

# Annual Report

2016 – 2017



**QUEENSLAND RACING  
INTEGRITY COMMISSION**

*A better industry, together*



This annual report provides information about the Queensland Racing Integrity Commission financial and nonfinancial performance for 2016-17. It has been prepared in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and the Annual report requirements for Queensland Government agencies.

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## Contents

Letter of Compliance/Certification of Financial Statements .....	1
Commissioner’s Report.....	2
Performance Highlights .....	6
About the QRIC.....	8
Agency Context .....	9
Our Stakeholders .....	9
Our Vision and Strategic Objectives .....	9
Our Legislative and Regulatory Framework .....	10
Our Powers and Specialist Capabilities .....	10
Investigative and Enforcement Powers .....	10
Coercive Powers .....	10
Our Organisation.....	11
Organisational Structure.....	11
Our Leaders .....	11
Management Groups and Committees.....	12
Executive Leadership Team.....	12
Racing Animal Welfare Committee.....	12
Integrity Committee .....	12
Audit and Risk Committee.....	12
Public Sector Ethics Act 1994 .....	12
Our Values .....	12
Our People.....	13
Workforce Planning and Performance.....	14
Risk Management and Accountability.....	15
Audit and Risk Committee.....	15
Internal Audit.....	15
External Scrutiny .....	16
Information Systems and Record Keeping.....	16
Open Data .....	17
Consultancies .....	17
Overseas travel .....	17
Our Performance .....	17
Queensland Government Objectives for the Community .....	17
Our Service Delivery Standards for 2016-17 .....	17
Progress against our Strategic Objectives.....	18
Implementation of the Queensland Greyhound Racing Industry Commission of Inquiry .....	19

<i>Greyhound Adoption Day first for GAP headquarters</i> .....	20
Our Achievements .....	21
Animal Welfare .....	21
<i>Equine Welfare Program gives horses a life beyond the track</i> .....	22
Internal and External Reviews .....	23
Enforcement and Investigations.....	23
Queensland Racing Crime Squad .....	23
Introduction of Body Worn Cameras .....	23
<i>Race fixing charges a first for Queensland</i> .....	24
<i>Body Worn Cameras support evidence gathering for investigators</i> .....	25
Intelligence-Led Enforcement.....	26
Enhanced Scientific Testing Capability .....	26
Strategic Policy .....	26
Our Challenges.....	27
Inherited Review Matters .....	27
Internal Disciplinary Issues.....	27
Operational Systems and Information Management .....	27
Euthanasia Rate – Greyhound Adoption Program .....	27
Operational Fatigue Management .....	28
Financial Performance Summary .....	29
Funding .....	29
First year financial highlights:.....	30
Financial Performance .....	30
Revenue.....	31
Expenditure .....	31
Financial Position.....	32
Assets.....	32
Liabilities.....	32
Equity .....	32
Financial Internal Controls and Risk Management.....	33
Financial Statements.....	34
Certification of Financial Statements.....	61
Independent Auditors report.....	62
Glossary .....	64

# Letter of Compliance/ Certification of Financial Statements

**The Honourable Grace Grace MP**  
**Minister for Employment and Industrial Relations**  
**Minister for Racing and Minister for Multicultural Affairs**  
**GPO Box 611**  
**BRISBANE Qld 4001**

Dear Minister,

I am pleased to submit, for presentation to Parliament, the first Annual Report 2016-17 and Financial Statements for the Queensland Racing Integrity Commission.

I certify that this Annual Report complies with:

- The requirements of the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and the *Racing Integrity Act 2016*; and
- The requirements set out in the Annual Report Requirements for Queensland Government Agencies.

A checklist outlining the annual reporting requirements can be accessed at [www.qric.qld.gov.au](http://www.qric.qld.gov.au).

Yours Sincerely,



Mr Ross Barnett APM  
**Racing Integrity Commissioner**



Pictured: Commissioner Ross Barnett

# Commissioner's Report

It is with great pleasure that I introduce my first Annual Report as Commissioner of the Queensland Racing Integrity Commission (QRIC, the Commission). My first 12 months in the role have combined the responsibilities of creating a new statutory body, seamlessly transitioning a suite of business-as-usual operational and policy activities administered by Racing Queensland or the Department of National Parks, Sport and Racing (NPSR) with a steep learning curve across three, very diverse, codes of racing.

The *Racing Integrity Act 2016*, which established the Commission has as its core purposes maintaining public confidence in racing, ensuring the integrity of people licensed in the industry and safeguarding the welfare of all racing animals. The Commission's activities and its staff are fully committed to achieving those key objectives.

Whilst the Commission is, by design, totally independent of the principal control body Racing Queensland and other industry governance forums, a key focus in our first year has been the establishment of relationships of trust and confidence with stakeholders at all levels. To be

fully effective it is vital that administrators, participants and the wagering public share information with us about people and activities that threaten the integrity of the industry. If the Commission effectively manages its animal welfare and integrity responsibilities, it will build a level of public confidence that will automatically translate to enhanced animal welfare and an industry that will attract stakeholders to Queensland. Establishing an immediate partnership with Crime Stoppers has been one way that allows people in the industry to share what they know, anonymously if necessary.

