

# WA THOROUGHBRED ELIGIBLE BODIES

## Submission to the Independent Review into RWWA's Financial Sustainability and Governance, March 2026

The Thoroughbred Eligible Bodies have prepared this submission in response to the questions posed by the reviewers. This submission has been unanimously endorsed by each of the thoroughbred eligible bodies and provides a whole of code perspective on the current funding challenges within the Western Australian racing industry, which contributes \$1.3 billion to the state economy each year and supports more than 25,000 jobs within the sport and associated industries.

This submission will clearly articulate what the future will look like for the WA racing industry if the consequence of the current funding challenges is a funding contraction to the industry, with no structural reform or intervention by the State Government. This submission provides an evidence-based illustration of the real-world consequences of inaction, particularly how reduced industry funding will cascade through stake money, employment, racing product depth, country racing viability and regional economic activity. The evidence-based analysis provides a clear line-of-sight between Government policy decisions and industry-wide outcomes, supported by modelling, market indicators, and operational realities, from the ground up.

This review presents an opportunity for recommendations to be made and then adopted to progress proactive structural reform. The counterfactual, where no structure reform is implemented, is that the Government will need to actively manage an irreversible contraction of the WA racing industry.

For, and on behalf of the Thoroughbred Eligible Bodies

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Thoroughbred Breeders WA  
WA Jockeys Association  
Perth Racing  
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## Executive Summary

The Western Australian racing industry is at a critical juncture. Confidence, the intangible but essential foundation of investment, is deteriorating. Owners, breeders, trainers and service providers commit capital today on the belief that policy, funding and governance settings will support a viable and sustainable industry. When those settings become uncertain, investment contracts quickly and economic consequences follow.

The Western Australian thoroughbred industry alone contributes approximately \$866 million annually to the State economy and supports more than 6,600 full-time equivalent roles across metropolitan and regional communities. It underpins small businesses, generates wagering taxation revenue and contributes to employment, tourism and economic diversification in a resource-exposed economy. Preserving this contribution, and indeed, creating a platform for future growth, requires urgent structural reform.

This submission identifies amongst other issues, four priority reform areas that must form the cornerstone of the Review.

### 1. Betting Tax<sup>1</sup> Reform

The Betting Tax framework represents the most significant funding lever available to the State Government.

Betting Tax receipts have grown to approximately \$132 million in FY25, yet only 30 percent is passed through to Racing and Wagering Western Australia (RWWA). The balance represents substantial leakage from the wagering ecosystem at a time when Racing Bets Levy income is softening and WA TAB profitability is declining.

Reform should include recalibration of the Betting Tax pass-through to RWWA, recognition that taxation growth has occurred at the expense of industry sustainability, and establishment of multi-year funding certainty.

### 2. The Importance of Not Increasing the Betting Tax Rate

Western Australia operates within a highly competitive national wagering market. Increasing the Betting Tax rate would weaken turnover, reduce profitability, accelerate WA TAB decline, and ultimately diminish funding available to racing. Stability in tax settings is essential to restoring confidence and protecting future taxation receipts.

### 3. Governance Reform and Organisational Efficiency

Financial sustainability cannot be separated from governance reform or organisational efficiency. A central issue identified by industry stakeholders is that the cost structure of operating RWWA has grown beyond what can be sustainably supported by declining wagering revenues. The cost of administering the Principal Racing Authority and operating the wagering arm must now be critically examined.

**Every dollar spent running RWWA is a dollar not returned to the racing industry.**

The Review should undertake a comprehensive efficiency review of RWWA's operating model, identify opportunities to significantly reduce administrative overheads, benchmark costs against

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<sup>1</sup> Betting Tax is also referred to as Point of Consumption Tax. Point of Consumption Tax was first used in WA in 2019. Throughout this document 'Betting Tax' is generally used to represent the revenue government receives via taxation on wagering.

interstate authorities, and prioritise expenditure toward participant returns and core racing outcomes.

Governance reform should also consider structural independence of integrity functions, modernisation of board composition, improved transparency in funding allocation, performance metrics aligned to sustainability outcomes, and executive renewal mechanisms that promote accountability and performance culture.

#### **4. Code Funding Allocation Reform**

The current discretionary funding model does not adequately reflect relative size, performance, economic contribution or return on investment between the three codes.

Funding allocation should align with wagering generation, economic footprint, participant scale and measurable performance indicators. A performance-based model would improve transparency, incentivise growth, align funding with outcomes and support long-term sustainability across all codes.

#### **Broader Financial Sustainability Context**

RWWA has recorded significant operating losses and forecasts further losses that will exhaust reserves. The WA TAB operates in a competitive national market but remains structurally constrained. Participant costs continue to rise whilst there is a real decline in stakes money returns. Absent reform, the industry faces contraction, employment loss, declining competitiveness and permanent economic damage.

#### **The Need for Certainty**

This Review presents an opportunity to reset the structural framework of Western Australian racing by reforming Betting Tax pass-through arrangements, maintaining tax stability, reducing RWWA operating costs, modernising governance structures and implementing transparent, performance-based funding allocation. These reforms are interdependent and collectively necessary to restore confidence, protect employment and ensure long-term sustainability and growth.

Recalibrating Betting Tax settings, committing to tax stability, improving governance efficiency and aligning funding with performance are essential steps to ensuring Western Australian racing remains viable, competitive and sustainable into the future and continues to be one of the largest contributors to the government's stated policy of economic diversification.

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## Financial Sustainability

### Industry Issues, Challenges and Trends Impacting RWWA Revenue

Racing and Wagering Western Australia (RWWA) has three primary sources of income, all of which are directly linked to wagering:

- WA TAB Profits
- Race Fields Income, via the racing bets levy
- Betting Tax (Point of Consumption Tax) Income

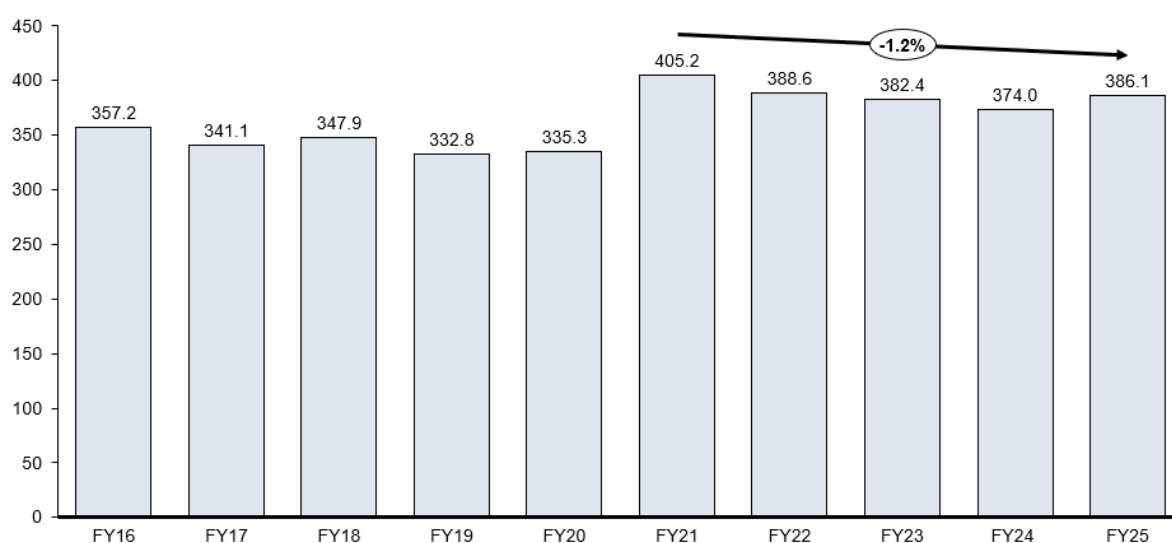
There are very few alternate sources of income for the industry and thus it is heavily exposed to the health of the wagering market.

#### WA TAB Revenue

RWWA operates the Western Australian TAB, which operates a retail network of more than 300 fulltime and PubTABs, as well as on-course wagering and online channels. The WA TAB operates in a highly competitive national market against WSPs, such as Sportsbet and Ladbrokes, that have international expertise and scale which cannot be replicated by the WA TAB.

Figure 1 shows WA TAB revenue having been relatively consistent for many years, growing at a Cumulative Annual Growth Rate (CAGR) of 0.9% between FY16 and FY25, which is well below national growth rates. Notably, WA TAB revenue has decreased by \$19.1m (-4.7%) since FY21. Wagering revenue, inclusive of GST, was \$386.1 million in FY25.

**Figure 1: WA TAB Revenue<sup>2</sup>**  
Dollars (Millions)



#### WA TAB Facing Structural Market Challenges

Disruption within the Australian wagering market has led to a national competitive market. All state-based TABs, except for the WA TAB, have been privatised and subsequently consolidated into a single ASX listed entity able to access capital for growth. Corporate bookmakers, who have consolidated through M&A activity, have leveraged more favourable regulatory frameworks in the Northern Territory and New South Wales, as well as lower cost structures with minimal industry funding obligations to gain significant market share at the expense of TABs.

<sup>2</sup> Source: RWWA Annual Reports, Revenue is inclusive of GST.

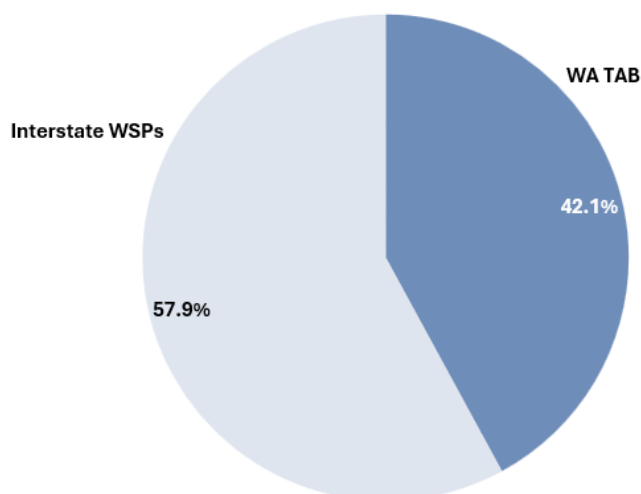
The following market shifts have occurred since the breakdown of the former TAB monopoly market:

- Retail channels have transitioned into a primarily online market
- Racing has lost market share to sports betting
- Pari-mutuel wagering has transitioned into fixed odds betting
- Betting on single propositions has transitioned into multi-bets and same game multis
- TABs have given up market share to corporate bookmakers

#### Declining WA Market Share

The estimated share of Western Australian resident wagering revenue between the WA TAB and interstate Wagering Service Providers (WSPs) is highlighted in Figure 2. The WA TAB now only holds 42.1% of the total wagering revenue, which is down from virtually 100% in the early 2000's.

**Figure 2: Estimated WA TAB Market Share of Western Australian Resident Wagering<sup>3</sup>**  
Percentage



If the WA TAB had been able to retain its near 100% WA market share from the early 2000s it would theoretically be generating ~\$900m in wagering revenue. Applying a 30% profit margin to the delta between the current wagering revenue and the illustrative amount of \$900m would yield additional distributable profit of at least \$150m, which would ensure the future financial sustainability of the WA racing industry.

The WA TAB has also been constrained in generating revenue from outside of Western Australia via:

- Restrictions in its pooling agreements with Tabcorp requiring additional pooling fees payable on “contestable” customers
- Inability to market the TAB brand outside of Western Australia because of Tabcorp’s trademarks in other states
- Inability to grow into becoming a national player due to a lack of appetite by the State Government as owner of the wagering licence<sup>4</sup>
- Lack of capital to undertake transactions to acquire other businesses to generate scale

<sup>3</sup> Estimate based on:

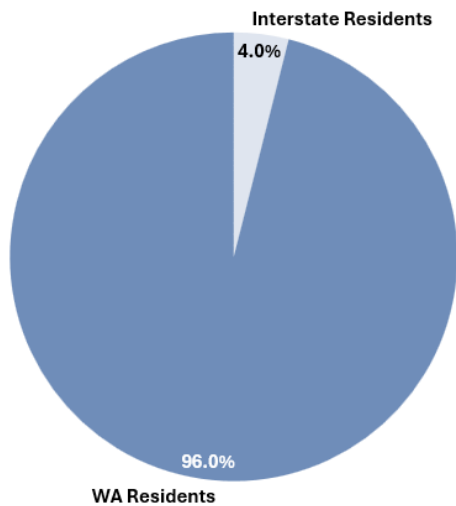
- Total Betting Tax collected by the WA Government less WA TAB contribution to Betting Tax
- WA TAB Wagering Revenue less estimated amount generated from non-WA residents

<sup>4</sup> RWWA joined a consortium with the ACT TAB and Tote Tasmania to bid for the 2012 Victorian Wagering & Betting Licence, however, after submitting the initial Registration of Interest, the Government requested RWWA withdraw from the consortium to avoid the State Government operating a wagering licence in another jurisdiction.

- Level of investment required to develop, promote and support a national brand in a competitive online market<sup>5</sup>

The WA TAB is therefore focused within the state and currently does not have the resources, structure, capital or endorsement from its owner to become a national player against highly capable competitors with scale advantages. Figure 3 provides an estimate of the source of WA TAB revenue by customer residency, with only 4% coming from customers outside of WA. This means the WA TAB is a marginal player in the overall national market and is highly exposed to the health of the WA economy.

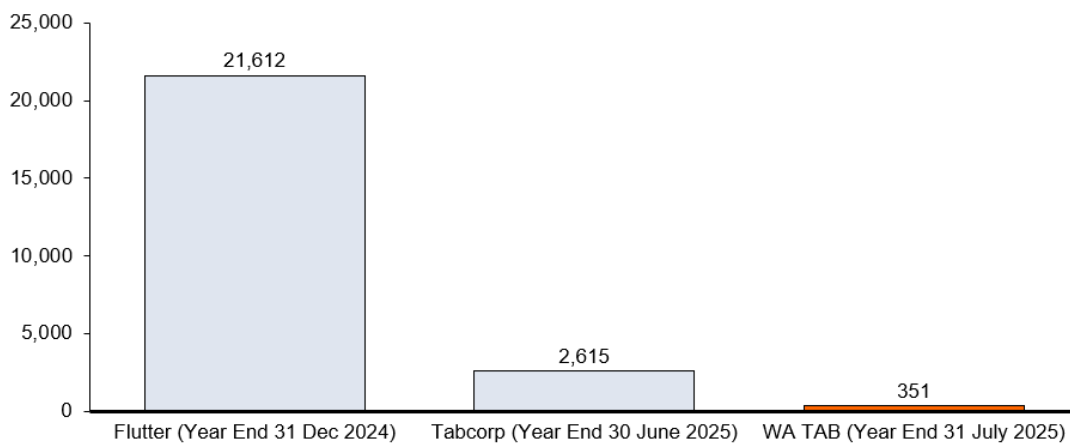
**Figure 3: WA TAB FY25 Wagering Revenue Breakdown by Customer Residency<sup>6</sup>**  
Percentage



Scale Differences

The relative scale differences between the WA TAB and its major competitors are shown in Figure 4. Flutter (parent of Sportsbet) generates more than 61 times the revenue of the WA TAB.

**Figure 4: Revenue (ex GST) Comparison Between WA TAB, Tabcorp and Flutter Entertainment<sup>7</sup>**  
Dollars (Millions)



<sup>5</sup> Noting RWWA previously launched the “Player” sports betting brand, however, this was scrapped a few years later.

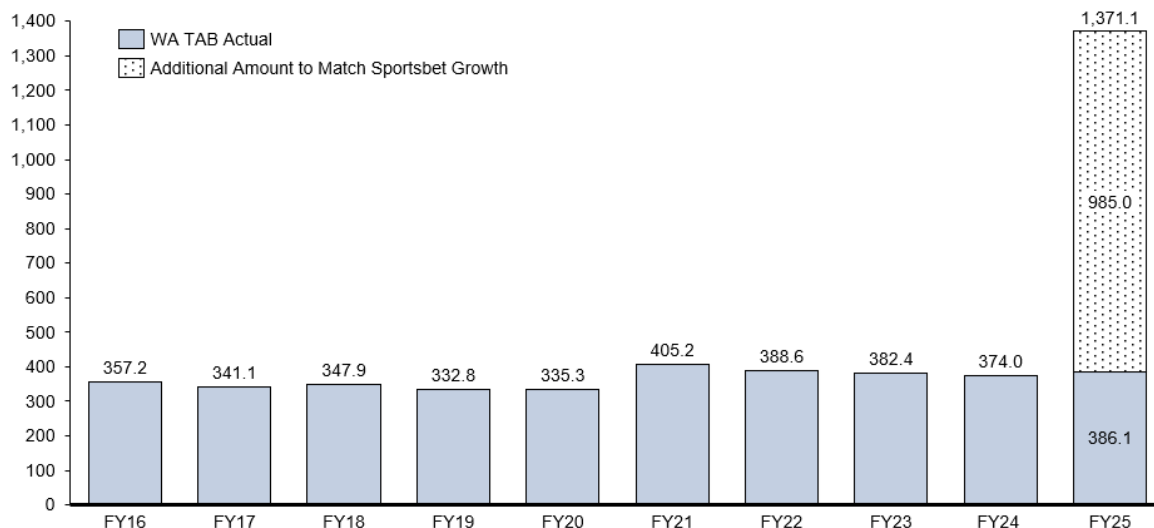
<sup>6</sup> Estimate based on interstate point of consumption tax paid by the WA TAB at an assumed average of 15% of wagering revenue.

<sup>7</sup> Source: Annual Reports. Note the difference in financial years.

All operators offer markets on similar sports and racing events, with the WA TAB at a comparative disadvantage in being able to manage its pricing, risk & trading, marketing, systems and product developments as examples because of the much small size of its customer base.

The WA TAB has been consistent in its revenue generation, however, it has not achieved growth in line with its competitors. The WA TAB would have needed to grow revenue by an additional \$985 million between FY16 and FY25 to match Sportsbet’s growth of 384% in the Australian market over the same period.

**Figure 5: WA TAB Revenue Benchmark Versus Sportsbet Growth<sup>8</sup>**  
Dollars (Millions)



#### Factors Influencing WA TAB Competitiveness

In addition to the market shifts occurring mentioned above there are several other factors which are also influencing the WA TAB’s competitiveness and overall level of revenue generated, including:

- More restrictive licence conditions than competitors licensed in the NT or NSW
- Compliance requirements with pooling agreements
- Economic cycle and level of consumer discretionary expenditure
- Scale of high-volume totalisator customers under rebate arrangements
- Competing capital requirements with racing industry funding which can impact ability to invest in systems and products
- Less scale advantages through lower active customers and business that is predominantly reliant on Western Australia with few customers from the rest of Australia
- Internally developed and maintained betting systems where product development prioritisation slows down the rollout of new products to market
- Capital allocation requirements to maintain a retail channel which limits investment into faster growing mobile/online channels
- Higher product fees and taxes on domestic racing and sports products necessitating higher margins which adversely impacts customer turnover
- Cohort of Australian customers betting with illegal offshore providers
- Increasing compliance especially in areas such as Know Your Customer and Anti-money Laundering which has resulted in customer accounts being closed
- Greater restrictions on wagering advertising and promotions

<sup>8</sup> Source: RWWA Annual Reports, Flutter Annual Report 2024 and Sportsbet Investor Presentation 2017

- Government ownership which can constrain advertising, promotions and aggressiveness of the overall operating model

Not all the above factors are in RWWA’s control, which makes the running of a wagering business in the current environment more complex than it was historically.

