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**The Joint Standing Committee
Review of the Racing and Wagering Western Australia Acts**

Re: WAPTRA SUBMISSION – 24th December 2009

Preface

The following is a general submission on behalf of Western Australia Provincial Thoroughbred Racing Association (WAPTRA) clubs. The submission will address the Terms of Reference in the following order:

- a) the effectiveness of the operations of RWWA
- b) the need for continuation of the operations of RWWA

In general terms since the inception of RWWA in 2003 the industry, in particular provincial clubs, has experienced a period of stability and growth that was not achievable under the previous stewardship of the WATC. A number of initiatives, including policies, procedures and governance measures have been implemented for the good of the industry at large.

There are however a number of mechanisms, policies and attitudes within RWWA that are still seen to have a metro-centric bias and are not applied necessarily for the industry benefit as a whole.

(a) the effectiveness of the operation of Racing and Wagering Western Australia (RWWA)

There are a number of issues that we would submit for the Committee's review:

1. Capital Infrastructure Funding

WAPTRA recognise that RWWA has used a number of endeavours in an attempt to secure some form of taxation relief from the Government, to date, without success. However given the critical nature of funding requirements for infrastructure we feel that not enough focus has been directed to this end.

It is imperative that the industry led by RWWA convince politicians of all persuasions that some form of action is required to ensure that ongoing capital infrastructure funding is established and the following questions need to be asked

Is Thoroughbred Racing a Sport ?

Sporting pursuits of all types form the basis for a healthy and vibrant community and virtually all sporting bodies throughout the state are funded, via various government mechanisms, in some way, shape or form. This funding ranges from small insignificant amounts to multi million dollar developments. It is recognised and accepted by governments that this investment is quite valid and, nee a duty, due to the value received back by providing community health, growth and stability, tourism opportunities and some forms of employment.

The Thoroughbred industry also meets the above criteria and is strongly woven into the fabric of communities both metropolitan and more importantly throughout the broader country regions. The Thoroughbred industry is also, far and away, the largest provider of employment of any sporting body in the state and provides a host of tourism opportunities and economic stimuli. The primary difference between the Thoroughbred industry and other sporting bodies is that the Thoroughbred industry is taxed on the wagering aspect. In excess of \$40 million per annum is returned to the government of the day along with all the intangible benefits that other sporting bodies provide.

Is the current taxation level fair or correct ?

The industry is currently taxed at the same rate as the Burswood Casino, which is a private enterprise returning all of its profits, after tax, back to the shareholders. The Thoroughbred industry pays the same tax rate on wagering yet returns virtually all of its profits back into the industry, and thus the community. There does not seem to be a valid case for why this industry is taxed at the same rate as an enterprise where the profits do not benefit the wider community.

Summary

Governments must therefore recognise that the Thoroughbred industry is a sport and should be treated as such with infrastructure funding provided to ensure its wellbeing. For there to be no capital re-investment from any government of the day to ensure the longevity of the Thoroughbred industry and secure the long term income stream could be seen as short-sighted.

It is an integral part of the RWWA charter (**The Acts**) to provide capital funding to ensure the industry can move forward, implement technical and infrastructure advances and remain competitive in a very fiercely contested wagering marketplace. It is therefore incumbent on RWWA to actively and vigorously explore every avenue of political lobbying of all persuasions to ensure the short sighted position, such as the current state of play, are not perpetuated.

2. Distribution Model Leakage

This issue was first raised verbally with RWWA Executive (Mr R. Burt) in 2008. Mr Burt was both surprised and interested to address this issue if it could be substantiated and demonstrate any leakage or imbalance in the funding model.

Data was sourced from RWWA, publicly available, information and presented to Mr. Burt and RWWA executive in early 2009. The response at this time was of much lessened interest and various reasons were espoused as being pertinent to the now "**perceived**" imbalance. Mr. Burt indicated during the meeting with WAPTRA executive that given the upcoming Thoroughbred Review had wide ranging terms of reference it would possibly address some of these issues.

This same data was also presented to Minister Waldron in December 2008 who also showed great interest and surprise at the imbalance and flawed nature of the model, however no communication or feedback has since been received from the Minister or his Department.

WAPTRA first noted the leakage of some \$2.4m dollars in 2005/06 which rose to \$3.57m in 2006/07 and new data for the 2007/08 season shows the loss now standing at \$5.1m.

In summary, the following tables will clearly show how the funding model is biased towards Perth Racing and fundamentally flawed when once considers the overall intent of the model was to be one of Performance Based Funding.

I feel the extended delay in addressing this matter is relevant to the terms of reference relating to the effectiveness of operations of RWWA.

Table A shows the summarised turnovers, distributions and percentages thereof of the 3 major thoroughbred jurisdictions for the period 2004 through 2007.

