Statement of Corporate Intent
2018 - 2019
Racing and Wagering Western Australia
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TABLE OF CONTENTS

INTRODUCTION .................................................................................................................. 3
RWWA’S OBJECTIVES ...................................................................................................... 4
SUMMARY OF STRATEGIC INITIATIVES AND ACTIVITIES ........................................ 5
DISTRIBUTION OF FUNDS ............................................................................................... 11
KEY PERFORMANCE INDICATORS .................................................................................. 12
ACCOUNTING POLICIES ................................................................................................. 12
REPORTING REQUIREMENTS ......................................................................................... 12
INTRODUCTION

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

Section S77(1) of the Racing and Wagering Western Australia Act 2003 requires RWWA to produce a Statement of Corporate Intent (SCI) that is consistent with Strategic Development Plan which in this instance reflects the 2018-19 financial year and in particular sets out RWWA’s objectives, main undertakings for the year, the nature and scope of the functions proposed to be performed, performance targets and accounting policies. The Strategic Development Plan was submitted to the Minister in December 2017.
RWWA’S OBJECTIVES

RWWA’s objectives are set out in our “Clear line of sight”. The Clear line of sight aligns the strategic issues to address our strategic challenges with our cultural enablers that together will ensure we continue to achieve our vision and purpose.

The strategic issues are as follows;

**Strategic Issues**

<table>
<thead>
<tr>
<th>Efficiency of racing model &amp; RWWA’s influence over the industry</th>
</tr>
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<tbody>
<tr>
<td>Working with the industry to increase the effectiveness and utilisation of racing assets.</td>
</tr>
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<table>
<thead>
<tr>
<th>Ability to compete across wagering product mix, channel and brand</th>
</tr>
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<tbody>
<tr>
<td>Increase our share of the competitive wagering market through enhanced product and services.</td>
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<thead>
<tr>
<th>Government support</th>
</tr>
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<tbody>
<tr>
<td>Strengthen government relations and demonstrate the economic and social benefits of a positive sustainable racing industry.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Quality of and participation in racing product</th>
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<tbody>
<tr>
<td>Improve the quality of racing product, track attendance and relevance of Western Australian racing through increasing stakes distribution and industry marketing and planning.</td>
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</table>

<table>
<thead>
<tr>
<th>Social issues</th>
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<tbody>
<tr>
<td>Implement strategies to demonstrate best practice in animal welfare, as well as the promotion and delivery of responsible wagering.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Integrity</th>
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<tbody>
<tr>
<td>Strengthening the integrity and welfare standards across Western Australian racing to ensure public confidence and support.</td>
</tr>
</tbody>
</table>
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 WA 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.

The key challenges that RWWA faces and the strategies that are being implemented are described below:

Customer Acquisition

RWWA’s focus is to maintain its wagering dominance in WA and increase market share from the east coast. TABtouch is highly competitive in the online market with a strong racing experience and full sports offer.

Wagering Channel Mix

The number of customers wagering by mobile device is forecast to grow in 2017-18 as a result of targeted investment and migration from traditional channels. The increase in mobile betting enables TABtouch to deliver more services to customers directly, enhancing the digital customer experience and lowering capital spend in retail. A significant rewrite of the mobile platform will take place during 2017-18 to enable mobile to deliver a better user experience and enable more rapid and efficient development of the platform going forward.

The TABtouch mobile channel still has a considerable growth opportunity, hence, a continuous improvement mentality has been adopted to ensure the customer experience evolves.

RWWA’s innovative development of the retail racewall technology has fundamentally changed and improved the retail customer experience. The racewall’s “next race to jump” nature not only assists our customers in their management of a busy race day but also allows them to be better informed. Essentially it allows vision, form and both parimutuel and fixed odds prices to be displayed in a simple and easy to read digital visual format.

For the 2018-19 SDP, with RWWA’s primary focus on the digital environment, investment in racewalls and terminals will be modest and directed towards the best return on investment (ROI) opportunities.
RACING

RWWA distributes funds to the racing industry using a structured framework called the distribution model. This model includes the distribution of profits from the operations of the WA TAB and payment of the racing bets levy to clubs.

During 2016-17, in conjunction with the racing industry stakeholders, RWWA updated the strategic plans for all three racing codes. Reviews of these plans and the distribution model funding framework are conducted annually to complement each code’s strategic direction for the industry, with all three code plans focusing on driving improved performance, greater sustainability and ensuring the long-term positive future for WA racing.

The strategic plans and ongoing revision of the distribution model take into account the independent nature of the individual codes, each having quite different needs and requirements. These include unique participant and punter attractions, upon which their future viability is dependent.

