australian Racing Industry". The Distribution Model for the industry for 2012-13 increased by \$6M to ensure sustainability and certainty for the industry in this State. The collection of beneficial economic data as a result of investing in an Economic Review of the Western Australian racing industry was completed and is referred to within other parts of this document. The IER findings have identified many strengths within the racing industry's employment, club and participant sectors. RWWA is committed to the continued success of the industry and its long-term viability, with an operating focus on minimising costs and maximising returns. Both the Strategic Plans and Distribution Model going forward, equip the industry with proactive and targeted strategies to defend against threats and unforeseen conditions confronting the Racing and Wagering industry.

4.1 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 for the utmost integrity of 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;
- A plan to protect the environmental sustainability of the industry, including minimisation of water use (mostly relevant to metropolitan and regional zones);
- 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, \$98.5M is required to be invested within the industry over the next 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 over five-years (2010-15), on a partnership basis for racecourse infrastructure in July 2010. The aim of the RIGP is to support the establishment or improvement of infrastructure that is critical to the conduct of racing and/or training activities in both metropolitan and regional Western Australia.

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 (RIGP). In past years the Government's Grant Fund was available only for country and regional racecourse rehabilitation; however RIGP funding will apply to all venues, including the metropolitan region.

67 projects throughout the State have been completed as a result of this funding support. Major initiatives include plastic running rail for 3 metropolitan and 8 regional racecourses, enhancing jockey and animal safety; provision of compliant internal and external running rails at all regional racecourses, new jockey/stewards building for the Albany Race Club, refurbishment of public facilities at numerous regional and metropolitan racecourses, float and car park upgrading 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 2013, 114 grants have been approved or committed to in principle to a value of \$7.78M out of a total project cost of \$14.8M.

- **Royalties for Regions**

A Royalties for Regions funding boost of \$6.6M over three years, to supplement the Racecourse Infrastructure Grants Program, was announced in December 2012.

The funding boost is provided to racing clubs in regional Western Australia, with access to funding that will enable them to undertake and complete infrastructure projects that are critical to the ongoing operation of those clubs in tandem with the RIGP funding.

Projects are evaluated on the basis of the strategic needs of the race clubs with particular consideration being given to OHS issues, licensing requirements and patron amenity that will promote and maintain industry sustainability.

- **RWWA Funded Grants**

RWWA has limited funds available for racing infrastructure for 2013-14. Primary infrastructure funding will be from clubs in partnership with RIGP/Royalties for Regions.

DISTRIBUTIONS OF FUNDS

Table 1: Racing Industry Distributions for 2013-14

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	41,639	57.2%	17,277	56.8%	7,319	46.2%
Country	30,518	42.0%	12,680	41.7%	8,508	53.8%
Training	0	0.0%	237	0.8%	0	0.0%
RWWA *	585	0.8%	226	0.7%	0	0.0%
Grand Total	72,741	100.0%	30,419	100.0%	15,827	100.0%

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

Table 2: Sports Distributions for 2013-14

Sports Distribution (\$000's)	4,173
as a percentage of Sports MAT	*25.0%

*Since submitting the RWWA Strategic Development Plan, the Sports Distribution % for 2013-14 has been reduced to 20.5%.

Table 3: Racing Distribution Funding for 2013-14

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	19,515	8,613	4,371	32,499
Wagering Revenue	53,226	21,807	11,456	86,489
Total Racing Distributions	72,741	30,419	15,827	118,988
Racefields revenue code allocation %	60.05%	26.50%	13.45%	100.00%

KEY PERFORMANCE INDICATORS

Key Performance Indicators	2013/14
Number of bets processed (% Change from prior year)	3.25%
Distribution to Racing and Sports (\$000)	123,161
Distribution to Racing and Sports (% Change from prior year)	5.20%
Racing and Stewards Expenses per WA meeting (\$000)	18
Racing and Stewards Expenses per WA meeting (% Change from prior year)	3.16%
Number of staff (FTE)	365
Return on Assets (%)	80.81%
Return on Assets (% Change from prior year)	-1.13%
Primary Betting System availability (%)	99.96%
Primary Betting System availability (% Change from prior year)	0.00%

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 -