### Race Fields Income

Under the *Racing Bets Levy Act 2009*, the State Government collects a racing bets levy from domestic WSPs who publish or use WA race fields information. WSPs must lodge a monthly race fields return and pay the Racing Bets Levy within 14 days of the end of each month.

The current racing bets levy applicable to domestic WSPs is shown in Figure 6. International WSPs do not pay the Racing Bets Levy as the State Government cannot enforce the levy outside of Australia.

**Figure 6: Simplified Version of WA Racing Bets Levy for Domestic WSPs<sup>9</sup>**

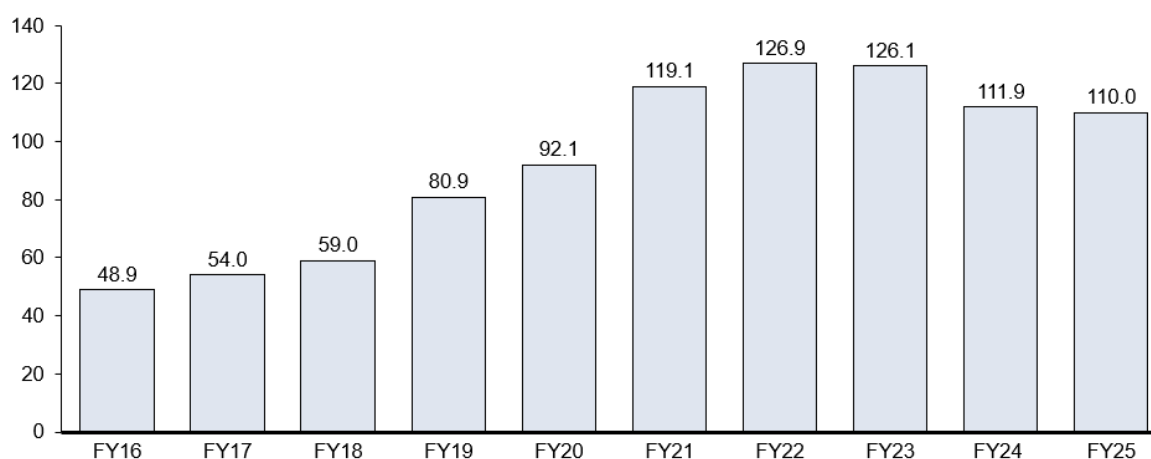
Calculated on a Per Meeting Basis

Type of Bet	Race Meeting Type					
	Standard Meeting			Premium Meeting		
	Pari-mutuel	Fixed Odds	Exchange	Pari-mutuel	Fixed Odds	Exchange
<b>Greater of:</b>						
<b>Turnover</b>	2%	2%	N/A	2.50%	2.50%	N/A
<b>Revenue</b>	N/A	13.60%	31.80%	N/A	22.70%	31.80%

Since its inception in September 2008, the Racing Bets Levy has surpassed WA TAB profits as the primary source of income for RWWA, reaching \$126.9 million in FY22. It has since declined by 12.7% to \$110.0 million in FY25, which indicates the total volume of betting on Western Australian racing has decreased by a similar amount.

**Figure 7: Racing Bets Levy Revenue<sup>10</sup>**

Dollars (Millions)



<sup>9</sup> The RBL model applies to each of the three racing codes. A 1% of turnover fee is charged for meetings where a WSP has not reached \$3 million in turnover for the current season (01 Aug onwards) as at the start of that meeting. If the WSP surpasses \$3 million in turnover during a meeting, it will still be charged at 1% of turnover, with the RBL model to be applied from the next race meeting onwards. Losses incurred on prior race meetings cannot be used to offset profits generated on subsequent meetings.

<sup>10</sup> Source: RWWA Annual Reports

### **Recommendation 1 (Betting on WA Racing)**

Undertake a comprehensive review of historical betting on WA racing to determine if there are any specific factors which are causing a decline in betting activity, evaluating data including:

- *Aggregated betting activity from each Australian jurisdiction*
- *Aggregated betting activity on each code*
- *Betting volume variations at a betting operators' level*
- *Analysis of betting activity at a race meeting level across several years*
- *Analysis of WA TAB betting activity at a channel level*
- *Analysis of betting activity at a product level (fixed odds, pari-mutuel, exchange)*
- *Analysis of bookmaker overrounds and correlation between price and betting volume*
- *Analysis of betting activity by time of day to determine if any changes in customer behaviour have occurred which could adversely impact preparedness to bet on WA racing vis-à-vis alternative racing or sports product*

Betting activity can be influenced by the motivation of wagering operators to promote a particular product to its customers relative to other products. Promotion can take many forms, including (but not limited to):

- the prominence of the product on mobile apps
- pricing
- generosities offered
- number of markets offered
- form and content
- streaming offering

### **Recommendation 2 (Benchmarking)**

RWWA should develop a continuous, near real-time benchmarking process to gain valuable insights into the betting activity on WA racing relative to other competing Australian racing product.

#### Changes to the Racing Bet Levy Model

RWWA undertakes periodic reviews of its Racing Bets Levy to identify changes that could improve the efficiency of administration as well as increase the overall level of revenue collected. Unlike other Principal Racing Authorities throughout Australia, RWWA cannot itself amend the Racing Bets Levy Model. Rather, the Department of Local Government, Industry Regulation and Safety (DLGIRS) must consider and approve any changes to the model. Delays in gaining approval from DLGIRS can cost RWWA several million in foregone revenue, contributing to reduced industry distributions.

### **Recommendation 3 (Amending the Racing Bets Levy)**

Amend the Betting Control Act to provide RWWA with a head of power to implement changes to the Racing Bets Levy model without requiring approval from the Department of Local Government, Industry Regulation and Safety

### Betting Tax (Point of Consumption Tax) Income

The State Government imposes a 15% tax on the revenue generated by all domestic Wagering Service Providers (WSPs) from customers residing in Western Australia. The State Government passes through 30% of the Betting Tax collected to RWWA. This pass-through reached \$39.7 million in FY25.

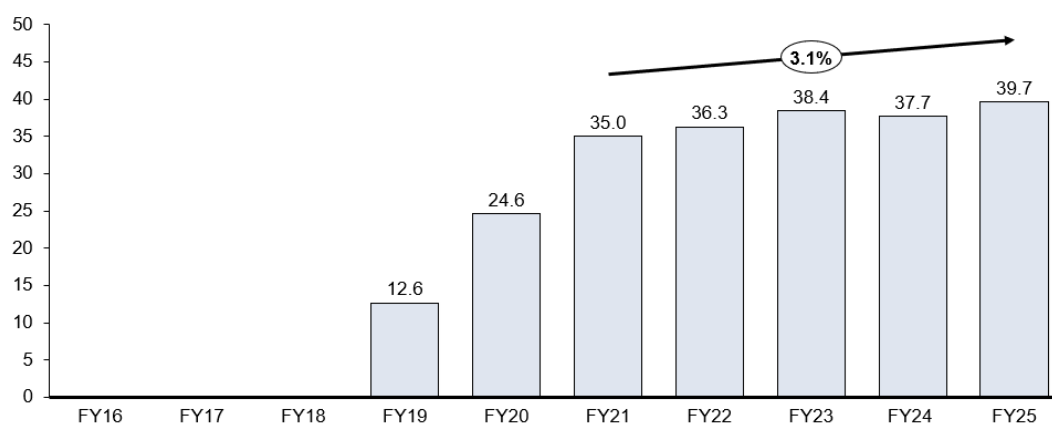
Betting Tax income received by the State is directly related to:

- The volume of betting activity by WA residents
- The margin generated on betting activity by WA residents
- The Betting Tax rate

Betting Tax has grown at a CAGR of 3.1% over the past four years whilst the tax rate has remained constant. This implies wagering operators are increasing the revenue generated from Western Australian residents through either higher volume of betting occurring and/or higher margins generated. No data is provided to the Thoroughbred Eligible Bodies to ascertain what the overall product mix is and whether there are any shifts between racing and sports or betting.

**Figure 8: Betting Tax Income<sup>11</sup>**

Dollars (Millions)

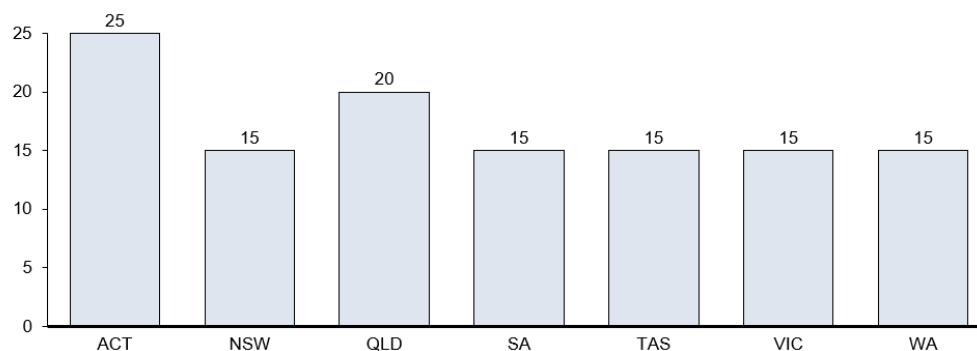


### RWWA's Share of Betting Tax

The Betting Tax rate in Western Australia is consistent with most other Australian jurisdictions, however the ACT and Queensland rates are higher than elsewhere – which has not necessarily resulted in increasing revenues for those states, as explored later in this document

**Figure 9: Betting Tax Rate Comparisons as a % of Gross Revenue<sup>12</sup>**

Dollars (Millions)



<sup>11</sup> Source: RWWA Annual Reports

<sup>12</sup> Source: Publicly available releases in each jurisdiction. There are some differences in the basis of calculation, including the inclusion or exclusion of bonus bets.

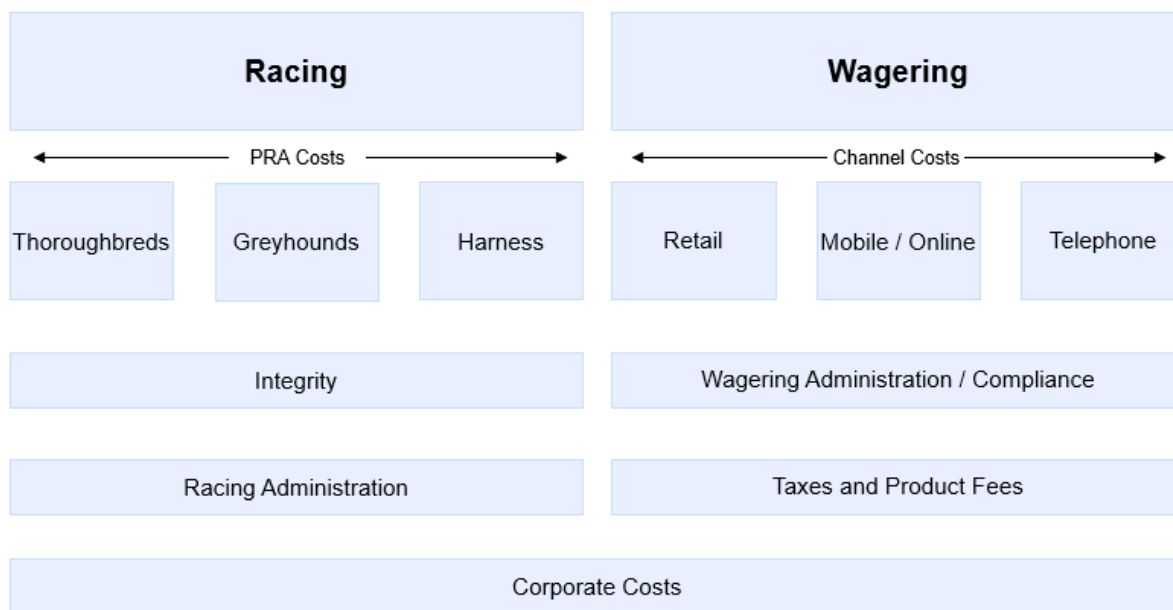
### Significant Cost Challenges Facing RWWA

The fundamental consideration relating to RWWA’s cost base is that every dollar spent by RWWA running the organisation is a dollar not being passed through to the industry in funding. The industry participants are the ones directly impacted by financial sustainability challenges. It is therefore incumbent on RWWA, as well as each race club to run as cost-efficiently as possible.

#### Operating Cost Increases

RWWA operates a complex business with cost structures reflecting its various business activities with unique costs, administration and compliance costs, taxes and corporate overheads.

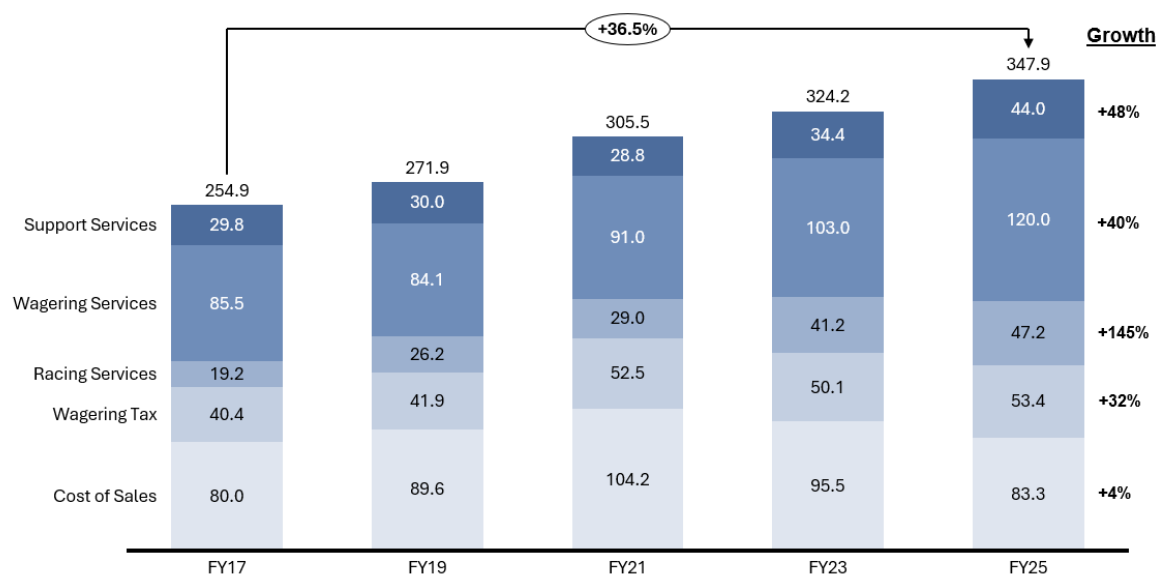
**Figure 10: RWWA’s Business and Cost Structures (Simplified)**



RWWA’s operating costs increased by 36.5% over the period from FY17 to FY25. The rate of growth varied considerably by cost category with Racing Services increasing by 148%, whereas Cost of Sales only increased marginally by 4%. Wagering Services increased by \$35m (+40%).

**Figure 11: RWWA’s Operating Costs (excluding Industry Funding)<sup>13</sup>**

Dollars (Millions)



<sup>13</sup> Source: RWWA Annual Reports

Factors contributing to the cost increases include:

- Animal wellbeing initiatives, including Off The Track (OTT) and Greyhounds as Pets programs have been escalated in line with higher community expectations.

RWWA's OTT Estate at North Dandalup was originally acquired to support delivery of the OTT program and assist in meeting broader animal welfare objectives. However, the facility has proven costly to operate relative to the outcomes achieved, with limited throughput of horses rehomed when measured against ongoing operating and maintenance expenditure.

Industry stakeholders widely consider the asset to represent an inefficient allocation of resources, with comparable or improved welfare outcomes likely achievable through outsourcing rehabilitation and rehoming services to existing commercial and specialist equine operations. RWWA has itself acknowledged the challenges associated with the property, and divestment has been discussed with key stakeholders. Divestment would not extinguish RWWA's OTT program, rather it would transition to a more cost-effective, partnership-based OTT delivery model.

#### **Recommendation 4 (Evaluate OTT Property)**

RWWA to prepare a cost/benefit analysis of retaining or divesting the OTT property at North Dandalup:

- *Identify partnership-based OTT delivery model instead of industry owned infrastructure*
- *Determine the most cost-effective delivery model whilst meeting OTT requirements*
- *Identify whether additional activity, such as training of future industry staff, could produce greater cost efficiencies and value for the property*

- Product fees on Australian racing and sport as well as betting taxes have continued to increase over time.
- Marketing, promotion and customer generosity costs have increased because of greater competition in the market and higher values being placed on sponsorship assets and advertising channels. A material increase in the number licensed wagering operators also means there is WA TAB brand dilution, making it more challenging and expensive to build and retain brand awareness.
- Compliance activities have increased in scope and complexity resulting in significant increases in the resources required to meet AML/CTF and other compliance and regulatory requirements.
- Administration costs have increased with higher employment costs as well as budget allocations towards non-essential activities.

Whilst there is an acknowledgment that many costs for a variety of industries have increased over that time, and indeed that many of the areas above are outside of RWWA's direct control (such as the increased costs to meet AML/CTF requirements for WSPs), the overall rate of increase seems excessive to industry participants.

RWWA management should continuously monitor their cost base and focus on proactive cost curtailment if there are areas where increases are being incurred. Cost benchmarking should be continuously undertaken to ensure RWWA's cost structure is within accepted ranges of other PRAs throughout Australia and reflect the size and scope of the WA racing industry, across its three codes.

## Recommendation 5 (Cost Benchmarking Review)

Undertake a cost benchmarking exercise to:

- Compare RWWA's operating cost ratios against comparable PRAs throughout Australia
- Identify cost items that are outside the accepted range and identify options for reducing those costs
- Identify non-essential activities to eliminate to reduce overall costs

### The Case for Retaining Ownership of the WA TAB is Uncertain

The State Government is the only government owner of a wagering business in Australia. The rationale for retaining ownership is unclear to the racing industry. The case for retaining ownership is not supported by any actions taken by Government to commercially exploit a wagering licence as there has been insufficient investment in the business to maintain competitiveness.

### WA TAB Contributions are Decreasing

RWWA directly generates funding for the WA racing industry primarily through the WA TAB as its other sources of income are indirectly generated. Table 1 highlights RWWA's direct contributions, which peaked at \$89.3 million in FY21 (Covid year), however, this has now fallen to just \$43.2 million in FY25.