Thoroughbred Code					
		'2004/05	'2005/06	'2006/07	Totals
Total Turnover		185,509	203,760	221,967	611,236
Increase			18,251	18,207	36,458
Total Distribution		37,769	47,836	52,888	138,493
Increase			10,067	5,052	15,119
Perth Racing Turnover		121,366	126,325	135,465	383,156
			4,959	9,140	14,099
% of Increase T/O			27.2%	50.2%	38.7%
Perth Racing Distribution		25,055	31,027	33,360	89,442
			5,972	2,333	8,305
% of Increased Distribution			59.3%	46.2%	54.9%
WAPTRA Turnover		60,349	73,881	82,163	216,393
			13,532	8,282	21,814
% of Increase T/O			74.1%	45.5%	59.8%
WAPTRA Distribution		9,869	13,812	16,004	39,685
			3,943	2,192	6,135
% of Increased Distribution			39.2%	43.4%	40.6%
CRA Turnover		3,792	3,553	4,357	11,702
			-239	804	565
% of Increase T/O			-1.3%	4.4%	1.5%
CRA Distribution		2,682	2,995	3,482	9,159
			313	487	800
% of Increased Distribution			3.1%	9.6%	5.3%

As is clearly demonstrated above using 2004 season as base, over the next two years the increased turnover totalled some \$36m with distribution to bodies increasing by \$15m over the same period. The WAPTRA clubs contributed nearly 60% to the increase in turnover yet received only 40% of the increase in distribution funds whereas Perth Racing contributed 38.7% to the turnover growth yet were rewarded with nearly 55% of the distributed funds. Similarly the CRA contributed 1.5% yet received 5.3% of increased distribution dollars.

WAPTRA would like to **note that it is cognisant** of its responsibility to the funding to CRA clubs given the community nature of a number of the meetings and lack of overall TAB coverage. However whilst we recognise that the CRA must be funded by the distribution model regardless of the imbalance of turnover input to distributed funds of CRA clubs, this funding should be shouldered **equally by both the other bodies, being Perth Racing and WAPTRA.**

Table B below uses the year 2006/2007 to demonstrate how the % imbalances demonstrated in Table A actually manifests and highlights how WAPTRA singularly carries the burden for CRA funding.

Thoroughbred Wagering Performance 2006/2007

Metropolitan	TAB Turnover	RWWA Distribution	% of Turnover	% of Distribution	% Difference	\$\$ Plus	\$\$ Minus
Ascot	71,813	19,826	32.35%	37.49%	5.13%		
Belmont	63,652	13,533	28.68%	25.59%	-3.09%		
Sub Total	135,465	33,360	61.03%	63.08%	2.05%	1,083	
Provincial							
Albany	5,211	1,205	2.35%	2.28%	-0.07%		37
Bunbury	15,205	2,833	6.85%	5.36%	-1.49%		790
Coolgardie	1,519	235	0.68%	0.44%	-0.24%		127
Geraldton	6,739	1,599	3.04%	3.02%	-0.01%		7
Kalgoorlie	13,534	2,595	6.10%	4.91%	-1.19%		630
Mt. Barker	3,131	610	1.41%	1.15%	-0.26%		136
Narrogin	1,982	498	0.89%	0.94%	0.05%		26
Northam	16,734	3,327	7.54%	6.29%	-1.25%		660
Pinjarra	15,451	2,510	6.96%	4.75%	-2.21%		1,171
York	2,645	592	1.19%	1.12%	-0.07%		38
Sub-total	82,151	16,004	37.01%	30.26%	-6.75%		3,570
CRA TAB							
Broome	1,590	584	0.72%	1.10%	0.39%	205	
Carnarvon	921	663	0.41%	1.25%	0.84%	444	
East Pilbara	187	85	0.08%	0.16%	0.08%	40	
Esperance	1,055	616	0.48%	1.16%	0.69%	365	
Roebourne	218	158	0.10%	0.30%	0.20%	106	
Port Hedland	291	364	0.13%	0.69%	0.56%	295	
Onslow	93	50	0.04%	0.09%	0.05%	28	
Sub-total	4,355	2,520	1.96%	4.76%	2.80%	1,482	
CRA Non-TAB							
Collie	0	36	0.00%	0.07%	0.07%	36	
Dongara	0	41	0.00%	0.08%	0.08%	41	
Landor	0	40	0.00%	0.08%	0.08%	40	
Junction	0	33	0.00%	0.06%	0.06%	33	
Kojonup	0	21	0.00%	0.04%	0.04%	21	
Kununurra	0	73	0.00%	0.14%	0.14%	73	
Laverton	0	32	0.00%	0.06%	0.06%	32	
Leinster	0	98	0.00%	0.19%	0.19%	98	
Leonora	0	115	0.00%	0.22%	0.22%	115	
Marble Bar	0	39	0.00%	0.07%	0.07%	39	
Meekatharra	0	63	0.00%	0.12%	0.12%	63	
Mingenew	0	0	0.00%	0.00%	0.00%	0	
Moora	0	38	0.00%	0.07%	0.07%	38	
Mt.Magent	0	75	0.00%	0.14%	0.14%	75	
Norseman	0	35	0.00%	0.07%	0.07%	35	
Pingrup	0	35	0.00%	0.07%	0.07%	35	
Walkaway	0	0	0.00%	0.00%	0.00%	0	
Derby/Wyndam	0	149	0.00%	0.28%	0.28%	149	
Yalgoo	0	39	0.00%	0.07%	0.07%	39	
Lark Hill	0	42	0.00%	0.08%	0.08%	42	
Sub-total		1,004		1.90%	1.90%	1,004	
Totals	221,971	52,888	100%	100%		3,570	(3,570)

The key figures in Table B above shows that WAPTRA receives substantially less % of distribution than % of turnover generated whilst Perth Racing receives a higher % distribution than their turnover contribution. This shows a leakage of some \$3.5m from WAPTRA generated distribution to both fund the necessary CRA funding but **also to top up Perth Racing** to the tune of \$1.083m.