Participation in the Western Australia Racing Industry

RWWA encourages participation in the racing industry via attractive base and feature race stake money levels. This supports industry participants across the three codes with local breeding schemes and a sustainable return on investment through prizemoney (stakes), rider and driver fees. A concerted focus on ownership acquisition and retention forms a key focus of the strategic plans for each of the racing codes, along with promotion of participation broadly. RWWA is providing training and sustaining employment across a wide variety of occupations. This actively creates career paths in administration, judging, stewarding and other official roles as well as apprentice jockey development.

Quality of the Racing Product in Western Australia

RWWA’s strategies for and funding of the local industry aim to increase the quality of product emanating from the local breeding industry. Our strong reputation in terms of integrity promotes a strong ownership base and ensures that the WA racing industry has a sound foundation for driving increased performance across all breeding, training, animal welfare, club and punter segments.

Ongoing support of structured industry training and accreditation programs for participants further enhances racing in WA from an industry employment perspective. Initiatives across all three codes for breeding schemes encourage investment, employment and interest in the breeding and animal rearing sectors.

Changes have occurred over recent years to enable WA racing to achieve better returns from the racing bets levy and WA TAB wagering. This continues to be a key area of focus within the strategic plans as traditional revenue streams (i.e. on-course wagering, which has a direct benefit to clubs) are further challenged, whilst growing revenue streams (i.e. racing bets levy and international rights revenue) provide opportunity. With declining local horse populations in both equine codes, the volume of racing in WA is under close scrutiny. RWWA is working with industry (via the strategic plans) to determine optimal volume levels from the perspectives of wagering maximisation, opportunity to race and capacity to populate full fields. While thoroughbred race meetings remain consistent, harness race meetings will reduce in order to accommodate a reducing racing product base.

Greyhound racing in WA has remained at an optimum level through the redevelopment of Cannington and its new track facility. A fundamental focus on welfare and integrity dominates the greyhound strategic plan, with rehoming expectations raised as a direct correlation to race meeting volume requirements. The amount of racing determines the rehoming expectation moving forward.
NSW is undergoing significant change in relation to its quantity of race meetings, capacity to breed and overall review of regulations and governance. The volume of WA race meetings remains unchanged and relies significantly on import of greyhounds from interstate. Should this availability of import be reduced via breeding quantum restrictions in NSW, volume adjustments will be required in WA.

**Efficiency of RWWA Racing Model**

RWWA consults widely with industry stakeholders and in particular with race clubs on a regular basis. It is becoming increasingly evident that many of the racing clubs rely heavily on RWWA for support and assistance on administrative requirements, Occupational Safety and Health (OSH) and in some cases, financial management.

The role of the racing clubs is to “event manage” their race meetings. That is, to:

- Advertise, promote and provide race meetings that attract on-course attendees;
- Conduct betting activity at their own meetings; and
- Generate on-course revenue from gate receipts, food and beverage, on-course totalisator operations, hospitality, functions and sponsorship.

With increasing competition from other wagering operators and entertainment options, attaining optimum profitable results in these areas of income is becoming increasingly difficult.

In light of the challenges at the club level, the RWWA Board and management are focused on sustaining the viability of clubs as a key strategic issue. Clubs are now benefiting from the implementation of technology to identify bets placed via the Tabtouch app on mobile devices allowing a commission on these bets to be paid to the club conducting the race meetings. Many clubs are also benefiting from trailing commissions paid on Tabtouch accounts owned by club members and for new accounts opened on-course.

RWWA remains committed to pursuing efficiency and improvements to the racing model across the racing industry through industry associations and discussions with the clubs. This is being addressed by:

- Regular communication to regional and metropolitan stakeholders;
- Discussing key funding initiatives;
- Utilising RWWA’s trading trends, race programming and wagering activity; and
- Communication through its official publications distributed to the industry.

**Delivering on our Purpose**

RWWA’s Purpose is “To Provide a sustainable future for the Western Australian Racing Industry”.

RWWA remains committed to the continued sustainability of the racing industry and longer-term viability of those who participate. RWWA has focused on minimising costs of its operations and maximising returns from its parimutuel and fixed odds wagering to deliver growth to meet its goals and objectives. Distribution funding to the racing industry in 2018-19 is forecast to increase by $5.6M.

Going forward, 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 industry.
Overseen by the Stewards and the Animal Welfare Committee, RWWA adheres to best practice initiatives in relation to integrity and welfare and continues to maintain this high standard on and off the race track, as animals retire from racing. RWWA manages Off the Track WA, an initiative that will provide a retirement and rehoming program for equine racing animals as they complete their racing careers. RWWA also manages and funds the Greyhound as Pets (GAP) program. Since directly taking over the GAP program in 2014, RWWA has increased its funding specific to this area from $125K to $566K in 2016-17, with a forecast spend of $630K for 2017-18. A large majority of this targeted funding relates to the recent lease and establishment of a dedicated facility in Southern River, providing increased capacity for the GAP rehoming program.