**Table 1: RWWA's Capacity to Directly Generate Funding for the WA Racing Industry<sup>14</sup>**

Dollars (Millions – except Conversion Ratio)

Year	WA TAB Wagering Revenue (1)	RWWA Direct Distributions (2)	RBL Income (3)	Betting Tax Income (4)	RWWA Income/Loss (5)	RWWA Net Direct Contribution (6) = (2 - (3+4) +5)	Revenue to Contribution Ratio (6 / 1)
FY19	332.811	157.13	80.90	12.64	-3.12	60.47	18.2%
FY20	335.32	160.82	92.10	24.61	19.48	63.59	19.0%
FY21	405.20	171.95	119.10	35.04	71.52	89.33	22.0%
FY22	388.60	199.66	126.90	36.28	26.13	62.61	16.1%
FY23	382.43	229.19	126.10	38.39	-22.81	41.89	11.0%
FY24	373.98	222.01	111.90	37.68	-41.40	31.03	8.3%
FY25	386.05	221.42	109.96	39.66	-28.55	43.25	11.2%

This means the racing industry is most reliant on Racing Bets Levy income with the pass-through of the Betting Tax now only marginally less than RWWA's capacity to generate funds. This is not an outcome of RWWA's management of the WA TAB; rather it highlights the outcome of structural changes in the national wagering market, increased compliance costs, progressively higher costs of racing integrity, racing operations and administrative activities.

<sup>14</sup> Total Distributions to the WA Racing Industry excludes industry contributions, such as Nomination & Acceptance Fees, Westspeed Nominations and Slot Fees. RWWA's Income / Loss is prior to Other Comprehensive Income which includes changes in; Asset Revaluation Surplus and Fair Value of Financial Assets.

The structural issues impacting RWWA's funding are not temporary, and it is likely RWWA will continue to face challenges in directly generating funding for the racing industry.

Further, WA TAB's wagering revenue is not increasing, whilst RWWA's overall costs are (including wagering and racing services costs). This means RWWA is now less efficient at converting revenue into directly generated funding contributions. The conversion ratio has dropped from ~20% across FY19, FY20 and FY21 to just 11.2% in FY25. It is interesting to note that RWWA's direct contribution is now less than the betting tax it pays to the State Government.

It is foreseeable RWWA's direct contributions will continue to trend downwards towards a break-even position. If this situation eventuated, there are fewer benefit to the WA racing industry of continued Government ownership of the WA TAB asset as it would no longer be covering RWWA's operating costs. It would become a significant distraction to RWWA management whose focus would be on continuing to run a business that is not contributing to the racing industry instead of addressing fundamental racing industry issues.

#### Non-Sale of the WA TAB

The Thoroughbred Eligible Bodies acknowledge that the ultimate decision to either progress with the sale, or retain ownership of the WA TAB, rested solely with the State Government as the asset's owner.

An initial proposal to privatise the WA TAB, along with other State Government assets, was presented by the Barnett Liberal Government in 2012. This initial privatisation process did not proceed, however another process was commenced in the early 2020's. The State Government received multiple bids, however, this process was abandoned without a sale proceeding. At the same time, management of RWWA were involved in the sale process, which created distraction from the core function of maximising the returns generated by the WA TAB.

The Western Australian racing industry was supportive of a sale process on both occasions as it had been provided with assurances from the Government that it would be no worse off and an appropriate post-privatisation funding framework would be implemented.

The choice to abandon the sale process was not because of a market failure. Rather, it was a policy choice based upon an insistence on a higher price being secured. It also meant the opportunity to secure the financial future of the Western Australian racing industry was lost.

#### Racing Industry Funding Model Under the Proposed WA TAB Privatisation

A funding model framework post the sale of the WA TAB had been agreed and drafted into the legislation to affect the sale transaction. This was a simple, yet effective, 40-year funding framework with the Western Australian racing industry that guaranteed:

- A \$70 million annual fee
- Indexation of the annual fee at 2.5% p.a.
- Increase in the share of the Betting Tax from 30% to 50%
- RWWA would retain 100% of the Racing Bets Levy income as per the current arrangement

This framework would have replaced volatile returns linked to wagering activity with predictable, indexed, low-volatility funding, while delivering a more stable and equitable share of the Betting Tax income.

#### Financial Impact of Not Selling the WA TAB

Unfortunately for the racing industry, the decision to abandon the sale of the WA TAB has resulted in a structural funding gap, reaching \$56.7 million in FY25. This is the difference between the amounts that would have been provided to the Western Australian racing industry had a sale been achieved compared to the current funding levels. This comparison is shown in Table 2.

**Table 2: Structural Funding Gap – FY25<sup>15</sup>**

Dollars (Millions)

<b>Funding Framework</b>	<b>Base + Indexation</b>	<b>RWWA Distributions</b>	<b>Racing Bets Levy</b>	<b>Betting Tax</b>	<b>Total Industry Funding</b>
Privatisation	73.5	Nil	110.0	66.1	<b>249.6</b>
Current	Nil	43.3	110.0	39.7	<b>192.9</b>
<b>Variance</b>	<b>-73.5</b>	<b>+43.3</b>	<b>0.0</b>	<b>-26.8</b>	<b>-56.7</b>

This structural funding gap is forecast to worsen, in line with:

- a diminished capacity of the WA TAB to sustain a level of operating profit that can cover the escalating costs of RWWA’s operating activities and structure
- indexation of the base funding which would have occurred
- difficulty for the WA TAB to remain competitive in the national market against competitors with greater scale, resources, access to capital, and a focus on winning more market share to offset increasing product fees and taxes.

The WA TAB is focused almost entirely on the Western Australian market; however it is continuing to lose market share. It’s continuing state ownership hampers its ability to invest sufficient levels of capital to compete in the national market and achieve sustained growth in its income. The decision to abandon the sale of the WA TAB has therefore materially weakened the long-term industry sustainability of the racing industry as it remains exposed to the wagering performance of a state-owned business effectively exposed to a single market and without an ownership structure that supports investment and growth. Thoroughbred Eligible Bodies believe the Government must recognise that proceeding with the sale of the WA TAB would have secured the industry’s financial future. By not proceeding it has placed the viability of thousands of jobs, businesses and the livelihoods of industry participants at risk. Accountability now requires meaningful Government action to repair the consequences of its own policy decision to restore stability to the Western Australian racing industry.

### **Recommendation 6 (WA TAB)**

State Government to address the declining funding contribution of the WA TAB by evaluating all options, which may include:

- *Committing significant investment in the WA TAB so it can leverage its base in WA whilst growing into a truly national operator with operating costs apportioned over an expanded business size.*
- *Outsourcing the WA TAB management to a larger operator and eliminating existing wagering system development & maintenance costs, and other wagering service & administration costs.*
- *Selling the WA TAB, attaching a realistic price expectation relative to its current worth, and adopting the industry funding model previously agreed for the last sale process.*
- *Reducing the net taxation burden incurred by the WA TAB*
- *Evaluating the retail channel and assessing the financial case for becoming a pure online wagering operator.*
- *Leveraging the WA TAB retail channel for a targeted expansion of products and/or providing access to the retail network for other licensed betting operators.*

<sup>15</sup> RWWA’s contribution is net of the amount that is currently provided through utilisation of reserves.

## RWWA Digital Capability and Reform

### Digital Capability and Readiness

#### RWWA's Current Position

RWWA has demonstrated digital capability, particularly in wagering technology and participant-facing systems. Relative to its organisational size and statutory remit, RWWA maintains a credible and functional digital environment that has supported both racing administration and wagering operations effectively.

Historically, RWWA has demonstrated an ability to deliver innovative digital solutions. In several instances, it has led industry development through internally built platforms and customer products. However, RWWA operates within structural constraints when compared with large commercial wagering operators such as Sportsbet, whose significantly greater capital allocation and technology scale allow for faster innovation cycles, continuous platform enhancement and adoption of technologies developed by other businesses within their global operations.

RWWA has also modernised several racing administration systems to improve efficiency and participant access. The development of OzChase, a nominations and customer service platform for greyhound racing adopted nationally (excluding Victoria), illustrates the organisation's technical capability and capacity to deliver systems of national relevance. While these achievements demonstrate strong internal capability, the broader issue facing RWWA is not technological competence, but strategic focus and resourcing.

### Structural Challenges

RWWA's technology function is required to simultaneously support:

- Three distinct racing codes
- Wagering operations competing in a rapidly evolving digital betting market
- Retail and digital customer channels
- National system integration requirements
- Ongoing maintenance of legacy operational platforms

This breadth of responsibility disperses technology investment across multiple competing priorities. As a result, resources are largely directed toward maintaining operational continuity rather than enabling transformational digital advancement.

Unlike commercial wagering operators that can concentrate investment on customer acquisition and digital growth, RWWA must balance regulatory, industry service, and commercial objectives within a single technology framework. This structural arrangement limits agility and reduces the organisation's capacity to respond quickly to changing consumer expectations and competitive market pressures.

### Key Technology Responsibilities

#### Racing Systems

- Thoroughbred racing
- Greyhound racing
- Harness racing
- Integration with national racing systems and data environments
- Provision of content and wagering information to club websites

#### Wagering Systems

- Core betting engine maintenance and prioritisation of development
- Mobile application development and support
- Website and digital customer interfaces

- Retail wagering technology integration and management, including betting terminals, customer information terminals, point of sale equipment, etc.
- Customer identification and anti-money laundering and counter-terrorism financing systems
- Streaming and broadcast integrations
- Telephone betting infrastructure

#### Enterprise Systems

In addition to wagering and racing platforms, RWVA's technology function is responsible for a broad range of enterprise administrative systems that support the organisation's operational and commercial activities.

- Financial management systems
- Human resource platforms
- Procurement and vendor management systems
- TAB agent settlement and reconciliation processes

#### Reform Considerations

The review presents an opportunity to reconsider how digital capability is prioritised and structured to support long-term industry sustainability:

- Greater strategic prioritisation of digital investment aligned to revenue generation and customer growth
- Reducing fragmentation of technology resources across competing operational functions
- Exploring partnership, outsourcing, or shared-service models where appropriate
- Ensuring digital strategy is treated as a core commercial driver rather than solely an operational support function.

### **Recommendation 7 (Digital Capability)**

Commission an independent review to:

- *Assess RWVA's digital capabilities across wagering and racing businesses*
- *Identify any gaps to market benchmarks or required capability or consistency in experience, content and branding across clubs*
- *Assess the quantum of technology legacy debt*
- *Develop a strategy to address residual technology debt and any material gaps in required capability*
- *Provide recommendations on project prioritisation principles*

#### Strategic Observation

RWVA possesses capable technology expertise and a proven ability to deliver functional systems. However, under current structural arrangements, digital capability is spread too broadly to achieve the scale of innovation required in a highly competitive wagering environment. Future sustainability will depend less on additional incremental investment and more on structural reform that enables focused, strategically aligned digital development.

The coexistence of wagering operations and racing administration within a single statutory body creates inherent technological complexity. Each function has distinct operational requirements, investment cycles, and strategic priorities, yet both rely upon shared technology resources and funding allocations.

Digital development is therefore often driven by competing internal demands. Where multiple initiatives are under consideration, prioritisation decisions must balance commercial wagering needs against industry service obligations.

This dynamic can limit organisational responsiveness to market change. In wagering, delayed digital enhancement may reduce competitiveness and contribute to erosion of market share. Within racing administration, necessary system improvements may similarly be postponed, affecting operational efficiency and participant experience.

### ***Recommendation 8 (Wagering System)***

Assess the feasibility of outsourcing core wagering system functionality to reduce wagering system development and maintenance costs

#### **Club-Level Digital Capability**

Digital maturity across racing clubs varies. This means there is no uniformity for WA racing enthusiasts across WA race clubs' digital assets for:

- Website structure and functionality
- Branding and visual identity
- Quality and consistency of content
- Customer engagement tools and digital experience

This fragmentation reduces the overall effectiveness of the industry's digital presence and limits opportunities to engage audiences in a coordinated and contemporary manner.

### ***Recommendation 9 (Club Digital Presence)***

Assess the digital capabilities of clubs and recommend whether a whole of industry approach to clubs' digital offering should be implemented

## Identification of Opportunities for RWWA Assets to Generate Increased Return on Investment

The composition of RWWA's asset base highlights limited opportunities to increase return on investment of RWWA's asset base. Unlike many comparable sporting or racing jurisdictions, RWWA directly owns relatively few commercial or income-generating assets. Most racing infrastructure across Western Australia is owned and operated by individual race clubs rather than the statutory authority itself. This structural reality inherently limits RWWA's ability to materially increase financial returns through traditional asset monetisation strategies.

### Limited Commercial Asset Portfolio

At the end of FY25 RWWA has \$242.5m of assets<sup>16</sup>. Cash and cash equivalents as well as other current assets are largely offset by current payables (including wagering customer's account funds) and working capital requirements. Notwithstanding, RWWA generated \$4.0m in interest through investment management of its cash balances.

RWWA has \$76.0m in non-current property, plant and equipment assets, representing the most likely asset class to consider alternate use to increase return on investment.

RWWA's primary corporate asset is its headquarters facility in Osborne Park, which has recently undergone a significant redevelopment enabling consolidation of staff into a single premises. The investment has delivered operational efficiencies and reduced duplication of accommodation costs; however, as an administrative asset, it provides limited opportunity for additional revenue generation without compromising its core operational purpose.

It may be feasible for RWWA to relocate to a purpose-built administration headquarters situated at one of the metropolitan racecourses, with Perth Racing's Ascot and Belmont racecourses as well as Gloucester Park potential options. This would potentially unlock capital from the sale of RWWA's headquarters whilst also bringing RWWA's staff closer to industry participants. Importantly, it could enable the transformation of existing administrative or grandstand assets to contemporary standards and increase the utilisation of racecourse amenities.

### ***Recommendation 10 (RWWA's Headquarters)***

Undertake a feasibility assessment of relocating RWWA's headquarters to one of the metropolitan racecourses and divesting the Osborne Park property.

RWWA has already divested some assets. Various properties or land that formed part of the WA TAB network have been sold in recent years. RWWA also recently sold its TAB Radio business to SEN.

### Structural Constraints and Strategic Focus

Given the limited asset base, RWWA's financial sustainability is principally driven by wagering revenues, product fees, and statutory funding streams rather than asset yield. Accordingly, expectations of materially improved returns through asset optimisation alone are unlikely to be realised under the current ownership structure.

### Leverage RWWA's Retail Network

#### Targeted Licence Expansion

RWWA has, over the course of many years, submitted several requests for the Government to consider targeted expansion of its licences within the contained retail network. Proposals related to the establishment of:

- Trackside, which is an animated racing product offering fixed returns on a variety of bet types.

<sup>16</sup> Source: RWWA 2025 Annual Report

- Keno, which is a rapid-draw game in which a set of numbers is drawn via a random number generator from a larger pool of numbers. The numbers are then posted electronically in venues.

These products are offered in licensed venues and TAB retail outlets in other states, including Victoria and New South Wales.

The State Government has not supported the introduction of either Trackside or Keno to date. Whilst the State Government's decision to contain the availability of gambling products is understood by RWWA and the racing industry, the inability to extend gambling products within the WA TAB retail network results in absolute reliance on traditional wagering for revenue generation. Wagering is a mature product with revenue generation constrained by increased regulation. The establishment of Trackside and Keno would have allowed RWWA to generate additional revenue, enabling it to deliver additional funding to the racing industry. Importantly, there would be no expansion of the gambling footprint within the State as the new licences would be contained within the existing WA TAB footprint.

### ***Recommendation 11 (Targeted Licence Expansion)***

State Government to review a targeted expansion of RWWA's licence to enable the rollout of simulated racing and / or Keno throughout the WA TAB retail network.

#### Sub-licence Access to Retail Network

There are some advantages to having exclusivity of a distributed retail network throughout the state, including:

- Advertising and promotion of brand and products in an environment where regulation is constraining many other advertising channels
- Capacity to offer in-play sports betting, which is prohibited online under the Interactive Gambling Act 2001
- Cash betting, which is not accessible to corporate bookmakers

There may be opportunities for RWWA to provide access to its retail network to other licensed wagering operators under commercial terms that provide additional revenue to the WA racing industry. Wagering operators, such as Sportsbet, Ladbrokes and bet365 have more sophisticated in-play sports betting capabilities than the WA TAB and may be able to better monetise the opportunity if they were afforded access to a retail channel. Any incremental betting activity generated by a corporate bookmaker within the WA TAB retail network would also attract additional Betting Tax revenue and the associated pass-through to RWWA.

### ***Recommendation 12 (Access Retail Network)***

State Government to evaluate the feasibility of opening access to the WA TAB's existing retail channel, provided:

- *There is no expansion in the retail network footprint*
- *The commercial terms would result in a net financial benefit to the WA racing industry*
- *Regulatory framework balances the needs of the WA TAB, WA Racing Industry, and WA community whilst also offering an attractive proposition to other licensed betting operators.*

## Other Sources of Revenue Generation

### RWWA's Revenue

RWWA's existing sources of revenue are:

- Operation of the WA TAB
- Racing Bets Levy
- Betting Tax passed through from the State Government

RWWA also generates other revenue through commercialisation of its media rights, racing nominations and acceptance fees and interest. There will likely be options to optimise each of these to extract a bit more revenue, however, they are still not going to be material in comparison with RWWA's primary revenue streams. It is worth noting that media rights are an extremely valuable revenue stream for race clubs, and that a new media rights deal was struck with Channel 7 towards the end of 2024, which has materially improved the reach of WA thoroughbreds' broadcast offering.

### Requirement for Intervention to Address Current Financial Sustainability Challenges

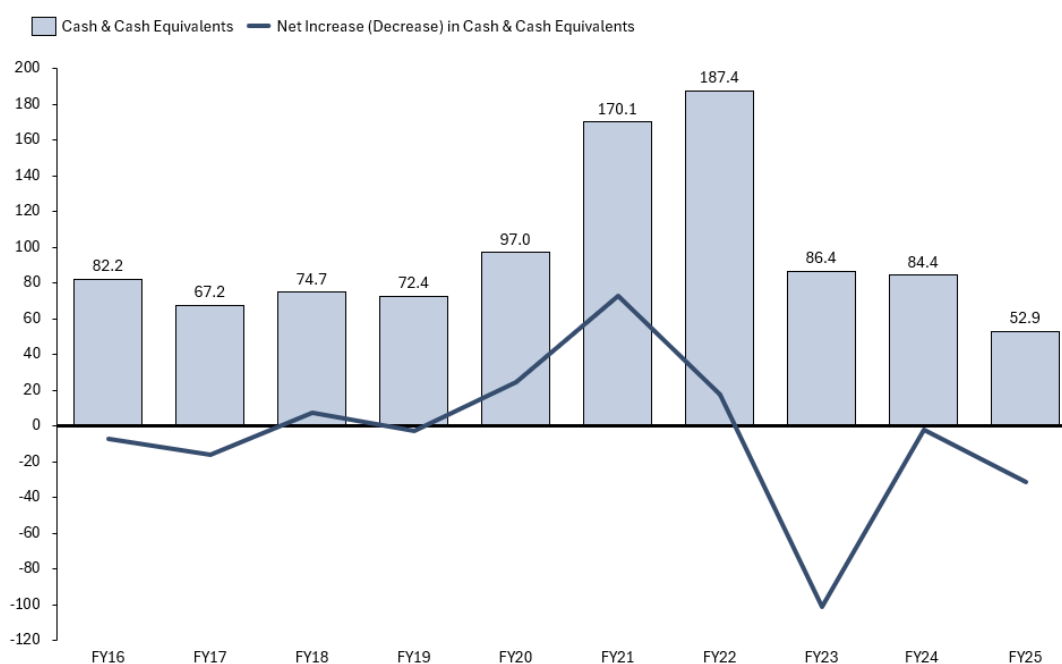
The Western Australian racing industry has navigated many challenges as they arose and acknowledge that support was often provided by the State Government to help in addressing the potential for adverse impacts on funding, e.g., enacting the Racing Bets Levy Act 2009, which imposed a levy on wagering operators offering markets on Western Australian racing.

