

**Estimates and Financial Operations Committee**  
**2016-17 Annual Report hearings - Questions prior to hearings**



**Racing and Wagering Western Australia**

**Hon Colin Holt MLC asked:**

1. Page 53 of the Annual Report states "the Board is responsible for the preparation ... of the key performance indicators":

(a) Are the key performance indicators for the RWWA chief executive officer reviewed annually by the board; and

The KPIs referred to on page 53 relate to the overall performance of RWWA. These KPIs are reviewed by the Board as part of the Annual Report approval process. A more streamlined version is reviewed by the Board monthly as part of ongoing governance.

Separately to this, the CEO has KPIs which are reviewed annually and this process has been in place since he has been in that role.

(b) If "no" to (a), when was the last time (please provide date of board decision) the key performance indicators were reviewed?

Not applicable

2. Page 94 of the annual report lists \$29.7 million in unallocated "support services" expenses for 2017:

What "support services" is this money used to pay for? Please detail and itemize?

<b>Account Category</b>	<b>Amount</b>
310 - Computing	3,812,283
315 - Depreciation / Amortisation	1,637,930
316 - Amortisation Software	2,926,521
320 - Marketing	605,770
325 - Minor Equipment & Non Recordable Assets	157,995
330 - Other Expenses	1,323,263
332 - Other Expenses – Insurance	(644,514)
335 - Professional Fees	1,288,945
350 - Rent, Rates & Taxes	1,280,334
355 - Repairs and Maintenance	207,330
360 - Staff (Casual Wages)	201,679
365 - Staff (All other Salaries)	15,756,626
370 - Staff Contract	707,935
380 – Telecommunication	501,298
	<b>29,763,395</b>

3. Page 94 of the annual report lists \$8.793 million in GST reimbursement from the State Government under the heading "wagering":

Please outline the reasons why this figure is allocated under the heading "wagering" and not "racing"?

The reasons this figure is allocated under 'wagering' are:

“The State provides reimbursement to gaming operations (including RWWA) for GST paid on the operator's margin on Fixed Odds Betting and Parimutuel Sports. Treasurer's 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.” (Reference: Annual Report Page 73 Note 6 to the Financial Statements)  
This rebate relates to betting activity on specific product, accordingly it is allocated to Wagering activity.

4. Page 94 of the annual report lists \$54 million in grants and subsidies from the State Government under the 2017 heading "unallocated":

- (a) Does this figure represent race field fee income;

Yes

- (b) If "yes" to (a), why is this figure listed under "unallocated" and not "racing";

Racefield fee income by its nature relates to both Racing and Wagering activity. As there is no practical way to separate between either or both activities it is categorised as unallocated. Any costs or income that cannot be clearly allocated are thus categorised as unallocated.

and

- (c) If "no" to (a), where does this money come from?

Not applicable.

5. Page 92 of the annual report outlines compensation of key management personnel:

- (a) How many staff are employed by RWWA?

366 FTE staff are employed by RWWA

Please breakdown the answer in to staffing levels in the categories of

(i) racing

72 FTE

(ii) integrity

43 FTE and

(iii) wagering?

101 FTE.

The balance of 150 FTE are allocated to other support services.

6. Page 83 of the annual report states RWWA has \$37.9 million in reserves in 2017:

Please provide the year-by-year reserve figures for each of the financial years dating back to 2005-06?

<u>Year</u>	<u>Reserves</u>
2017	37,996
2016	43,076
2015	51,348
2014	45,416
2013	30,713
2012	21,411
2011	10,553
2010	19,545
2009	20,494
2008	32,093
2007	29,271
2006	22,290

7. Page 82 of the annual report states RWWA has \$6.8 million in long service leave liabilities:

What is RWWA actively doing to reduce this liability?

Long Service Leave liability is outlined in the Annual Report page 82 at (b) as being \$4.9M. The following table shows the equivalent balance in recent years:

<b>Year</b>	2017	2016	2015	2014
<b>Long Service Leave</b>	4,911	5,472	5,271	4,633

RWWA implements a policy of monitoring these balances and is actively coordinating the taking of accrued leave.

8. Page 73 of the annual report states RWWA spent \$24.198 million on advertising and promotions in 2017:

- (i) How much does it cost RWWA per annum to run TAB Radio; \$2,601,000 (2017) and \$2,453,000 (2016) and
- (ii) with relation to the answer in (i) what is RWWA's return on investment?  
TAB Radio is provided as a service to the Racing industry. It is not possible to quantify a specific return on investment.

9. Page 73 of the annual report states RWWA spent \$24.198 million on advertising and promotions in 2017:

(a) How much of this spend is allocated to The West Australian;

The West Australian received \$1,668,000

(b) Please provide a breakdown of which media outlets the money is spent with? The itemised amounts spent with all advertising agencies are:

(Reference: Annual Report page 105)

Advertising Agencies	\$000
303 Lowe	- 5
Brand Agency	5,481
Sumo Group	- 8
Captivate Global	20
B Better Broadcasting	76
RKS Productions	43
<b>Market Research Agencies</b>	
IPSOS	- 1
Painted Dog	418
<b>Media Advertising Organisations</b>	
Croc Media	65
Facebook	178
Google Adwords	- 5
Twitter	21
Redwave Media	101
The West Australian	1,668
Western Sports Media (Sport FM)	36
Perth Advertising Serv	1
Southern Cross Austereo	50
Radio 3UZ	226
Sky Channel	9,018
RVL Media	333
Apple	2
Signifi Media	28
Harmonic New Media	3
Scott Hamilton media	13
<b>Media Agencies</b>	
OMD	605
Carat	2
Isentia (Media Monitors)	22
<b>Direct Mail</b>	
Engage Digital	36
Telstra SMS Services	63
Telstra Blackbook	75
<b>TOTAL</b>	<b>18,566</b>

10. Page 57 of the annual report lists \$20 million under 2017 "other financial assets", up from \$0 in 2016: Please detail where this money has been invested and what the rate of return is?

Other financial assets are "Short term investment in unit trusts" as per the extract below.

(Reference: Annual Report Page 90 Note 31)

**31 Other Financial Assets**  
Short term investment in unit trusts

2017	2016
\$000	\$000
20,000	-
<b>20,000</b>	<b>-</b>

The RWWA Board has a conservative policy for investments of cash. These funds are invested in unit trusts and the average rate of return up to 30<sup>th</sup> June 2017 was 2.8575%.