RWWA continues to acknowledge that a key threat to the racing industry is increased animal activism. Whilst our strategic direction includes programmed initiatives to mitigate against this and other threats, the controls in place regarding the use of whips in thoroughbred and harness racing, the issuing of licenses for the exportation of greyhounds and the introduction of responsible animal breeding in racing all assist in ensuring that WA racing is able to defend itself against such threats. Further enhancements are continually made in relation to breeding and retirement reporting across all three codes at a local and national level. The broader racing industry is improving its data collation and knowledge of all racing animals from birth to retirement.

**Industry Funding**

Whilst a key long term objective within the distribution model has been to grow the amount of funding to racing industry participants over time, clubs in recent years have been significantly affected by the downturn in on-course totalisator revenues. The industry’s continued sustainability cannot be reliant solely on animal quality and population size but must also be anchored by the clubs remaining viable in an extremely competitive sporting and entertainment environment. Many race clubs have tired facilities that do not meet contemporary public expectations.

RWWA’s distribution model needs to supplement this downturn in on-course revenues and therefore future needs of the clubs need to be balanced against the steady growth RWWA has attained for the industry through stakes, subsidies and breeding incentive schemes.

It is key to this state that the available funds for the racing industry continue to grow year-on-year to meet industry needs and to ensure our relativity with the rest of Australia is benchmarked accordingly. Prizemoney levels in Victoria and New South Wales continue to increase, which in turn encourages Western Australian based owners to invest in animals racing in these jurisdictions. It is imperative Western Australia maintains competitive prizemoney levels to drive investment in the local industry and maintain employment.

Participation in all three racing codes is in rapid decline and RWWA must implement strategies to improve confidence levels and stabilise the industry with the medium term objective of returning the industry to growth.

The RWWA grants program has provided for upgrades to on-course infrastructure facilities that generate income from on-course operations on both race days and non-race days. Continued success in this area will offset declining revenues from parimutuel wagering income and generate income from other sources. These initiatives have included large infield video screens and racewall technology.

The clubs will continue to have certainty over their RWWA revenue for budgeting purposes. Off-course turnover is decidedly driven by the vision, scheduling through the day and time the race meeting is being conducted, as well as the type of racing program available – over which the clubs have limited control.
RWWA undertook a review of race day vision needs of all racing clubs during 2015-16. Following a detailed tender process, a new vision contract was awarded for the major thoroughbred venues and Gloucester Park. In light of the importance of quality vision services and the cost incurred, from 1 August 2016 RWWA assumed financial responsibility for on-course vision production at all venues across all codes. This has provided a significant net financial benefit to clubs with RWWA subsidising $6.2M of costs in 2017-18.

Despite the ongoing soft economic climate in WA that is impacting the business performance of the TAB, the SDP provides for an increase in racing distribution and subsidies funding of $5.6M for 2018-19, noting that $2.4M of distribution and subsidies in 2017-18 was attributed to the additional 53rd week in the financial calendar.

**Racing Industry Grants and Development**

RWWA’s strategic position for race clubs is for racecourses to be developed with contemporary 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 go 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.

Funds from RIGP (Racecourse Infrastructure Grants Program) and RfR (Royalties for Regions) allocated to the racing industry will be fully committed by the end of 2017-18. It is critical that further infrastructure funding support be forthcoming for the racing industry if it is to retain patronage, as expectations when attending recreational and sporting pursuits are on the increase. RWWA continues to provide marketing support for the race clubs via the Owners Only initiative in order to assist the clubs in driving on-course participation.

**RWWA Funded Grants**

RWWA has continued to assist those clubs with projects valued outside of the funding guidelines of the RIGP and RfR.

In 2017-18, RWWA budgeted $3.4M in grant funding to assist clubs with essential infrastructure. In addition, an amount of $2.1M is allocated for construction of new horse stalls and associated infrastructure at the Pinjarra Harness Racing Club.

In the absence of alternative funding sources in 2018-19, RWWA has allocated an amount of $4.1M to further support Club infrastructure requirements. These grant funds will be directed toward commencement of the re-development at Belmont Park racecourse, completion of Pinjarra Harness Racing stalls replacement project and further support to all clubs for minor infrastructure.
From 2019-20 further grant funding will be allocated to major infrastructure projects, including completion of the re-development of Belmont Park and the establishment of a new greyhound racing and training facility in the South West.

**RWWA Funded Training Facilities**

RWWA provides two dedicated training facilities, being the Lark Hill thoroughbred training complex and the Byford harness training complex. Included in the RWWA program of works in the outer years (2019-20 and 2020-21) is $10.5M in infrastructure including on-course stabling and track enhancements. On-course stabling is important to providing an affordable entry point for the new trainers into the industry.