The combination of declining income levels, an escalation in participants costs, RWWA's operating losses and declining reserves has culminated to a point whereby it is not feasible for the racing industry to manage to address the funding challenges into the future without some form of intervention. The required level of intervention needs to be significant given RWWA has utilised >\$92m of its reserves in the past three years without being able to maintain the level of funding distributed to the racing industry.

### RWWA's Cash Position - Current

Cash and Cash Equivalents are a proxy for the level of funds available to meet working capital needs, fund capital expenditure and absorb future operating losses or shocks without having to materially adjust from the current financial budget. After a period of building the balance of cash & cash equivalents to a high of \$187.4 million in FY22 there has been a rapid reduction in the balance to just \$52.9 million by FY25.

**Figure 12: RWWA's Cash & Cash Equivalents**  
Dollars (Millions)



### RWWA's Reserves

RWWA has historically acted with financial discipline which has included the setting aside of surplus funds to provide a buffer against future financial shocks, smooth out income volatility or contribute to major capital works<sup>17</sup>. The Thoroughbred Eligible Bodies do not believe there will be any change in the level of financial responsibility applied in the future. This means there is only a short timeframe for RWWA management to act to ensure its cash position does not deteriorate further to the point of not being able to meet financial commitments when they are due.

**Figure 13: RWWA's General Reserves**

Dollars (Millions)

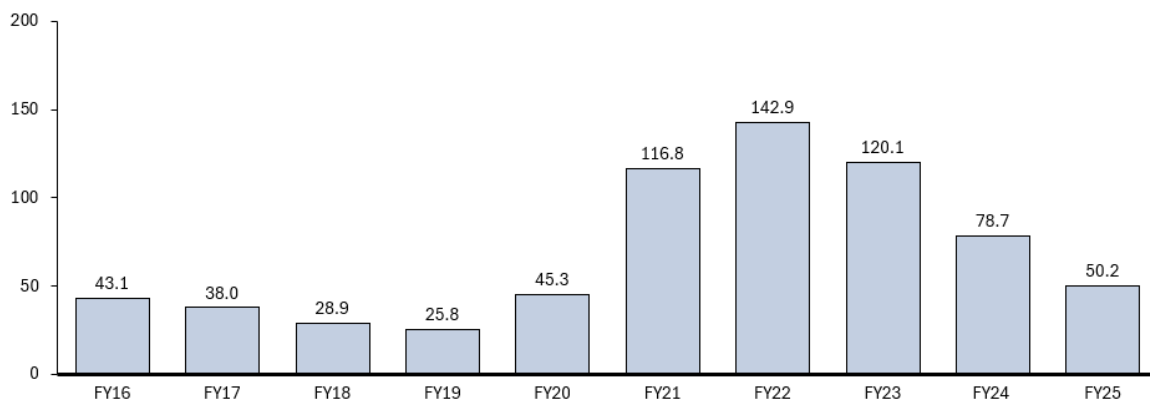
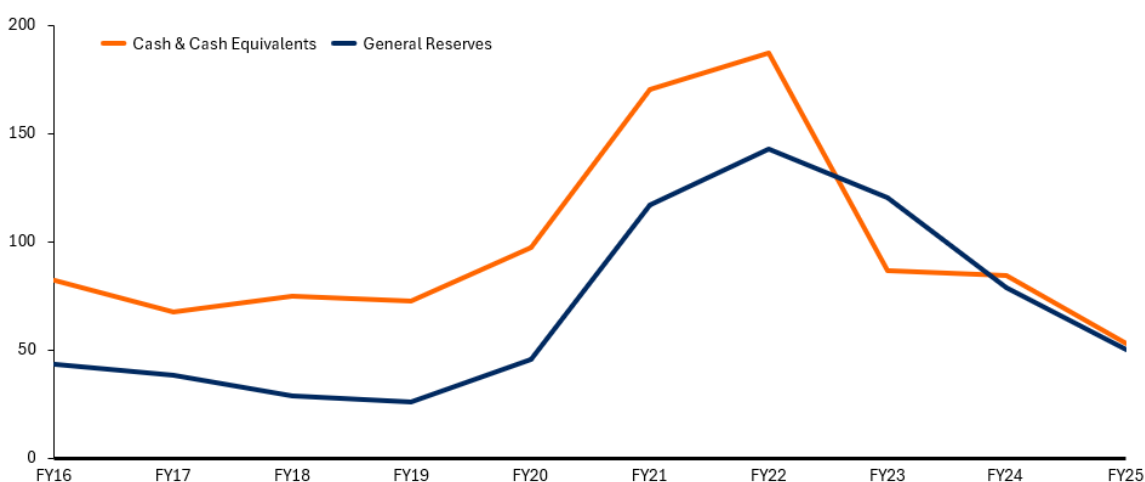


Figure 14 highlights the correlation between RWWA's Cash & Cash Equivalents and its General Reserves. Historically RWWA transfers its Net Operating Income (Loss) into its General Reserves. This indicates that if RWWA continues to incur a Net Operating Loss, as it has done so for the past three financial years then it will likely exhaust its cash. Whilst RWWA had total current payables of \$62.1 million on 31 July 2025, it should be noted that \$21.4 million relates to WA TAB payables, including TAB account customer deposits. This amount should be deducted from RWWA's Cash & Cash Equivalents to provide a more accurate picture of RWWA's own cash position.

**Figure 14: Correlation Between Cash & Cash Equivalents and RWWA's General Reserves**

Dollars (Millions)

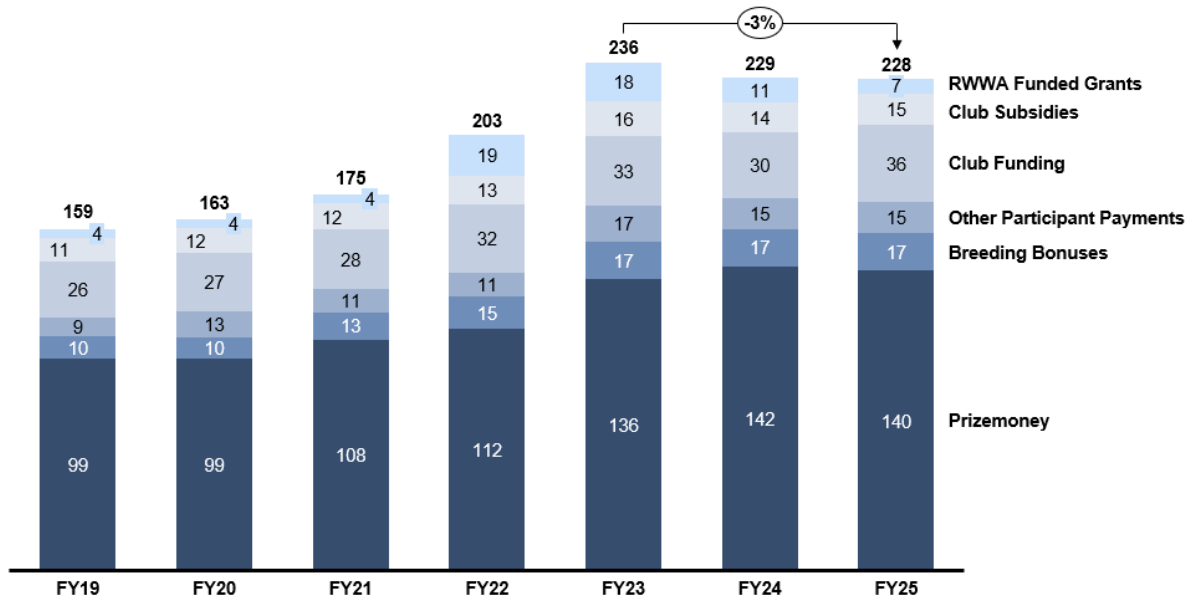


<sup>17</sup> An example of a recent capital works project that drew down on reserves was the upgrade to the Bunbury Racecourse.

## Racing Industry Funding

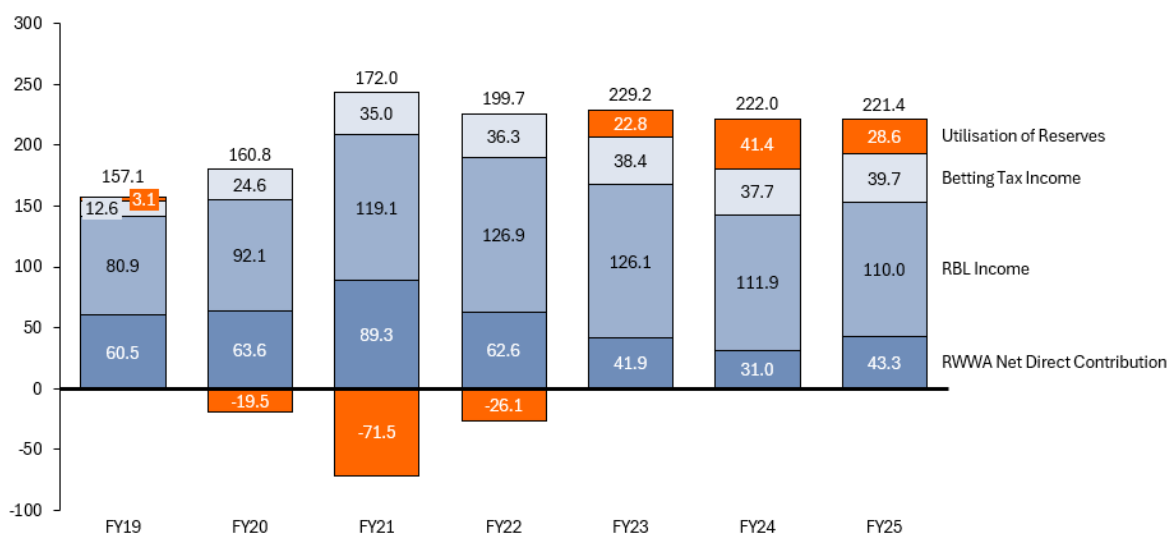
Funding to the racing industry has not been the cause of RWWA's deteriorating financial position. In FY25 total funding of \$228 million was provided to the Western Australian racing industry. This was down 3% from the \$236 million provided just two years prior.

**Figure 15: Total Funding Provided to the WA Racing Industry<sup>18</sup>**  
Dollars (Millions)



The reason RWWA is facing financial sustainability challenges is highlighted through analysis of its revenue composition. Figure 16 shows that RWWA's capacity to provide a net direct contribution through WA TAB profits less RWWA's operating expenses has declined noticeably. Until the establishment of the Racing Bets Levy in 2008, WA TAB profits used to represent virtually all funding distributed to the WA racing industry. It now represents a far smaller share and is likely to represent an even smaller contribution than Betting Tax in the next few years.

**Figure 16: Overall Funding Composition**  
Dollars (Millions)



<sup>18</sup> Includes industry contributions made by participants, such as Nomination and Acceptance Fees, Westspeed Nomination Fees and Slot Fees, which have risen from \$1.9 million in FY19 to \$7.0 million in FY25. This effectively means the total distributions provided to the industry is overstated by \$7.0 million in FY25.

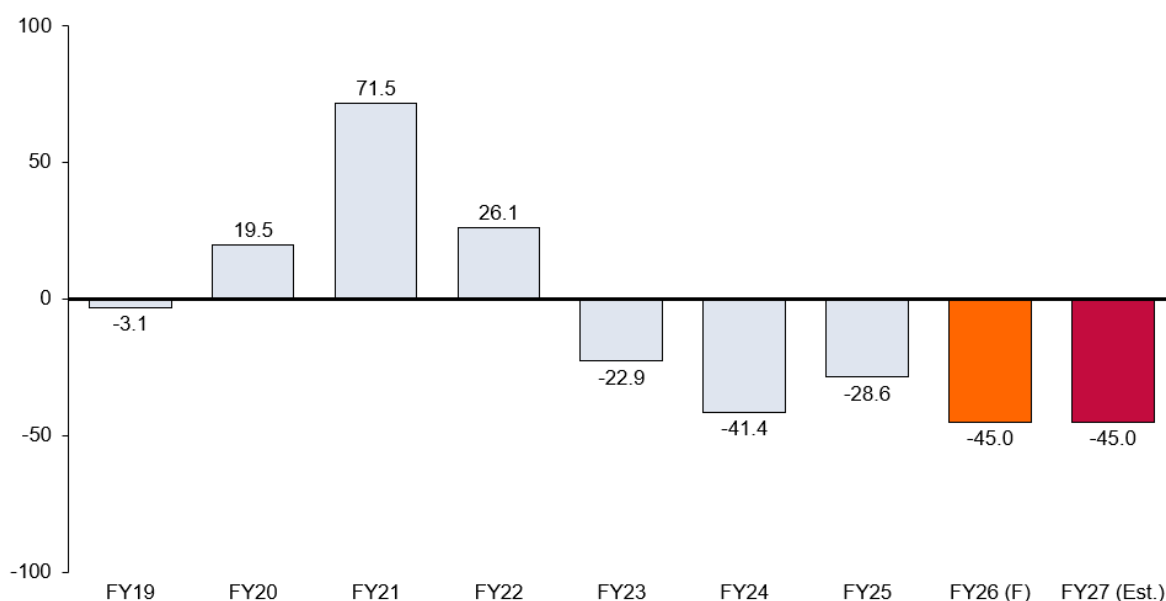
There is a future risk that a continuation in the decline of WA TAB profits will result in RWWA being unable to cover their overall operating expenses. If this eventuated, the racing industry would be exposed to just the sum of the Racing Bets Levy and the Betting Tax, without future capacity to draw upon reserves to top up funding. These two sources currently generate a combined \$150m p.a. in revenue, which is well below the \$228m in funding distributed to the racing industry in FY25.

### Projected Industry Funding

RWWA has advised the Thoroughbred Eligible Bodies that its FY26 forecast is for a \$45 million loss. If this eventuates, it would be RWWA’s fourth consecutive year of generating a loss and the result would be the worst it has ever achieved. Figure 17 depicts RWWA’s financial history and shows the worsening trend. Absent any intervention, or a material cost restructure, it is unlikely RWWA’s financial position will improve in FY27.

**Figure 17: RWWA’s Net Operating Profit / (Loss) - Actuals & Forecast<sup>19</sup>**

Dollars (Millions)



### RWWA’s Cash Position - Future

RWWA currently has \$52.9 million in cash and cash equivalent assets as well as liabilities of \$21.4 million relating to WA TAB payables, including TAB account customer deposits. RWWA’s effective net cash position is therefore ~\$31.5 million (adjusted cash position).

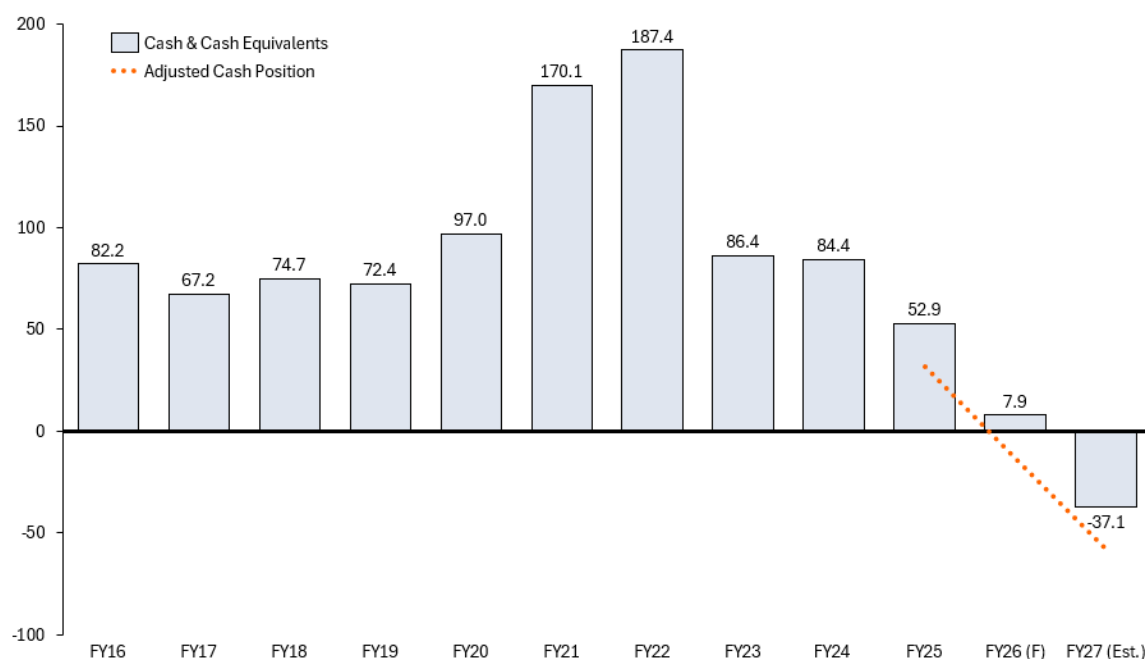
Figure 18 illustrates the impact of the forecast operating loss for FY26 as well as a comparable loss in FY27 on RWWA’s actual cash and adjusted cash positions. Estimated cash would reduce to \$7.9 million by July 2026, however, the adjusted cash position is estimated to be -\$13.5 million. This indicates RWWA’s solvency will be tested within the next six to eight months, requiring an immediate decision on intervention options.

RWWA would not be in a financial position to continue trading into FY27 without a reduction in its cost base. This reduction would need to be in the order of \$45 million to \$50 million, without any margin for a further reduction in income.

<sup>19</sup> Source: RWWA management provided the FY26 forecast.

**Figure 18: RWWA’s Estimated Cash Position to FY27<sup>20</sup>**

Dollars (Millions)



### New Sources of Revenue Unlikely

The Thoroughbred Eligible Bodies do not believe it would be appropriate for RWWA to deviate far from its core capabilities or operating a wagering licence. As such any new revenue source would need to be highly adjacent to its current capabilities.

The most probable outcome for a new revenue stream that is material to RWWA’s overall financial sustainability would be for the State Government to issue a new, and valuable, gambling licence. The Thoroughbred Eligible Bodies do not believe this would be consistent with Government policy of non-proliferation of gambling within the State and therefore it is not an option the thoroughbred industry would support.

### Optimisation of Existing Revenues the Most Plausible Scenario

Given the challenges identified for new gambling licences the Thoroughbred Eligible Bodies believe optimisation of existing revenue streams is more likely to result in improvements to RWWA’s financial sustainability in the timeframe necessary to address racing industry viability issues.

### WA TAB

The current downward trend in the financial contributions generated by the WA TAB as well as the challenges associated with improving WA TAB financial performance under the current Government ownership have already been outlined.

The Thoroughbred Eligible Bodies do not believe the financial sustainability issues of RWWA will be addressed by changes to the WA TAB, unless the State Government invests the necessary capital to enable the business to achieve a level of scale that enables it to compete with other major licensed wagering operators.

<sup>20</sup> Assumes there is a 1:1 correlation between cash position and operating loss. This may vary, however, for this modelling purpose it provides a useful reference.