Table C below is a summary of the 2007-2008 season data which shows the leakage and imbalance in distribution funding has now increased from the **\$3.57m** in 06/07 to be now in excess of **\$5.16m** at the conclusion of the 2008 season.

2007/08 TAB TURNOVER AND RWWA STAKES DISTRIBUTION								
	TAB \$	RWWA	RWWA					
	Turn over	Stakes \$ Distribution	TAB T/O %	Distribution %	Plus %	Minus %	PLUS \$	MINUS \$
PERTH RACING	130,036,000	30,036,000	59.80%	68.17%	8.37%		3,688,288	
WAPTRA	82,315,426	11,646,000	37.74%	26.02%		11.71%		5,160,608
CRA TAB Clubs	5,359,908	1,812,250	2.48%	4.11%	1.65%		729,551	
CRA Non TAB Clubs	Nil	742,800		1.68%	1.68%		742,800	
	218,132,101	44,055,050	99.999	99.999	11.714	11.714	5,160,639	5,160,608

This imbalance and leakage in distribution from WAPTRA clubs is of immense concern and needs to be addressed at the earliest possible opportunity. However, indications from RWWA are that the current Thoroughbred Review process might cover this area.

It has now approaching two years since this issue was first raised with RWWA and the Provincial Clubs are not in a position to wait a further number of years and lose much needed distribution funds at such an exponential rate.

3. Geographical Recognition

It is WAPTRA's belief that the effectiveness of RWWA is also in question when there is no clear plan or understood recognition of the differences that geographical locations contribute to the operation of some clubs.

Currently there are a number of levels or classifications of provincial and for that matter, country clubs. However being in the same classification of another club of geographic difference does not mean the clubs have the same governance in a number of areas like the ratings system for handicapping and programming, apprentice allowances, travel subsidies and the like.

For example it was suggested to RWWA by WAPTRA (and many other bodies) that perhaps a restructure in jockeys riding fees would alleviate some difficulties that geographically remote clubs were experiencing in providing the best marketable product to the wagering networks.

This needed full investigation as a sliding scale of jockeys riding fees to accommodate a higher fee when travelling to take up rides in more remote locations would be highly beneficial to the industry as a whole.

This would provide jockeys travelling to more remote locations a partial subsidy towards travel costs and recognises their diligence in meeting the industry needs.

Anecdotally, this happens in just about every other industry across this large state where consulting or contracting services are provided at a lower rate in the local metropolitan area and adjusted upwards when travel to remote sites is required. This is a fact of business and it cannot be seen where the jockeys differ in this sense.

This would also address other anomalies faced by remote clubs eg: apprentices losing their allowance claim earlier than inner provincial and metro tracks, whereby they also lose the apprentices travel subsidy, making them less likely to support remote clubs.

4. Lack of Consultancy

It is felt that although the Act states that consultative processes should be in place with all industry participants this is sadly lacking. Whilst the intent of the Act is satisfied by the regular convened meetings of the Thoroughbred Racing Consultative Group, there is actually little consultancy on issues facing the industry and the initiatives or processes being tabled are most commonly just delivered as *Fait Accompli's*. WAPTRA also feel that this lack of meaningful consultancy has an impact on the effectiveness of the operation of RWWA.

5. Selective Will to Act (otherwise known as metro-centricity)

It is felt that there has been a number of occasions where a "selective will to act" has been displayed by RWWA. This has been totally independent on the detail of the issue at hand, the supportive facts or obvious benefits of the issue. There seems to be a concept of metro centricity where any impact to or opinion of Perth Racing is sought or examined in preference or priority to the facts or details at hand. Examples of this are the distribution imbalance, the closure of the York track and the lack of support or action on race date programming that would provide benefit to the industry as a whole.

b) the need for continuation of the operations of RWWA

WAPTRA feel strongly that there is a need for a body such as RWWA. On the whole the industry has advanced markedly since 2003 and is in a much stronger position to deal with the issues and hurdles placed before it. It would not be unreasonable to assume that, had the previous stewards still been in control of the Industry over the past 5 years the industry would most likely have failed.

Notwithstanding the improvements and order that RWWA have provided to the industry participants at large, there is still room for improvement and a true understanding of the industry outside the 30 mile radius of the Swan River.

I thank the Joint Standing Committee for the opportunity to communicate these points of interest and WAPTRA is available for any further clarification or explanation if and as required.

Yours sincerely

David Prance

Chairperson W.A.P.T.R.A.