

# Racing and Wagering Western Australia Sustainability & Governance Review

## Terms of Reference

### 1. Purpose

These Terms of Reference (TOR) outline expectations of the scope and conduct of a Sustainability Review (the Review) to be conducted to identify a broad set of options to improve the long-term financial sustainability of Racing and Wagering Western Australia (RWWA). In addition to financial matters, it will also consider RWWA's current and future governance.

### 2. Objectives

The Objectives of the Review are to:

- **Financial Sustainability** - Identify a broad and balanced set of revenue-enhancing and cost-management options to support RWWA's long-term financial sustainability.
- **Governance and Regulatory Alignment** - Review RWWA's governance arrangements, legislative framework, and regulatory compliance activities to ensure alignment with government and community expectations.
- **Impact Assessment** - Assess the potential impact of financial and governance changes on metropolitan and regional racing industries, associated events, and the broader community.

#### 2.1 In-scope issues

In scope issues include:

- **Revenue** - Review the composition of RWWA's revenue base, how it has changed over recent years, and opportunities to grow and diversify income. Including, but not limited to:
  - *WA TAB wagering revenue* - Analysis of the TAB's operational outlook (opportunities and challenges), including declining parimutuel wagering revenues, and the shift by consumers towards online and sports betting.
  - *Point of Consumption Betting Tax (POC Tax)* - Analysis of factors impacting POC tax collections and distributions, and options to increase RWWA's POC Tax income, either by adjusting the POC tax rate, distribution formula, or both.
  - *Racing Bets Levy* - Assessing sustainability and key challenges affecting the Bets Levy.
- **Revenue Diversification** - Consider options to diversify RWWA's revenue streams.
- **Expenditure** - Review of operational and capital expenditure to identify opportunities to adjust the level and/or composition of spending and ensure spending flexibility to respond to market changes.
- **Balance Sheet** - Assess the contribution RWWA's assets (including assets supported by RWWA) make to achieving the organisation's core objectives.
- **Governance** - Review RWWA's current governance and business practices in relation to:
  - Meeting legislative obligations under the *Racing and Wagering Western Australia Act 2003* (RWWA Act).
  - Alignment with government objectives and community expectations.
  - Effectiveness of performance metrics (e.g. efficiency KPIs) in supporting sustainability and accountability.
  - Potential benefits of aligning the RWWA Act with the *Government Trading Enterprises Act 2023*.

- **Legislative and Regulatory Alignment** - Review RWWA's capability and readiness to meet its legislative and regulatory obligations, including (but not limited to) the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)*, *Interactive Gambling Act 2001 (Cth)* and *Gaming and Wagering Commission Act 1987 (WA)*.
- **Community and Industry** - Consider how any potential proposed financial and governance changes may affect metropolitan and regional racing, associated events and activities, the broader Western Australian community (including social, cultural, and economic outcomes).

## 2.2 Out of scope issues

The Sustainability Review will also not address operational issues such as:

- Participant safety, including personal protective equipment for jockeys (as this is an industry issue most appropriately addressed by the national peak body).
- Workplace health and safety (which is an industry issue and currently being examined by the WorkSafe team at LGIRS).
- Animal welfare, traceability and related reporting of injuries and deaths.