## Racing Bets Levy

The Racing Bets Levy is the largest source of revenue for RWWA, contributing \$110m in FY25, although this was down from a high of \$126.9m in FY22. Racing Bets Levy revenue is a factor of the rate charged multiplied by the total value of wagering activity on WA racing<sup>21</sup>.

Racing Bets Levy revenue can theoretically be increased through increasing the rate, however, this is not a linear outcome as wagering operators respond to a price increase by:

- Passing on the increase to consumers by increasing the overround, which, all other things being equal, will result in higher margins being generated on WA racing
- De-prioritising WA racing and promote other more profitable products to their customers. This can include reducing the visibility on their App and online channels, reducing the betting options available (including exotics and multi-bets)
- Reduce other costs associated with WA racing, such as reducing or eliminating streaming, data, form, advertising, generosity, etc.

Thoroughbred Eligible Bodies believe there is a high risk associated with increasing the Racing Bets Levy. The capacity to increase is limited by comparative prices for other Australian racing.

### **Recommendation 13 (Racing Bets Levy)**

RWWA to review the options for increasing the Racing Bets Levy and quantify the likely net change in Racing Bets Levy Revenue after any mitigating responses from betting operators

## Betting Tax

RWWA's share of the Betting Tax levied by the State Government is currently its third highest source of revenue but this should also be considered in conjunction with the total amount of betting tax paid.

### Betting Taxes Paid by the WA TAB

The WA TAB paid the State a wagering tax until the end of December 2018. RWWA was also provided with a reimbursement of the GST it paid on fixed odds betting, parimutuel sports and a partial reimbursement for wagering tax paid on VIP turnover.

Point of consumption taxes were progressively introduced throughout Australia after initially becoming effective in South Australia in July 2017.

Western Australian introduced its Betting Tax in January 2019. Introduction of the Betting Tax helped to achieve a more level playing field with wagering operators licensed outside of Western Australia having to pay tax on revenue derived from their Western Australian customers. Notwithstanding, it increased the overall burden on the WA TAB because the Betting Tax rate is at a higher effective rate than the original wagering tax<sup>22</sup>.

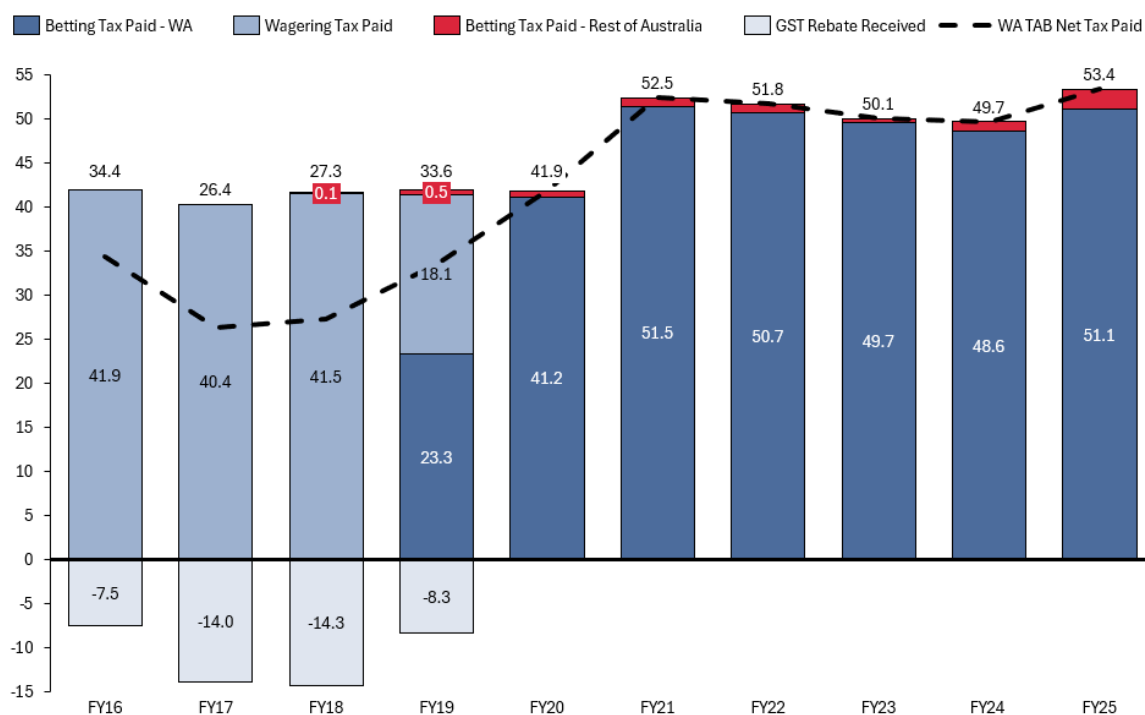
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<sup>21</sup> Wagering activity comprises both turnover and revenue, as outlined in Figure 6

<sup>22</sup> The wagering tax paid until December 2018 comprised taxes on pari-mutuel sport at 5% of turnover, on pari-mutuel racing at 11.91% of revenue, on fixed odds racing at 2.0% of turnover and on fixed odds sport at 0.5% of turnover. The State Government provided a reimbursement of GST paid on fixed odds betting, parimutuel sports and a partial reimbursement for wagering tax paid on VIP turnover. To illustrate the net increase in tax paid by the WA TAB, the net paid in FY18 (the last full financial year prior to introduction of the Betting Tax) was \$27.27m, whereas in FY20 it had increased to \$41.88m.

**Figure 19: Betting Taxes Paid by the WA TAB<sup>23</sup>**

Dollars (Millions)



The WA TAB is paying more tax on its wagering since the introduction of the Betting Tax and point of consumptions taxes throughout the rest of Australia, than it paid under the prior wagering tax framework. In FY18 (the last full financial year before commencement of the Betting Tax) the WA TAB’s net tax expense was \$27.3 million. This comprised:

- Wagering tax payable of \$41.5 million
- Interstate point of consumption tax payable of \$0.1 million
- Grant to reimburse for GST paid on fixed odds betting, parimutuel sports and a partial reimbursement for wagering tax paid on VIP turnover

The WA TAB’s total taxation expense has increased from \$27.3 million in FY18 to \$53.4 million in FY25, inclusive of \$2.3 million payable to other states under their point of consumption tax arrangements. The net increase of \$26.1 million is a material increase to the cost base of the WA TAB, which effectively diminishes its capacity to meet the funding requirements of the racing industry.

It should also be recognised that because the State Government owns the WA TAB, the Betting Tax that it receives from the WA TAB is effectively being paid by the racing industry in the form of reduced profits for distribution. The State Government also receives ~a further \$81.1 million in Betting Tax from interstate licensed wagering operators.

State Government Betting Tax Receipts

The State Government collected \$132m in Betting Taxes in FY25 and provided \$39.7m to RWWA. The resulting net tax receipts were \$93m. This compares to the \$27m in net tax receipts in FY18, the last full financial year prior to the introduction of the Betting Tax.

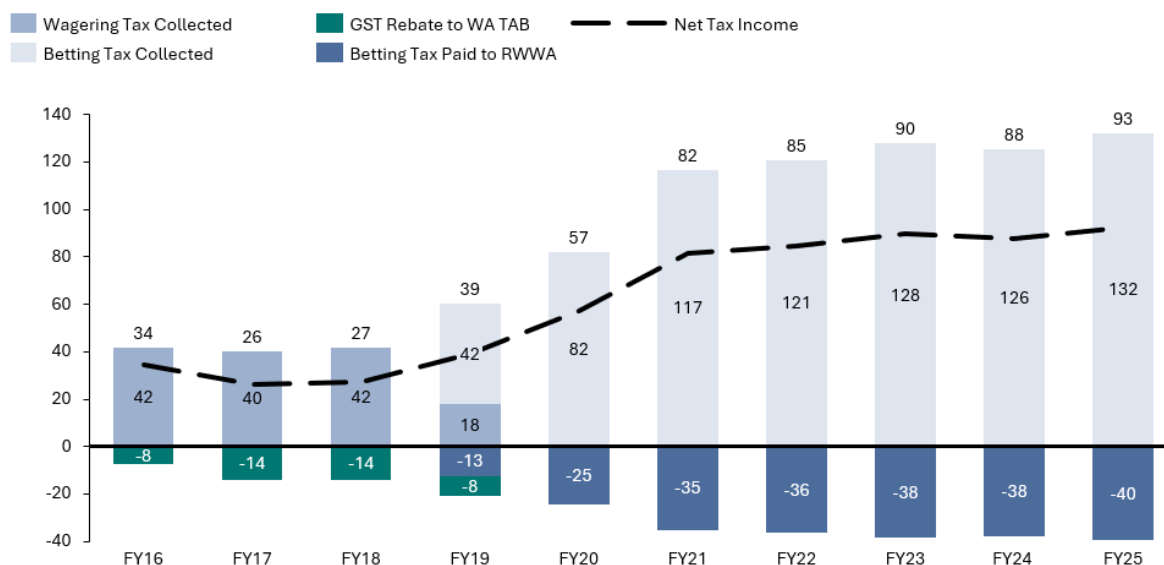


**The State Government has increased its net tax position by a factor of 3.4 times since FY18**

<sup>23</sup> Source: RWWA Annual Reports

**Figure 20: State Government Tax Income Received<sup>24</sup>**

Dollars



The \$93 million being retained by the State Government represents “leakage” from the wagering ecosystem. Wagering operators pass on betting taxes to punters, who are the ultimate payers of the tax and are unable to recycle their betting as many times, as historically the price they pay for wagering is now higher.

### Betting Tax Reform

Thoroughbred Eligible Bodies strongly support reform of the Betting Tax arrangements as the only viable proposition to address the financial challenges of the racing industry.

There are two possible outcomes for Betting Tax reform:

- Increase in the rate of Betting Tax
- Retain the rate of Betting Tax with a higher allocation provided to RWWA.

### Increasing the Rate of Betting Tax

A potential option for the State Government is to increase the rate of Betting Tax. WA is one of five Australian states with a 15% rate with only the ACT and Queensland higher at 25% and 20% respectively. The Thoroughbred Eligible Bodies believe increasing the Betting Tax rate, to 20% as an example, would risk placing Western Australia at a structural disadvantage relative to other Australian jurisdictions, discouraging wagering operators from investing in WA racing product.

Evidence from interstate experience demonstrates that higher wagering tax settings do not necessarily produce sustainable revenue growth. Instead, operators respond by reducing promotions, marketing investment and product focus in higher-tax jurisdictions, resulting in declining wagering turnover over time.

Because wagering demand is highly elastic and customers can easily shift betting activity to alternate products, higher taxation risks shrinking the wagering base on racing product, which has the added cost of higher product fees compared with sport. Further, wagering operators are more likely to disproportionately reduce their support for WA racing product as a means of creating advocacy from the racing industry to have the taxation rate lowered. This can ultimately reduce the net returns to racing. For a smaller market such as Western Australia, maintaining national competitiveness is essential.

<sup>24</sup> Source: RWWA Annual Reports

A Betting Tax framework that is aligned with the Point of Consumption other states will better support wagering participation, operator engagement and long-term industry funding stability, ensuring sustainable revenue outcomes for both Government and the racing industry.

#### *Importance of Competitive Tax Settings*

The sustainability of Western Australian racing is fundamentally dependent on wagering activity. Any taxation framework applied to wagering operators must therefore be assessed through a long-term economic lens rather than solely by reference to immediate fiscal outcomes.

Betting operates within a national digital marketplace in which operators allocate investment, promotional activity and product innovation according to commercial incentives. Customers can seamlessly bet on racing products across state and international jurisdictions, meaning taxation settings directly influence operator behaviour and wagering flows.

A POCT rate materially above competing jurisdictions risks positioning Western Australia as a comparatively unattractive wagering market.

#### *Economic Considerations: Elasticity of Wagering Demand*

Wagering demand is highly price-sensitive and elastic. Changes in effective wagering costs, including taxation impacts absorbed by operators, influence both wagering operator investment decisions and consumer engagement levels.

When taxation increases:

- Wagering operators reduce bonus bet offerings and promotional incentives
- marketing expenditure linked to local racing declines
- wagering products with lower tax exposure are prioritised
- customers are subtly redirected toward alternative racing or sports markets.

Unlike traditional taxation bases, wagering turnover is not fixed. Higher effective taxation can reduce overall betting activity on a jurisdiction's racing product, meaning revenue gains from higher tax rates may be offset or reversed by declining turnover volumes. For Western Australia, where racing already competes against larger eastern-state markets and international wagering products, sensitivity to these behavioural responses is amplified.

#### *Interstate Evidence: Queensland Case Study*

Recent developments in Queensland provide a practical illustration of these dynamics. Following an increase in POCT settings to a higher effective taxation level, wagering operators reported:

- reduced promotional activity specific to Queensland racing
- fewer jurisdiction-targeted marketing campaigns
- diminished appetite to trial new wagering products
- declining wagering turnover relative to national trends.

While short-term funding certainty improved through increased tax receipts, stakeholders identified emerging risks to long-term wagering participation and competitiveness as operators adjusted commercial behaviour. This experience demonstrates that wagering taxation changes influence market engagement rather than simply increasing industry revenue.

#### *Why Higher Tax Rates Do Not Necessarily Increase Revenue*

A common policy assumption is that increasing tax rates produces proportionally higher government revenue. In wagering markets, this assumption is often incorrect. Wagering taxation sits within a competitive national ecosystem where operators and consumers can adjust behaviour quickly. As tax rates rise:

- Wagering turnover may decline

- Wagering operator investment reduces
- Promotional intensity falls
- Market liquidity weakens.

The result can be a shrinking taxable base, reducing long-term revenue growth despite higher nominal tax rates. Sustainable fiscal outcomes are therefore achieved by maximising wagering participation and turnover rather than increasing extraction from a contracting market.

#### *Risks to Western Australian Racing*

An increase in the Betting Tax rate to 20% would create several structural risks:

- Reduced national competitiveness of WA racing markets
- Lower wagering operator engagement and investment
- Diversion of betting activity toward interstate racing
- Reduced liquidity and wagering turnover
- Pressure on prize money growth and industry sustainability.

Given Western Australia's smaller population base and geographic isolation, maintaining national alignment in taxation settings is particularly important to avoid unintended competitive disadvantages.

#### *A Higher Betting Tax Rate Would Worsen RWWA's Financial Position*

RWWA pays the same rate of Betting Tax as all other licensed wagering operators. In FY25 RWWA paid \$51.1m in Betting Tax to the State Government. An increase in the rate to 20% would cost RWWA an additional \$17.0m, taking its Betting Tax paid to \$68.1m, plus a further \$2.3m payable to other states.

RWWA is already having to draw down on its reserves to maintain industry funding. On a normalised basis, if there had been an increase in the Betting Tax rate to 20% in FY25, RWWA would have needed to draw down \$45.6m of its reserves, instead of \$28.6m. The objective of wagering taxation policy should be long-term revenue sustainability supported by strong wagering participation. Increasing the Betting Tax rate to 20% risks undermining wagering turnover, discouraging operator investment and weakening Western Australian racing's competitive position within the national wagering market.

### ***Recommendation 14 (Betting Tax Rate)***

State Government to retain the current Betting Tax rate of 15% in line with other Australian jurisdictions to safeguard industry sustainability, maximise wagering engagement and protect future government and industry revenue streams

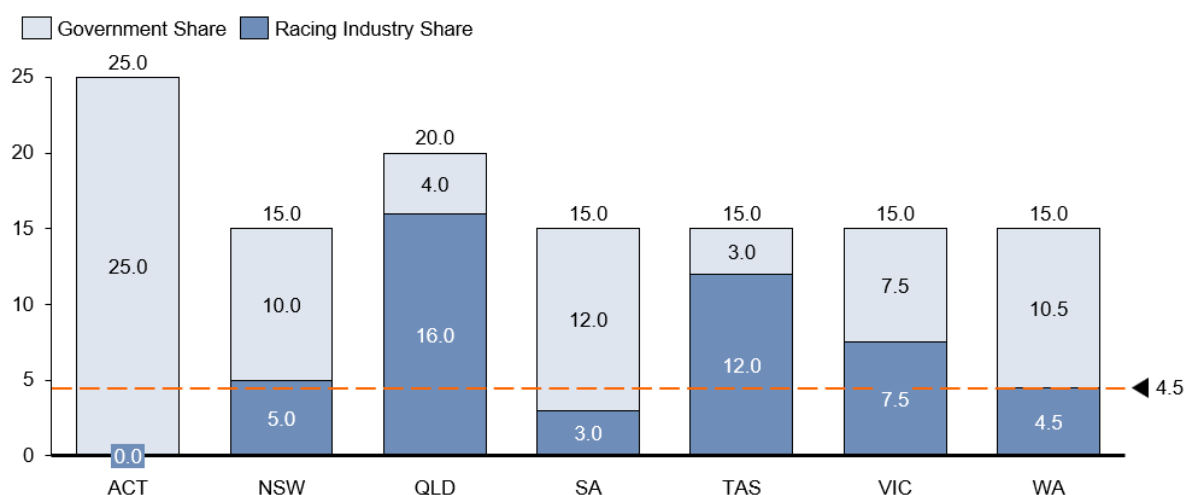
#### Increasing the Pass-through Rate to RWWA

The Thoroughbred Eligible Bodies believe the only logical outcome to address RWWA's financial sustainability issues is to increase the share of the Betting Tax that is passed through to RWWA.

Figure 21 shows a comparison of the share of betting tax revenue passed through to the racing industry in each state. RWWA receives a lower share of the WA Betting Tax than the other three major racing states (VIC, QLD and NSW). RWWA receives 30% of the Betting Tax income, equating to 4.5% of the total wagering revenue generated from Western Australian residents. In Queensland, the racing industry receives the equivalent of 16% of wagering revenue.

**Figure 21: Betting Tax Rate Comparisons as a % of Gross Revenue<sup>25</sup>**

Percentage



The differential is also compounded by the higher taxes collected in Victoria, New South Wales and Queensland because of higher wagering volumes. Racing Queensland, as a comparable tri-code body received \$243.7 million in betting tax income in 2025<sup>26</sup>, which is 6.1 times higher than the amount received by RWWA, versus a population base that is ~1.9 times more than Western Australia.

#### Required Level of Betting Tax Pass-Through to RWWA

The Thoroughbred Eligible Bodies believe the only logical outcome to address RWWA's financial sustainability issues is to increase the share of the Betting Tax that is passed through to RWWA. Two scenarios have been modelled and compared with the current situation and shown in Table 3:

- Neutral (Nominal) financial position, requiring RWWA to receive additional revenue of \$28.55m to offset the current draw down in reserves occurring to maintain racing industry distributions
- Neutral (\$ Real v FY23), requiring RWWA to receive the equivalent of the distributions received in FY23 indexed for the increase in WA's CPI between 2023 and 2025.