**Animal Welfare**

Animal welfare is a critical element of the RWWA racing strategy. The quality of racing within WA is dependent on many factors but at the forefront is the welfare of our racing horses and greyhounds.

Animal welfare legislation and the rules and policies that racing authorities enforce underpin the successful regulation of welfare in racing.

RWWA's Off the Track program continues to be an active voice within the racing and equestrian industries, positioning retired racehorses as the breeds of choice for equestrian disciplines and other pursuits. The program’s activities increase the demand for and support the placement of retired thoroughbred and standardbred racehorses in second careers. They include sponsoring events, sharing success stories, promoting re-trainers and rehoming services, and holding education clinics for horses off the track. The program is widely recognised in the equestrian community as being a conduit for the successful transition of horses from the race track to alternative pursuits.

The RWWA holistic greyhound welfare strategy looks at all stages of a greyhound’s life and documents the disciplines and controls required around these stages.

The overarching mission statement of the RWWA greyhound welfare strategy is:

*RWWA is committed to ensuring that the best levels of care are given to greyhounds throughout all stages of their lives, through a program of investment, education, monitoring and regulation. When a greyhound retires from the racing industry, at any age, RWWA will aim to have every healthy and behaviourally sound greyhound re-homed.*
Table 1: Racing Industry Distributions for 2018-19

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.

<table>
<thead>
<tr>
<th>Track Class</th>
<th>Thoroughbreds ($000's)</th>
<th>% of Code</th>
<th>Harness ($000's)</th>
<th>% of Code</th>
<th>Greyhounds ($000's)</th>
<th>% of Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan</td>
<td>52,007</td>
<td>56.1%</td>
<td>20,836</td>
<td>60.9%</td>
<td>10,154</td>
<td>49.3%</td>
</tr>
<tr>
<td>Country</td>
<td>40,693</td>
<td>43.9%</td>
<td>13,364</td>
<td>39.1%</td>
<td>10,446</td>
<td>50.7%</td>
</tr>
<tr>
<td>Total Distributions</td>
<td>92,700</td>
<td>100.0%</td>
<td>34,200</td>
<td>100.0%</td>
<td>20,600</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total Subsidies</td>
<td>7,968</td>
<td></td>
<td>2,205</td>
<td></td>
<td>1,302</td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td>100,668</td>
<td></td>
<td>36,405</td>
<td></td>
<td>21,902</td>
<td></td>
</tr>
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</table>

Table 2: Sports Distributions for 2018-19

<table>
<thead>
<tr>
<th>Sports Distribution ($000’s)</th>
<th>3,299</th>
</tr>
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<tbody>
<tr>
<td>as a percentage of Sports MAT</td>
<td>25.00%</td>
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</table>

Table 3: Racing Distribution Funding for 2018-19

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.

<table>
<thead>
<tr>
<th>Distribution Funding Source</th>
<th>($000’s)</th>
<th>Thoroughbreds</th>
<th>Harness</th>
<th>Greyhounds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Racefields Grants Income</td>
<td>49,132</td>
<td>10,129</td>
<td>13,347</td>
<td>72,608</td>
<td></td>
</tr>
<tr>
<td>Wagering Revenue</td>
<td>43,568</td>
<td>24,071</td>
<td>7,253</td>
<td>74,892</td>
<td></td>
</tr>
<tr>
<td>Total Racing Distributions</td>
<td>92,700</td>
<td>34,200</td>
<td>20,600</td>
<td>147,500</td>
<td></td>
</tr>
<tr>
<td>Racefields revenue code allocation %</td>
<td>67.67%</td>
<td>13.95%</td>
<td>18.38%</td>
<td>100.00%</td>
<td></td>
</tr>
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</table>
KEY PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>Key Performance Indicators</th>
<th>2018/19</th>
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<tbody>
<tr>
<td>Number of bets processed (% Change from prior year)</td>
<td>3.63%</td>
</tr>
<tr>
<td>Distribution to Racing and Sports ($000)</td>
<td>162,274</td>
</tr>
<tr>
<td>Distribution to Racing and Sports (% Change from prior year)</td>
<td>3.10%</td>
</tr>
<tr>
<td>Number of staff (FTE)</td>
<td>401</td>
</tr>
<tr>
<td>Return on Assets (%)</td>
<td>99.26%</td>
</tr>
<tr>
<td>Return on Assets (% Change from prior year)</td>
<td>3.52%</td>
</tr>
<tr>
<td>Primary Betting System availability (%)</td>
<td>99.96%</td>
</tr>
<tr>
<td>Primary Betting System availability (% Change from prior year)</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

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 Tourism; Racing and Gaming; Small Business; Defence Issues; Citizenship and Multicultural Interests 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 functions, 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....-