**Table 3: Structural Funding Gap – FY25<sup>27</sup>**

Dollars (Millions)

	RWWA Distributions				State Government	
	Industry Distributions Benchmark	Betting Tax Pass-through Rate	RWWA Betting Tax Revenue	Draw Down in Reserves (Normalised)	Net Tax	Variance to FY18 Tax
<b>Current</b>	228.40	30.0%	39.66	-28.55	92.54	65.34
<b>Neutral (Nominal)</b>	228.40	51.6%	68.21	0.00	63.98	36.78
<b>Neutral (\$ Real v FY23)</b>	247.10	65.7%	86.91	0.00	45.29	18.09

Increasing the Betting Tax pass-through to 65.7% would put RWWA in a position where it could meet the distribution level from FY23, indexed for CPI. All other things being equal this would eliminate the need for RWWA to draw down on its reserves. Importantly, whilst the State Government would be reducing its net Betting Tax revenue to \$45.3m, this is still \$18.0m more than the level of net wagering tax received in FY18, the final year prior to the introduction of the Betting Tax.

<sup>25</sup> Source: Published reports from each jurisdiction

<sup>26</sup> Source: Racing Queensland Annual Report

<sup>27</sup> RWWA's contribution is net of the amount that is currently provided through utilisation of reserves.

RWWA would still need to carefully manage its cost base and address the declining performance of the WA TAB for this intervention to ensure financial sustainability is achieved.

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***Recommendation 15 (Betting Tax Pass-through)***

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The State Government to increase the Betting Tax pass through to RWWA to at least 65% to address the financial sustainability challenges facing RWWA

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## Governance and Regulatory Alignment

### RWWA's Current Governance, Corporate Culture and Business Practices

#### Background

RWWA performs a dual role as:

- The governing authority responsible for the sustainability and stewardship of the racing industry across three codes, and
- The operator and strategic overseer of a wagering business (WATAB) operating in an increasingly competitive national market.

These functions require strong governance capability across industry knowledge, commercial strategy, regulatory oversight, finance, technology, and stakeholder engagement.

#### Concern About Governance, Culture and Business Practices

The thoroughbred industry has longstanding concerns regarding RWWA's governance, Board composition, stakeholder engagement, and the alignment between Board capability and the complexity of RWWA's responsibilities.

There are also concerns relating to the focus of RWWA's business practices. As an example, RWWA has committed to community-based initiatives, e.g. the Racing WA Community Fund. Whilst the thoroughbred industry recognises the importance of community initiatives, the racing industry is on the precipice of a downward financial spiral. There is an expectation that RWWA should be solely focused on addressing the current financial challenges without distractions or incurring costs that should otherwise be directed to the racing industry.

#### ***Recommendation 16 (Non-essential Business Activities)***

RWWA should review its investment in any non-essential activity, where there is a net direct cost that reduces the level of funding available to the WA racing industry.

Proposed reforms have been outlined below to strengthen Board capability, stakeholder confidence, and governance effectiveness across both the racing and wagering functions of the organisation.

### **Changes to RWWA's Vision, Values, Mission and Strategic Objectives**

The thoroughbred eligible bodies do not have a strong opinion on RWWA's vision, values, mission and strategic objectives. Notwithstanding, RWWA is the governing authority responsible for the sustainability and stewardship of the racing industry across three codes. As such there should be a strong emphasis on outwardly facing vision, values, mission and strategic objectives, with minimal need for these to be internally focused for the benefit of RWWA as an organisation.

## Governance Changes to Support Fairness and Transparency in the Industry

### Reform of the RWWA Board

The current Board structure is prescribed under the Racing and Wagering Western Australia Act 2003 and includes:

- A Chair appointed by the Minister,
- Four independent directors,
- One code director nominated by each of the three racing codes.

While this structure was appropriate at the time of establishment, the racing and wagering environment has evolved significantly in scale, complexity, and commercial exposure.

#### The Problem: Longstanding industry confidence concerns

For several years, industry participants have expressed concern that the RWWA Board does not have the necessary capability mix to effectively oversee the racing industry and wagering operations. Confidence in the RWWA Board across the thoroughbred sector is currently low. This concern is not directed at individuals but at the structural composition of the Board and the processes through which directors are selected and engage with the industry.

#### Limited industry engagement by the Board

Stakeholder engagement between the Board and the racing industry is widely perceived as insufficient. Outside of the code-appointed directors, many participants report limited to no direct interaction with Board members. Trust and confidence in governance institutions are built through visibility, engagement, and demonstrated understanding of the industry being governed.

### ***Recommendation 17 (Industry Engagement)***

Establish a new industry engagement framework connecting the Board directly with participants and eligible bodies

#### Information asymmetry and executive reliance risk

Where a board lacks sufficient racing industry and commercial wagering expertise, there is a high risk of information asymmetry between the CEO, Executive and the Board. Directors cannot effectively challenge recommendations if they do not possess sufficient understanding of the business and industry context in which decisions are being made.

#### Consultation with eligible bodies is not functioning effectively

The current consultation process with participants is widely viewed within the industry as ineffective. Quarterly consultation meetings are perceived as achieving limited outcomes and functioning largely as information sessions directed by RWWA, with limited opportunity for those participants not directly engaged in the consultation meetings to interact with RWWA.

There should be a review of RWWA's stakeholder engagement framework, with a particular focus on providing participants the opportunity to engage directly with the organisation, ask questions both with and without notice, and receive comprehensive updates on key matters including financial performance, funding allocation, governance, and strategic direction. This would materially enhance transparency and accountability, ensuring that stakeholders are better informed and that decision makers are subject to appropriate scrutiny. Importantly, it would also strengthen industry confidence by fostering more

meaningful and consistent engagement between RWWA and the participants whose interests it is entrusted to serve.

It is acknowledged that RWWA have already begun to take steps to address this.

### ***Recommendation 18 Consultation Process)***

Replace the current consultation model with a more effective and structured industry advisory mechanism. Considerations could include:

- (i) an AGM, open to all licenced participants;
- (ii) a revised structure for the Thoroughbred Racing Consultative Group;
- (iii) targeted consultation with industry bodies and race clubs whenever a material decision or issue arises;
- (iv) regular racing stakeholder forums, held in the regions as well as metropolitan areas to allow broader attendance

### One board overseeing two fundamentally different functions

RWWA's responsibilities span both racing industry governance and commercial wagering oversight. These functions require different skill sets, governance approaches, and strategic focus.

### ***Recommendation 19 (Board Separation)***

Separate the governance of racing and wagering through the establishment of two independent boards.

### Board Selection and Appointment Reform

The Racing and Wagering Western Australia Act currently provides for a selection panel process for the appointment of independent directors. Industry experience suggests the process has not consistently produced boards with sufficient racing industry fluency or commercial wagering expertise. The selection process must be modernised to ensure professional capabilities such as legal, financial, accounting, marketing, governance, and technology expertise are complemented by meaningful racing industry knowledge and expertise.

The wider racing industry itself represents a significant pool of professional capability that is currently underutilised in board selection. Across the three codes, there are many individuals (owners and breeders particularly) actively involved in racing who also possess substantial professional expertise as lawyers, accountants, consultants, financiers, marketing professionals, technology specialists, and business leaders. There should be a more proactive strategy to attract these multi-talented professionals onto the Racing Board. These individuals bring a valuable combination of external professional capability and practical racing industry understanding.

Confidence in governance is a foundational element of investment in the racing industry. Owners, breeders, clubs, and participants make long-term financial commitments based on their confidence in the stability, competence, and direction of industry leadership.

### ***Recommendation 20 (Board Nomination and Selection Process)***

- (i) Establish a new independent nominations and governance process.
- (ii) Redefine the board appointment framework to prioritise capability-based selection.
- (iii) Mandate a board skills matrix aligned to racing and wagering governance requirements.
- (iv) Require minimum racing industry knowledge representation on the Racing Board.
- (v) Introduce director term limits of no more than 8 years and formal board performance evaluation processes.

#### Industry Expertise and Conflict-of-Interest Considerations

A commonly raised concern in relation to increasing racing industry expertise on the Board is the potential for conflicts of interest where directors have direct or indirect involvement in the racing industry. It is appropriate and necessary that any governance reform recognises and addresses this concern. However, it is equally important to distinguish between perceived conflicts of interest and actual conflicts of interest, and to recognise that modern governance frameworks are specifically designed to manage such risks effectively.

The presence of industry knowledge on a governing board does not in itself create a conflict of interest. Rather, it provides valuable context, operational understanding, and informed judgement that strengthens governance oversight.

In complex, participant-based industries such as racing, agriculture, financial services, and sport, it is common and often desirable for boards to include individuals with relevant industry experience. The key governance requirement is not the absence of industry connection, but the proper identification, disclosure, and management of conflicts where they arise.

Well-established governance mechanisms exist to manage conflicts of interest, including:

- Formal declaration of interests by directors
- Maintenance of conflict-of-interest registers
- Recusal from deliberations and decisions where a material conflict exists
- Independent committee oversight where required
- Statutory fiduciary duties owed by directors to act in the best interests of the organisation.

These mechanisms are standard features of corporate and statutory governance and are routinely applied across Australian regulatory bodies, government trading enterprises, and commercial organisations. Importantly, most racing industry knowledge does not give rise to decision-specific conflicts. A director's understanding of how race clubs operate, how breeding economics function, or how training businesses are structured does not create a conflict in the absence of a direct financial or decision-specific interest. The governance objective should therefore be to retain industry expertise while managing possible conflicts, rather than excluding industry-experienced candidates altogether.

Experience in other racing jurisdictions demonstrates that industry expertise and strong governance are not mutually exclusive. For example, John Messara served as Chair of Racing NSW for over a five years while also being one of Australia's most prominent thoroughbred breeders and industry participants. During his

tenure, Racing NSW oversaw significant industry growth, infrastructure investment, and wagering performance improvements.

Strict conflict-of-interest and code of conduct protocols were used in the ordinary course of governance to manage situations where decisions intersected with personal or commercial interests. The presence of deep industry expertise at board level did not undermine governance integrity; rather, it strengthened strategic decision-making and industry confidence. Similar models exist across other Australian racing jurisdictions, where boards include individuals with substantial industry knowledge alongside directors with legal, financial, and commercial expertise.

These examples demonstrate that industry expertise, when supported by proper governance controls, can enhance board effectiveness rather than diminish independence.

The objective of board reform should not be to eliminate industry connection, but to achieve capability balance. A board composed solely of general governance professionals' risks lacking the contextual understanding necessary to challenge executive recommendations in a specialised industry environment. Conversely, a board composed solely of industry participants risks insufficient independence.

The appropriate governance model is one that combines both independent professional expertise, and Informed industry understanding. When properly balanced and supported by robust conflict-management processes, this model strengthens both governance quality and stakeholder confidence.

### ***Recommendation 21 (Governance Principles of Conflicts of Interest)***

Review precedents in other jurisdictions to identify an appropriate governance structure which supports the inclusion of industry expertise on the RWWA Board whilst providing an effective framework for managing potential conflicts of interest.

### Board Composition – Regional Expertise

The current Board composition framework includes provision for an independent director with regional business and development experience. This requirement appropriately recognises the importance of regional Western Australia to the racing industry and ensures regional perspectives are considered in Board deliberations.

However, regional racing operates within a highly specialised environment that differs materially from general regional commerce. Country racing clubs face unique governance, financial sustainability, infrastructure, regulatory, and workforce challenges that require industry-specific understanding in addition to general regional business expertise.

Stakeholders submit that refining this criterion would better align Board capability with the operational realities of regional racing. Rather than focusing broadly on regional development experience, greater value would be achieved through the appointment of a director with direct regional racing experience supported by complementary professional skills such as finance, governance, commercial strategy, or business leadership. Such an approach would strengthen Board decision-making by ensuring informed consideration of regional racing sustainability, improving policy outcomes for country clubs, and enhancing stakeholder confidence that regional racing perspectives are appropriately understood at the governance level.

#### ***Recommendation 22 (Regional Experience)***

Amend the existing Board selection criterion requiring an independent director with “regional business and development experience” to provide for the appointment of an independent director with demonstrated regional racing industry experience and complementary professional expertise (including finance, governance, or commercial leadership).

### Executive Governance and Leadership Renewal

Strong governance within a statutory authority requires executive leadership structures that promote accountability, renewal, and continuous performance improvement. While leadership continuity provides stability, contemporary governance practice recognises that extended executive tenure without structured renewal mechanisms may create risks of organisational entrenchment, reduced innovation, and diminished external benchmarking.

As the racing and wagering environment continues to evolve, governance arrangements should support a performance-driven culture and ensure executive capability remains aligned with industry and commercial challenges. It is appropriate to implement modern governance principles that are increasingly applied across public sector agencies and commercial organisations.

#### ***Recommendation 23 (Senior Executive Roles)***

- (i) Introduce structured tenure expectations and periodic performance-based review mechanisms for senior executive roles. Defined review cycles would enable Boards to formally assess organisational leadership needs and ensure ongoing alignment between executive capability and strategic objectives.
- (ii) Require all senior executive appointments to be undertaken through open external recruitment processes. Executive roles should be subject to transparent, merit-based recruitment supported by independent executive search processes. Internal candidates may participate but should be assessed within a competitive external field.

## Infrastructure and Facilities

### Opportunities for Multi-use of Racecourses

Racecourses are specialised venues that are expensive to develop and maintain. It would not be appropriate to risk damage or adverse impacts to the operation of racecourses if the commercial outcomes of enabling alternate use are not greater than the potential costs.

Any potential alternate use of racecourses use must carefully consider whether there are risks to:

- The operations of race meetings or training activities
- Racing animals (equine and canine)
- Racing industry participants
- Members of the public, including the proposed users for an alternate purpose
- Racetrack surface and condition
- Plant and equipment used to maintain the racetrack
- Amenities for racing participants, administrators, members and the public

An example of multi-use of a racecourse is Happy Valley in Hong Kong, where the infield contains multi-purpose sports fields used for soccer, rugby, hockey and cricket. Adjacent to the racetrack is further fields as well as tennis courts, lawn bowls facilities. A 1.37km raised running circuit surrounds the racetrack and a modern extension of the clubhouse includes a heated pool, gym, golf simulator and squash courts.

**Figure 22: Happy Valley Racecourse**



Thoroughbred race clubs would be open to multi-use of the infields if operating issues can be effectively managed, risks mitigated, community benefits realised and financial benefits accrue to the racing industry.

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### **Recommendation 24 (Alternate Use of Racecourses)**

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- (i) Work in partnership with race clubs to undertake an assessment of existing racecourses to:
- *Identify potential alternate but complementary uses at each venue*
  - *Identify the periods of potential alternate use (each year)*
  - *Canvass prospective alternate users and analyse the likely commercial terms*
  - *Evaluate the potential operating model that considers racing's requirements and the proposed alternate use(s)*
  - *Identify the threshold financial benefit for the racing industry that would be required to consider alternate use*
  - *Provide recommendations on potential alternate uses of racetracks, including a prioritisation of prospective racetracks for detailed analysis*
- (ii) Liaise with state and local government to determine their interest in potential community use options
- 

#### **Opportunities to Utilise Non-racing Facilities**

Racecourses typically contain administration buildings and grandstands for spectators. Larger racecourses may also have restaurants, bars and function rooms. The utilisation of these amenities is relatively low, and opportunities could be explored to increase utilisation. This could include for community organisations or clubs, vocational training purposes or by other sports if multi-use options are progressed.

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### **Recommendation 25 (Non-racing Amenities)**

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RWWA to work in partnership with race clubs to coordinate a review of clubs' administration buildings and grandstands to determine if there is capacity for greater community utilisation of facilities

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#### **Redevelopment of Surplus Land**

Some racecourses may have a land footprint that is larger than the operational requirements at the venue. Where the land is owned freehold, there may be opportunities to divest surplus land, especially for those racecourses that are centrally located and may have high alternate use value. Development at Belmont racecourse is an example where land has been released to facilitate a residential property development in an area of high demand.

Another example is the Moonee Valley Racecourse in Melbourne, which is undergoing a major transformation as part of a \$2 billion+ project to build a new racing venue and residential precinct comprising 1,000 new homes. Importantly, the redevelopment incorporates a track redesign and reorientation which is anticipated to improve future racing activities.

Whilst opportunities may deliver a one-off financial benefit to the relevant race club, there should be care taken to understand the current and long-term operational requirements of racing at each venue prior to transferring any land. Racing should not constrain its future use of its venues for one-off financial gains, especially if the cost of a future relocation becomes necessary because of limitations on the utility of a smaller footprint, concerns by nearby residents or the potential for unsafe interaction between racing animals, participants and the public.

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### ***Recommendation 26 (Redevelopment Opportunities)***

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Race clubs to identify any potential redevelopment opportunities which could support their own club finances or contribute to the capital investment requirements for their own racecourse. It is acknowledged that many clubs have already undertaken this work.

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#### **Rationalisation of Racecourses**

The overall racecourse footprint across the state evolved historically without a strategic plan for the size, scope and location of various race clubs. This footprint may no longer be fit for purpose. Some race clubs hold only a very limited number of race meetings and the efficiency of holding and maintaining racecourses in some communities could be reviewed.

Given the very strong industry preference for turf racing (over racing on synthetic surfaces), it should be noted that there is no scope to reduce the number of metropolitan and provincial race clubs. The intensity of turf usage is already extremely high – facilitated by WA’s consistent climate – and there is little scope to increase the workload of clubs in these areas with additional fixtures programmed on their turf surfaces.

Whilst prior proposals to jointly locate different codes of racing at the same venue have not progressed, the present industry challenges suggest this option could be revisited again. Race clubs have maintained strong preferences for retention of their sovereignty, however, there are other examples in Australia where there are multi-code racing precincts. If the relocation of a race club to a multi-code venue can unlock land that has a higher alternate use value it may create financial benefits that can strengthen a race club in a new venue, rather than be subject to a diminution in its operating capability because of funding constraints.

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### ***Recommendation 27 (Multi-code Feasibility)***

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Undertake a feasibility of establishing a multi-code venue, either at a greenfield site or re-purposing an existing racecourse, noting that RWWA do not own any of the thoroughbred venues in WA and therefore this is a project that would require significant capital funding

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## Community, Industry & Other

### Stimulation of Stakes Money, Participation and Employment

The WA racing industry requires additional funding to return certainty to participants. Any lack of certainty or an unclear timeframe for when financial sustainability issues will be addressed will adversely impact investment decisions to be made by participants which will have consequential impacts on the economic contribution made by the racing industry, as well as result in immediate and substantial job losses.

### Confidence as the Foundation of Racing Investment

Confidence is the intangible currency that underwrites every decision in the racing industry. It is not written into a balance sheet, but it dictates whether owners buy yearlings, whether breeders reinvest in mares, whether trainers expand their operations, and whether wagering operators believe the product is strong enough to support. Confidence cannot be half-held, you either have it or you don't, and once it erodes, the industry feels it long before the data catches up.

Unlike stakes money or turnover, confidence is hard to quantify, yet everyone in the sector knows immediately when it is slipping. It manifests in smaller yearling drafts, reduced investment in training infrastructure, owners stepping away, and talent leaving the state. Conversely, when confidence is high the industry grows almost organically: owners spend more, breeders retain fillies, trainers hire staff and wagering outcomes improve because the product is energised.

At its core, investment in racing is a forward-looking act. People commit capital today on the belief that tomorrow will be better. When the industry is uncertain about funding levels, government support, or long-term structural stability, that belief fractures and the economic consequences follow quickly. Confidence is therefore not a “soft” concept; it is the critical precursor to every dollar invested in the Western Australian racing ecosystem.

There are already significant warning signs in the supply chain for thoroughbred racing, with the number of mares covered by stallions in WA having declined by 27% in the past three years (1,479 in 2023, 1,081 in 2025). Although WA's premier thoroughbred sales have held up relatively well in recent years, there is a worrying trend in stagnation in spend from WA participants and significant increases in interstate and international (Hong Kong) purchaser spend at the top end of the market. WA is potentially losing many of its best thoroughbreds to the eastern states.

Many thoroughbred industry participants are currently questioning the financial viability of continuing involvement in the WA racing industry at the current funding levels. Any reduction in, or uncertainty surrounding, funding will trigger cascading contraction across breeding, racing, employment and service sectors.

### ***Recommendation 28 (Funding Certainty)***

State Government to commit to funding certainty for the WA racing industry for at least the next three years.

### Misunderstanding About Owners' Gains From Stakes Money

Contrary to the perception that racing is fuelled by wealthy owners and high margin returns for breeders and trainers, the reality is that most racehorses in Western Australia are owned by groups of everyday people who participate for enjoyment and connection rather than commercial gain. These ownership groups are not motivated by financial return; their investment is discretionary, driven by the enjoyment of participation and the aspirational possibility of competing for a small number of high-value races.

Understanding the structure and purpose of stakes money is essential to assessing the industry's funding requirements. Stakes money is not discretionary expenditure flowing to high-net-worth individuals. Rather, it is a core input cost that maintains the functioning of the industry's economic ecosystem.

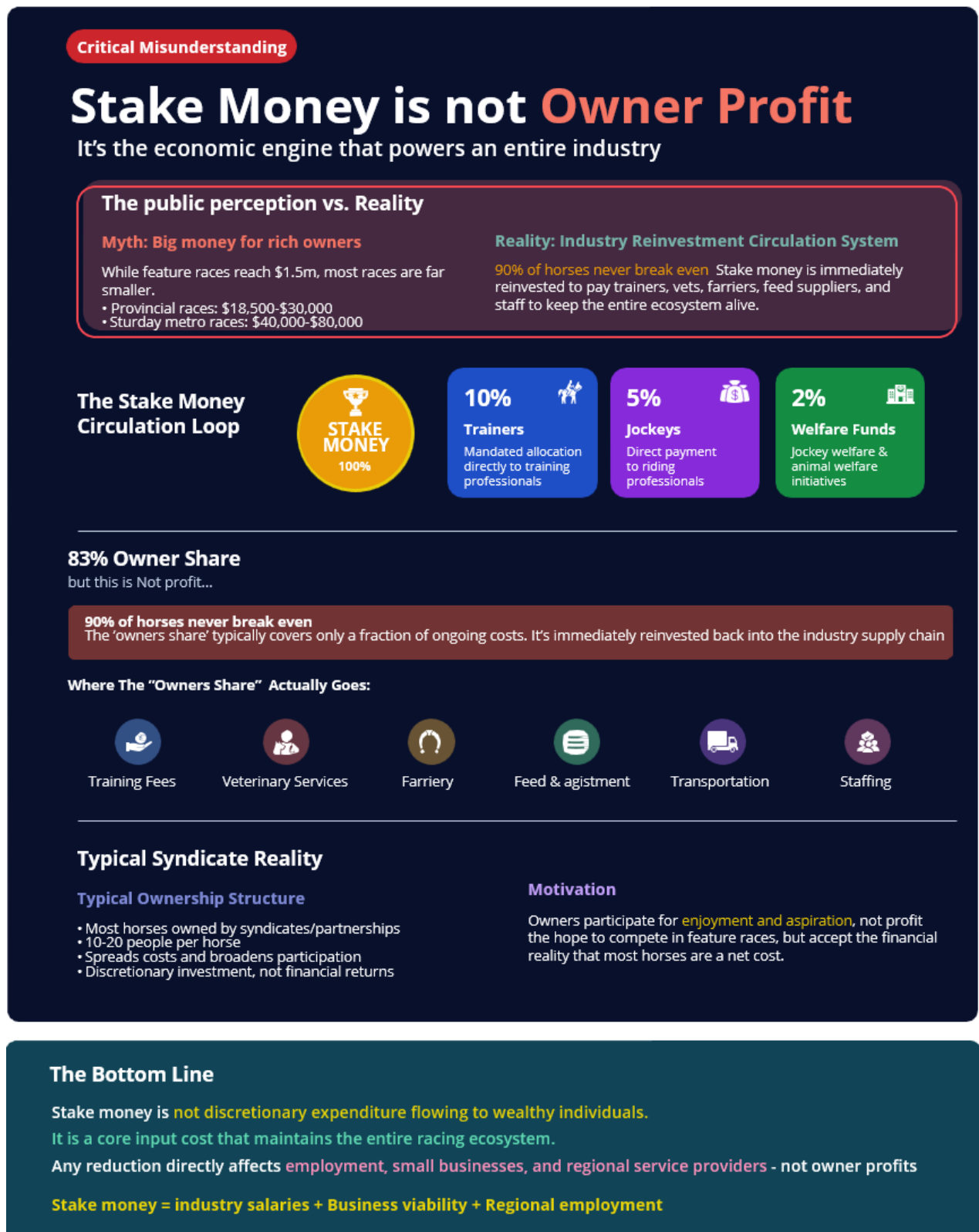
### Stakes Money as an Internal Economic Circulation Mechanism

The Western Australian racing economy is not a system of windfall profits, but a closed loop reinvestment cycle powered by breeders, owners and trainers who continually reinvest their own capital back into the ecosystem. Every dollar earned, whether from yearling sales, modest stake returns or training fees, moves almost immediately into the hands of veterinarians, farriers, feed merchants, transport operators, staff and the many specialist service providers who keep the industry functioning.

Provincial Thoroughbred race meetings in Western Australia typically run races for \$18,500-\$30,000 in stakes money and standard Saturday metropolitan races offer between \$40,000-\$80,000. Stakes are spread amongst racehorses placing with 17% deducted for trainers, jockeys, jockey welfare and animal welfare initiatives. Stakes money is not a profit distribution to owners. It is the primary mechanism through which funds are recycled back into the racing economy. Stakes money is rarely retained by owners with ~90% of racehorses not generating a return on their investment.

In functional terms, stakes money acts as a closed-loop reinvestment system that supports small businesses and regional employment.

Figure 23: Thoroughbred Stakes Money Closed-Loop Reinvestment System



## National Cost Structures

The Western Australian racing industry operates within a national cost and price framework, not a local one. Most inputs required to breed, prepare, train, and race Thoroughbreds are priced according to national standards, market dynamics, and labour regulations. As a result, participants in WA face fixed cost structures that cannot simply be “run cheaper” to offset lower levels of local stake money.

Core service providers, veterinarians, farriers, transport operators, chiropractors, dentists, agistment farms and others price their services in alignment with national industry expectations. These rates are influenced by the same inflationary pressures, professional labour shortages, regulatory compliance burdens, and input cost rises experienced across the country. Similarly, wages for stable staff, track riders and administrative personnel are governed by the national award system, removing any ability for Western Australian participants to materially reduce labour costs to compensate for lower revenue streams.

At the breeding level, WA operates within a national and global marketplace. The cost of acquiring breeding stock, broodmares, stallion nominations and yearling prospects is set by market forces in New South Wales, Victoria and internationally, where most of the bloodstock is produced, traded and priced. Western Australian buyers must compete on equal footing with the eastern states, with no regional price discount available for WA-based participants.

In several areas, WA participants face higher costs than their interstate counterparts due to geography and distance. Transport, logistics, freight, veterinary supply chains and specialised service availability often carry a premium in Western Australia compared to more densely populated racing jurisdictions.

Taken together, these structural realities mean Western Australian owners, trainers and breeders cannot achieve economic sustainability on sub-national stake levels. When inputs are priced nationally but outputs (stake money) are materially lower, the commercial equation becomes fundamentally unviable.

For investment to continue, and for the industry to retain competitiveness, confidence and reinvestment, stakeholders must be racing for stake money that is nationally relevant and comparable. Without this alignment, Western Australia risks systemic contraction: fewer horses bred and purchased, reduced stable employment, weakened service provider ecosystems, and declining wagering product quality. Aligning stake money to national benchmarks is therefore not an aspirational position, it is an economic necessity to sustain the industry’s foundations.

### ***Recommendation 29 (Stakes Money Comparisons)***

State Government to commit to addressing RWWA’s financial sustainability challenges by ensuring the level of support provided enables RWWA to offer stake money that is nationally relevant and competitive.

## Addressing the Capital Expenditure Backlog

The current shortfall in RWWA’s capacity to sustain industry funding is occurring without considering the low level of capital expenditure being allocated to maintain and refurbish industry assets, including racetracks.

There is already a significant backlog in capital that has been deferred. RWWA has provided an estimate of \$180.1 million of outstanding capital requirements across the various investment pillars of racing, training, public facilities and welfare. This is a conservative estimate of the total capital requirements as RWWA only identifies certain requirements for the regional clubs, such as irrigation replacements, water trucks, barriers, etc. There is no provision for items that the clubs may be tracking themselves, such as public facilities including grandstand upgrades.

**Table 4: RWWA's Capital Requirements (Tri-code)<sup>28</sup>**

Dollars (Millions)

<b>Investment Pillar</b>	<b>Metropolitan</b>	<b>Regional</b>	<b>Both</b>	<b>Total</b>
Assisting Clubs with Public Facilities	32.9	2.0		34.9
Enhancement to Racing and Training Facilities	68.2	2.0		70.2
Essential Prescribed Racing Infrastructure	45.8	18.2	4.0	68.0
Participant and/or Animal Welfare		2.0		2.0
Assets Integral to Continuity of Racing		5.0		5.0
<b>TOTAL</b>	<b>146.9</b>	<b>29.2</b>	<b>4.0</b>	<b>180.1</b>

Current Capital Expenditure Budget

The current budget has removed virtually all capital expenditure because of the forecast operating loss and rundown of cash. The Thoroughbred Eligible Bodies have been advised that the capital investment allocation is ~\$1 million. Maintaining this annual rate against the current backlog would take 180 years for known capital expenditure requirements to be met, which highlights the inability to meet and maintain essential industry assets.

An inability to allocate sufficient capital will compromise the capacity for clubs to schedule necessary upgrades and capital works. Tracks such as Belmont have not undergone a full rebuild for more than 50 years which is well beyond the usual track life. Continuing without appropriate capital expenditure will create operating risks into the future, including the potential for disruption to racing if track conditions become unsuitable or unsafe for racing.

***Recommendation 30 (Infrastructure Fund)***

State Government to commit to an infrastructure fund to enable planned and prioritised capital investment to occur to meet known capital investment requirements.

Reform of Inter-Code Funding Distribution in Western AustraliaBackground and Structural Concern

RWWA's enabling legislation provides the RWWA Board with broad discretion in determining the amounts paid or credited to each racing code from key wagering revenue accounts. While lawful, this discretion imposes a heightened governance obligation to ensure that funding allocation decisions are transparent, evidence-based and aligned with measurable industry outcomes. Over an extended period, stakeholders have raised concerns that the current discretionary approach has resulted in structural imbalance between the codes. The RWWA Board has been aware of these concerns for more than ten years. Incremental adjustments have not resolved the underlying misalignment between revenue generation and funding distribution. This has created:

- Persistent tension between codes
- Reduced confidence in allocation fairness
- Capital allocation inefficiencies
- Strategic distortion of reinvestment incentives

<sup>28</sup> Information provided by RWWA. Individual projects not supplied due to commercial sensitivity.

### Current Inter-Code Distribution Methodology

There are two components of RWWA's current distribution methodology:

#### 1. Direct Component (Performance Basis)

This provides for direct revenue on WA racing to be attributed to that code. This includes:

- Racing Bets Levy (the largest component)
- Media rights fees
- Breeder bonus nomination fees
- Race nomination, acceptance and scratching fees etc.

Direct operating costs for Racing and Integrity are attributed to each racing code<sup>29</sup>. From a distribution perspective, bonus and subsidy schemes are treated the same as stakes money as they form part of the distribution to each code.

#### 2. Indirect Component (Discretionary Basis)

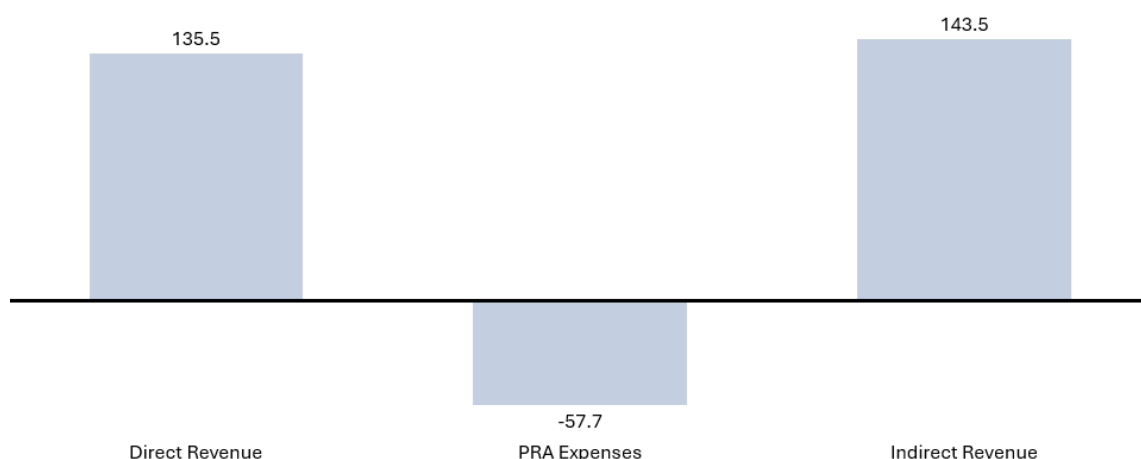
This provides for revenue that is not directly generated on WA racing to be attributed to that code, including:

- Betting Tax which is administered by the Department of Treasury and Finance and is not calculated at a product level. Wagering Operators are simply required to pay a tax on their grand total net margin for the month. Accordingly, it is not possible to calculate Betting Tax generated at a code or other level<sup>30</sup>.
- WA TAB profits
- Draw down on reserves

Grants to race clubs and capital expenditure on RWWA's racing assets are allocated by the Board on a discretionary basis, subject to business cases and the Strategic Development Plan approved by Government. Grants are disclosed separately to distribution.

**Figure 24: FY25 Distributions Breakdown by Component**

Dollars (Millions)



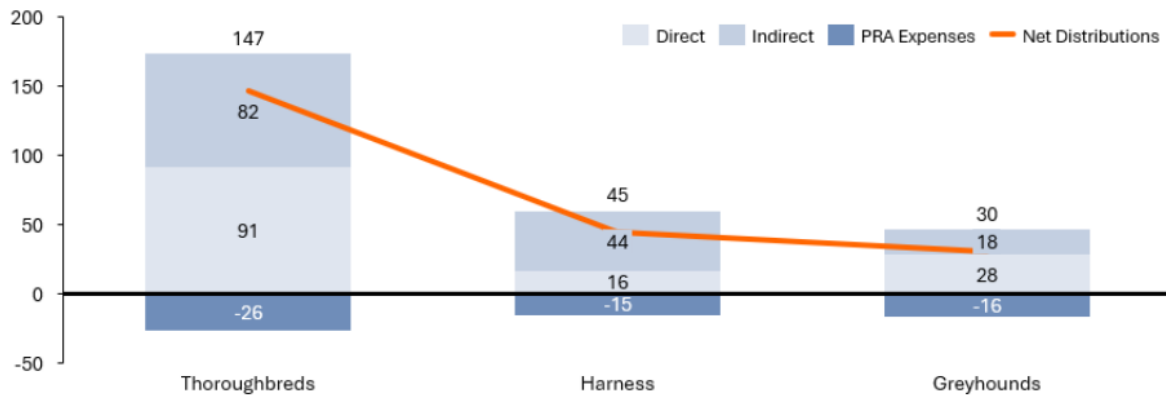
<sup>29</sup> Corporate costs such as CEO, finance, human resources, technology etc, that are shared across the Racing WA and WA TAB, are considered indirect and don't form part of that model.

<sup>30</sup> Given WA is only circa 10% of the national racing program, most of the Betting Tax collected by Government will of course relate to non-WA racing product and sport.

The Indirect revenue component is marginally higher than the direct revenue component, however, this becomes 1.84 times higher once PRA expenses are allocated to each code and offset against the codes direct funding<sup>31</sup>. Net distributions received by each code is shown in Figure 25. Thoroughbreds received \$147m in FY25, with harness next highest at \$45m and greyhounds at \$30m.

**Figure 25: FY25 Distributions By Code**

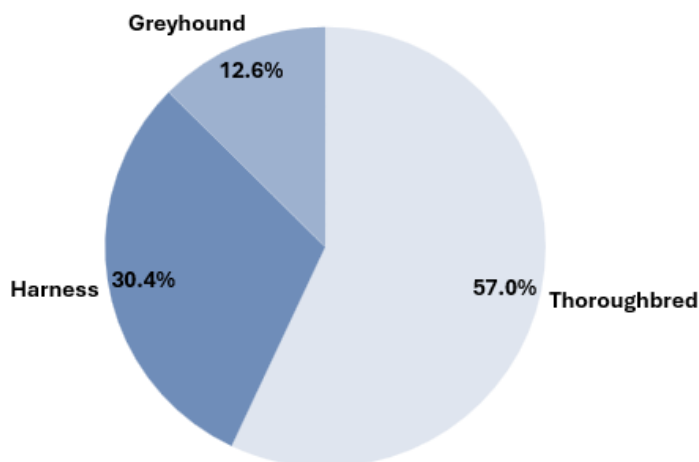
Dollars (Millions)



Whilst the Thoroughbred code receives the largest share of the discretionary component of the distribution model, the Harness code receives 30.4%. Greyhounds receive just 12.6%.

**Figure 26: Code Allocation of Discretionary Component of Distribution Model**

Percentage



Inequities of the Discretionary Component of the Distribution Methodology



**The current discretionary component of the methodology to distribute funding across the Thoroughbred, Harness and Greyhound codes has created long-standing structural inequity. For more than a decade, the RWWA Board has been aware of concerns by both the Thoroughbred and Greyhound codes regarding funding allocation imbalances and the growing divergence between wagering performance and funding outcomes. Despite this, the distribution framework has not been recalibrated to align funding with objective performance metrics.**

<sup>31</sup> RWWA determines the allocation of PRA expenses attributable to each code.

**Table 5: Code Funding Allocation Components**

Dollars (Millions)

	<b>Thoroughbreds</b>	<b>Harness</b>	<b>Greyhounds</b>
Direct Funding (Performance)	91,152	16,205	28,153
Direct PRA Expense Offset	-26,338	-15,272	-16,105
Net Direct Funding	64,814	933	12,048
Indirect Funding (Discretionary)	81,786	43,667	18,052
Total Funding	146,600	44,600	30,100
<b>Indirect Share Total Funding</b>	<b>55.8%</b>	<b>97.9%</b>	<b>60.0%</b>

As shown in Table 5, the Harness Code currently receives 97.9% of its total net funding via the discretionary component of the funding model, whereas Thoroughbreds receive 55.8% and Greyhounds 60%. This means Harness is barely able to cover the racing services and integrity costs of running the code through its directly generated (performance based) revenue.

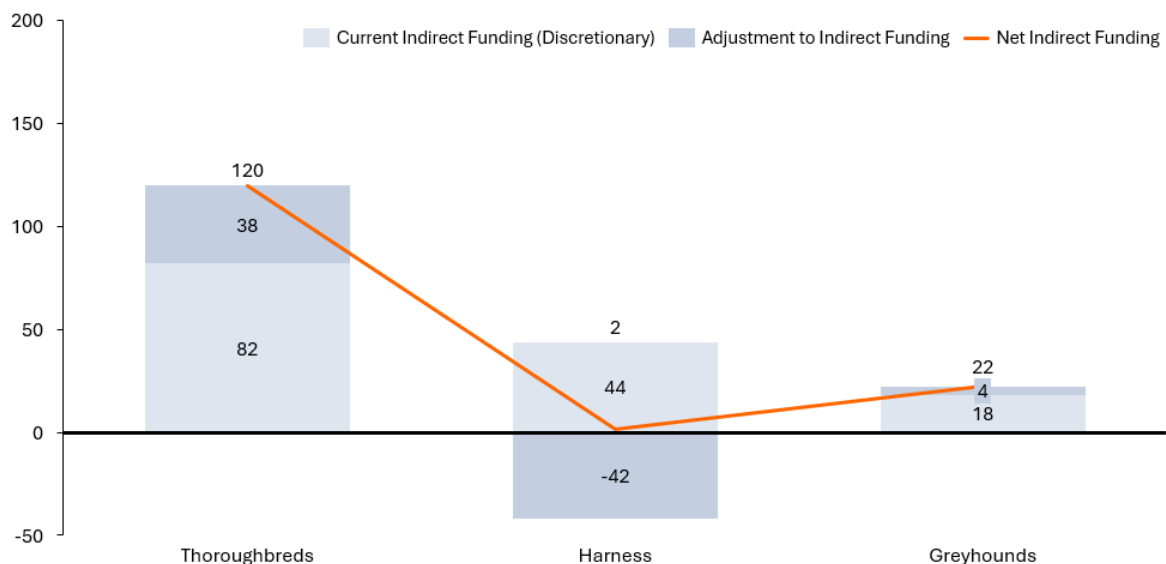
Under the present model, the Harness code receives materially more funding than would be allocated under a transparent, performance-based methodology. This results in disproportionately lower funding to Thoroughbreds and Greyhounds than would exist under a performance-based model.

Figures 27 (A) and 27 (B) highlight the range of adjustments to the indirect (discretionary) component that would occur if a performance-based methodology was implemented under the following two scenarios:

- 27 (A) – applies the same ratio of the **Net** Direct Component to the overall indirect funding pool
- 27 (B) – applies the same ratio of the **Gross** Direct Component to the overall indirect funding pool

**Figure 27 (A): Adjusted Indirect Component by Code - Allocation on Net Direct Funding**

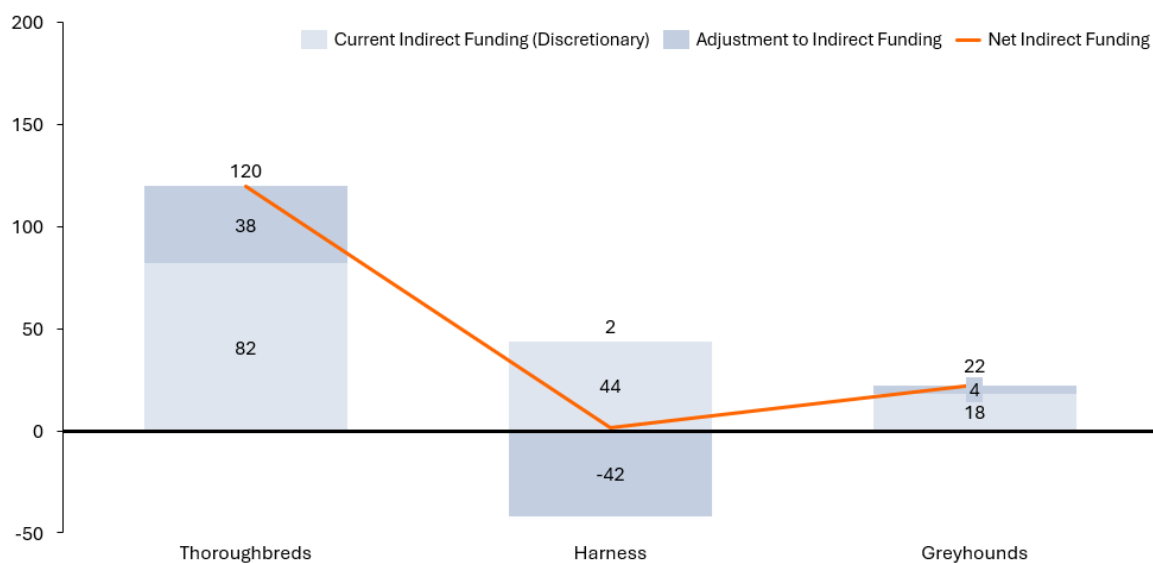
Dollars (Millions)



In this scenario, an equitable redistribution would result in:

- Thoroughbreds receiving an additional \$38m
- Harness receiving \$42m less
- Greyhounds receiving \$4m more

**Figure 27 (B): Adjusted Indirect Component by Code - Allocation on Gross Direct Funding**  
Dollars (Millions)



In this scenario, an equitable redistribution would result in:

- Thoroughbreds receiving an additional \$15m
- Harness receiving \$26m less
- Greyhounds receiving \$12m more

**Importantly, the disproportionate higher allocation to Harness has not demonstrably improved wagering performance, participation growth, or long-term sustainability within that code. Wagering turnover on Harness racing has continued to trend downward over time despite sustained financial support.**

Despite sustained financial support:

- Harness wagering turnover has continued to contract
- Market share has not materially improved
- Structural competitiveness challenges remain

This indicates that redistribution alone does not solve structural market decline. Financial transfers cannot substitute for market demand, product competitiveness, programming reform or strategic innovation.

The current approach effectively redistributes value from the largest revenue-generating code without achieving measurable structural improvement in the smaller code. Sustainable industry policy cannot be built on the premise that reducing the relative capacity of the strongest code will strengthen weaker ones.

Other major racing jurisdictions in Australia operate under structured, performance-linked inter-code distribution methodologies, whether through fixed percentage agreements, earnings-based formulas, or codified funding frameworks. While models differ in design, they share a common principle: funding allocation broadly reflects wagering contribution and measurable economic performance.

Western Australia's current distribution outcomes diverge materially from these benchmarks. The proportion of total industry funding allocated to the Harness code in WA is significantly higher than in comparable states. This variance is not supported by the relativity of wagering market share or revenue contribution and underscores the need for a transparent, performance-based recalibration of the allocation model.

Western Australia should adopt a transparent, formula-based funding model grounded in objective performance indicators and clearly defined sustainability thresholds. Funding must follow value creation, while separately addressing legitimate whole-of-industry sustainability considerations in a structured and transparent manner.

#### Performance, Sustainability and Funding Discipline

*Thoroughbred Eligible Bodies suggest three principles should be observed when developing a replacement to the current funding distribution model:*

(i) *Funding Must Reflect Performance*

A foundational economic principle should be applied to ensure capital is allocated in proportion to value creation. Where one code generates a substantially larger share of wagering turnover, product fee revenue and commercial relevance, it should receive a commensurate share of industry funding. Failing to do so risks:

- Under-investment in the principal revenue engine of the industry
- Reduced competitiveness of the dominant product
- Erosion of long-term aggregate wagering returns

A discretionary system that disconnects earnings from funding weakens incentives and distorts strategic planning.

(ii) *Sustainability Funding Must Be Explicit*

There is a legitimate distinction between:

- Performance-based funding
- Minimum Sustainable funding.

Smaller codes may require support to maintain viable industry infrastructure, regional access, participant pathways and animal welfare obligations. That is a policy question. However, sustainability support must be:

- Explicitly defined
- Quantified
- Transparently reported
- Subject to performance review

It should not be embedded invisibly within a discretionary allocation model, and importantly, it should be funded separately by Government if there are directives to maintain a level of funding that would not apply under a performance-based model.

(iii) *Strengthening the Industry Does Not Mean Weakening Its Engine*

Public policy should not operate on the premise that reducing the relative capacity of the strongest performing code will elevate weaker codes. In professional terms:

- Cross-subsidisation that suppresses reinvestment in the dominant revenue-generating code risks diminishing overall industry capacity.
- A smaller allocation to the largest code does not inherently produce growth in smaller codes.
- Aggregate industry strength is maximised when the primary revenue engine is optimally funded, and sustainable support mechanisms are separately and transparently applied.

A funding model must grow the total pie, not redistribute it in ways that shrink its productive core.

**The compound effect of the current inequitable model over 5-10 years is material. It is likely the Thoroughbred code has received at least \$100m less than it should have if a performance-based model had been in place.**

The extended duration of allocation imbalance raises a governance question. Where inequities are known and acknowledged but not structurally corrected over a decade, this suggests:

- Institutional inertia
- Over-reliance on Board discretion
- Absence of binding allocation principles
- Lack of external performance discipline
- Undue influence exerted by one or more persons involved in the decision-making process

Modern governance standards require that resource allocation frameworks be:

- Principles-based
- Data-driven
- Transparent
- Independently reviewable

The continuation of a largely discretionary model is inconsistent with these standards. Western Australia should adopt a transparent, performance-linked funding model that:

- Rewards value creation
- Supports sustainability explicitly
- Strengthens overall industry competitiveness
- Restores confidence in allocation fairness

Funding allocation reform is essential to long-term financial sustainability and governance credibility within Western Australian racing. This will preserve fairness while protecting whole-of-industry integrity

### **Recommendation 31 (Performance-based Distribution)**

- (i) RWWA to replace the current discretionary-based inter-code funding model and adopt a **Performance-Driven Code Distribution Model** based on a published formula to ensure funding is aligned to measurable economic contribution of each code, incorporating:
  - *Share of wagering turnover*
  - *Racing Bets Levy revenue*
  - *Commercial relevance metrics (e.g. economic footprint)*
- (ii) RWWA to be required to publish annually the allocations calculations and any variance analysis from the published formula
- (iii) State Government to ensure there is independent assurance oversight over the allocation methodology and calculations utilised to determine the funding allocation
- (iv) RWWA to be required to undertake and publish retrospective modelling on what each code would have received under the adopted **Performance-Driven Code Distribution Model** over the past five years

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### ***Recommendation 32 (Sustainability Overlay)***

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- (i) State Government to develop a transparent “Sustainability Overlay” where policy requires maintaining viable racing activity levels at a code level where the defined sustainability allocation is:
- *Costed independently*
  - *Separately disclosed*
  - *Reviewed periodically*
  - *Linked to measurable improvement objectives*
  - *Funded separately*
-

## Greater Regional Participation, Racing and Employment Opportunities

### Skilled Migration Pathways for Critical Racing Industry Occupations

The Western Australian racing industry is a significant contributor to the State's economy, regional communities, and employment base. Racing operations exist across metropolitan, provincial, and country regions, supporting a broad workforce across animal care, agriculture, events, hospitality, and associated service industries as well as local businesses. However, the industry is increasingly constrained by persistent shortages in specialist equine occupations, including trackwork riders, experienced stable staff, farriers, and equine veterinary professionals. Workforce shortages directly constrain industry capacity by limiting horse numbers, reducing race field sizes, and restricting economic activity associated with racing events and wagering.

These workforce shortages are structural in nature, reflect broader demographic and labour market trends and require policy responses beyond traditional recruitment measures. Many equine roles require practical skills developed through experience rather than formal qualifications, yet current domestic training pathways are limited and participation in equine careers is declining. As a result, the local workforce pipeline is insufficient to meet operational demand or support future industry growth.

Existing migration frameworks do not adequately recognise the unique occupational structure of the racing industry. Skilled equine roles often fall outside standard occupation classifications, preventing experienced international workers from accessing employer sponsored visa pathways. Current Working Holiday visa settings also unintentionally disadvantage metropolitan racing operations by incentivising workers to leave racing employment to undertake qualifying regional work in unrelated industries.

Targeted adjustments to skilled migration settings would provide a practical and low-cost policy response. Recognising equine occupations within skilled visa lists, enabling greater flexibility in recognising industry experience, and allowing licensed racing stable employment to qualify for Working Holiday visa extensions would improve workforce stability while maintaining migration program integrity.

These reforms align with government priorities relating to workforce participation, regional economic sustainability, industry diversification, and animal welfare outcomes, supporting the long-term sustainability of a labour-intensive industry that contributes meaningfully to Western Australia's economy and communities.

### Workforce Challenges Facing the Racing Industry

#### Specialist Roles Are Increasingly Difficult to Fill

Critical workforce shortages exist across several equine occupations, including:

- Trackwork riders
- Experienced stable hands and Forepersons
- Farriers
- Breeding Farm staff such as stallion handlers, broodmare and foal carers.
- Equine veterinary professionals
- Specialist horse care staff

These roles require extensive practical experience, horsemanship skills, and animal welfare knowledge developed over many years. Unlike many industries, racing cannot readily substitute inexperienced labour due to safety risks and welfare obligations associated with managing large performance animals.

#### Limited Domestic Training Pathways

Domestic workforce supply is constrained by limited structured entry pathways.

- Trackwork riders are primarily trained informally through workplace learning.
- Stable staff develop skills through experience rather than accredited programs.
- Farrier apprenticeships are limited and compete with more visible trade career options.

- Veterinary graduates increasingly pursue small animal practice over equine specialisation.

Consequently, the domestic pipeline of skilled workers continues to decline.

#### Declining Affinity with Equine Careers

Reduced exposure to horses among younger generations has contributed to declining participation in equine industries. Fewer individuals enter entry level roles, reducing long term skill transfer and workforce sustainability.

#### Role of Working Holiday Makers and Structural Limitations

Working Holiday Makers, commonly referred to as backpackers, have historically supported entry level labour needs within racing stables, often arriving with relevant horse experience. However, visa extension requirements require participants to undertake qualifying regional work, which typically excludes metropolitan racing employment. This results in premature workforce turnover, loss of trained staff mid-season, increased recruitment costs, and workforce instability within metropolitan racing operations.

Recognising licensed racing stable employment as eligible work for visa extensions would improve workforce continuity while remaining consistent with policy objectives supporting productive industries.

#### Skilled Migration Frameworks and Current Limitations

##### Limitations of Employer Sponsored Visa Settings

Employer sponsored migration pathways, including the former Subclass 457 visa framework and successor programs, do not adequately accommodate equine occupations. Many roles do not align with existing occupational classifications. Trackwork riders combine athletic and animal handling expertise. Senior stable staff hold supervisory responsibilities without formal qualifications. Farriers possess specialised skills not easily recognised under rigid qualification criteria. This creates a mismatch between migration policy settings and real workforce needs.

Greater flexibility could include:

- broader occupational definitions
- recognition of industry experience
- competency verification through industry licensing bodies
- inclusion of equine industry roles on State migration lists.

##### Supporting Industry Growth Through Targeted Migration Reform

International equine jurisdictions produce highly skilled workers suited to Australian racing environments. Facilitating access to this workforce would stabilise staffing levels, support skills transfer, and enable industry expansion.

Migration reform should complement domestic workforce development initiatives.

Targeted reforms to skilled migration and visa settings, combined with longer term workforce development initiatives, would provide a practical and economically responsible solution. Recognising equine occupations within skilled migration frameworks would support employment growth, regional development, improved animal welfare outcomes, and the long-term viability of an industry that remains an important contributor to Western Australia's economy and community life.

##### Case Study – Practical Impact of Backpacker and Workforce Shortages in Metropolitan Racing Operations

A practical example of workforce constraints within the Western Australian racing industry is demonstrated through the operations of leading metropolitan trainer Simon Miller, who manages a 30-horse Thoroughbred training stable based at Ascot, Western Australia. The stable operates on a continuous seven-day roster, with daily working hours commencing at approximately 4:00am and concluding at 9:00am, followed by an afternoon shift between 1:00pm and 4:00pm. Maintaining safe and compliant operations requires a workforce of approximately 18–20 staff, comprising trackwork riders and stable ground staff responsible for horse care, handling, and facility operations.

Consistent with broader industry feedback, the business experiences persistent difficulty recruiting Australian workers, particularly for labour-intensive groundwork roles. The combination of physically demanding duties, pre-dawn commencement times, weekend work requirements, and limited visible career pathways has resulted in low domestic workforce participation. While these conditions are inherent to racing operations, they present structural barriers to attracting and retaining local labour in a competitive employment market.

As a result, the stable has become significantly reliant on working holiday makers to maintain operational continuity. Over the past three years, 14 backpackers have been employed, with an average tenure of approximately 70 days (ranging from 9 to 288 days). This workforce provides essential labour capacity; however, high turnover creates ongoing operational inefficiencies.

Training a new employee to safely and competently handle racehorses requires substantial time investment and supervision. Despite often being classified within migration frameworks as “unskilled labour,” stable work requires developed horse-handling capability, risk awareness, and practical experience to ensure both animal welfare and workplace safety. Unlike other industries such as hospitality, workers cannot immediately transition into productive roles without structured onboarding and experiential learning.

The current working holiday visa settings, particularly the requirement for participants to complete 88 days of designated rural work to extend visa eligibility, unintentionally disadvantage metropolitan racing operations. Employees frequently leave once partial experience and competence have been achieved to satisfy visa conditions elsewhere. This creates a recurring cycle of recruitment, training, and workforce disruption, increasing operational costs as well as staff fatigue and burnout among remaining employees.

From a policy perspective, this case study illustrates how existing migration settings are misaligned with the workforce realities of the racing industry. Metropolitan stables perform essential economic and animal welfare functions yet are excluded from visa mechanisms designed to address labour shortages. The result is reduced workforce stability, diminished productivity, and increased business risk. This example highlights the broader need for government consideration of:

- recognition of racing stable roles as semi-skilled occupations within migration frameworks
- visa settings that reflect industry-specific working patterns rather than geographic classifications alone; and
- targeted migration pathways supporting workforce continuity in specialised animal industries.

The experience of this operation is representative of challenges reported across metropolitan racing stables in Western Australia and demonstrates the practical consequences of current workforce policy settings on industry sustainability.

### ***Recommendation 33 (Skilled Migration and Visa Eligibility)***

- (i) The State Government advocate to the Federal Government for amendments to skilled migration visas:
- *Better recognise specialist racing and equine roles experiencing demonstrated labour shortages*
  - *Including equine occupations on skilled migration occupation lists.*
  - *Recognise racing stable employment within the Working Holiday visa extension criteria*
  - *Aligning migration settings with regional workforce needs.*
  - *Developing competency-based assessment pathways for experience-based roles.*

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***Recommendation 34 (Promotion of Equine Career Pathways)***

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RWWA and the State Government support the promotion of equine career pathways domestically

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## Initiatives Outside of WA

Given the short timeframe afforded by the review committee to prepare this submission the Thoroughbred Eligible Bodies have not considered best practice initiatives in other states or international jurisdictions. We would welcome the opportunity to discuss this further with the review committee.