The integrity of all sports that allow betting has become an increasingly major issue for code administrators and governments across the world. The addition to the Queensland Criminal Code in 2014 of a broad-ranging crime of Match Fixing, with a maximum of 10 years imprisonment, reflects a determination to deter and prosecute. While those charged retain the presumption of innocence, the arrests in our first year for systemic race fixing in the harness industry demonstrate the need for

the legislation. From what we have learned in our first year investigations, I can say, with confidence, this result would not have been achieved without the creation of the Commission.

As a regulatory body, our goal is ensuring voluntary compliance by the industry with the relevant rules and laws, rather than high levels of prosecution and punishment. The vast majority of participants across the three codes are honest and law-abiding and the 99.6% negative results from the 19,000+ swabs analysed by our Racing Science Centre in our first year exemplify a generally high level of voluntary compliance by most participants.

Those tempted to cheat will weigh the certainty of detection and punishment against possible reward. Deploying the right people, strategies and resources will deter the waverers and catch the risk-takers.

The Commission concentrates its efforts on enforcing the Rules of Racing and relevant offences against the Criminal Code. Stewards have a wide array of traditional powers to enforce the racing rules and do so competently, but detecting and defeating the tactics used by the criminal elements in the industry now routinely require the use of powers and techniques available only to police. The scale and sophistication of modern race fixing and illegal betting operations are too complex for Stewards alone to effectively monitor. Access to physical and electronic surveillance, undercover operations, informant recruitment, covert searches and other police powers are essential if the challenges are going to be met. Who the major criminal influencers are on Queensland racing, and the extent of their activities, is a picture still being developed one year on. Having the Queensland Police Service (QPS) Racing Crime Squad fully embedded in the Commission makes us unique in Australia and best equips us to improve confidence in racing integrity here.

First year highlights include -

- The creation of a dedicated kennel inspection team resulting in increased inspections (366 in 2016-17)
- Appointment of a full-time Equine Welfare Officer to manage the newly-established Equine Welfare Program, part of which provides sponsorship for equine competitions aimed at stimulating demand for rehomed ex-racehorses
- Appointment of an additional veterinarian
- Additions to the Churchable Greyhound Adoption Program (GAP) facility which have improved animal welfare standards including the establishment of an on-site veterinary hospital

- Lease of new, fully fitted-out vehicles for the transport of GAP greyhounds
- Greyhound Adoption Program in rehoming 318 retired greyhounds in 16/17
- Implementation of new Licensing standards for each of the three codes establishing strict criteria for granting, suspending, revoking or refusing licenses
- The appointment of Mr Kane Ashby as the independent Internal Reviewer
- The purchase of a liquid chromatograph mass spectrometer that will enable the QRIC Racing Science Centre to test blood samples for anabolic steroids for the first time
- Increase of the testing rate of winning greyhounds from 33 per cent to 100 per cent and commencing testing for Erythropoietin (EPO)
- An increase in total sample numbers from 17,466 to almost 19,400
- The ongoing QPS Racing Crime Squad investigations that resulted in three arrests for Race Fixing offences in the harness code
- The use of our investigative hearings powers which resulted in the eventual conviction of a person in the Magistrates Court for assaulting licensed persons

An unfortunate but necessary part of our first year has been the need to confront and adjust some highly unprofessional aspects of an inherited internal culture. It has given me no satisfaction to see a number of staff depart in the first year after investigations into a range of allegations of serious misconduct. While the individuals had engaged in conduct that fell well below standards expected in a public sector integrity agency they had, in many cases, long careers in the racing industry. In contrast, I have been delighted with the general level of professionalism, commitment and knowledge demonstrated by staff across the Commission. I am fortunate to have staff of such calibre to discharge our many responsibilities.

Our legal authority to regulate the industry comes from the legislation and the rules of racing. Our moral authority, underpinned by the respect of participants, must be earned. It can only be derived from our organisational values and our willingness to apply the same standards we expect of the industry to our own people.

The increase in rehoming numbers of greyhounds through the GAP last financial year has been achieved in the presence of careful screening of greyhounds admitted to the program. This screening identifies animals that have passed both a nationally standardised behavioural,

as well as a veterinary assessment, to be made available for adoption to the public. While the vast majority of greyhounds admitted to the program pass assessment and find new homes, some dogs fail, mostly on behavioural grounds. Unfortunately, these dogs are not safe to place with the public, so a decision to euthanase must often be made. In our first year, a total of 101 greyhounds had to be euthanased for these reasons. A decision to euthanase a greyhound is never taken lightly and the professional opinion of QRIC veterinarians and GAP staff experienced in assessing dog behaviour determines which dogs are deemed to be unsuitable as pets. Animal welfare considerations are utmost in our minds when dogs are euthanased. Given the number of retired greyhounds that present with behavioural traits that make them unsuitable for rehoming, we will continue to work with and educate the industry about socialisation and care of racing greyhounds to ensure the greatest chance of successful rehoming after retirement. In addition, we will introduce pre-screening of dogs seeking entry to the program in the coming financial year. We anticipate that these new initiatives at GAP will not only reduce the need for euthanasia, but will also result in even more dogs being successfully rehomed into the future.

I wish to gratefully acknowledge the active support of Police Commissioner, Mr Ian Stewart and Crime and Corruption Commission Chairperson, Mr Alan MacSporran

QC and officers from their respective organisations. Both the QPS and the CCC have actively supported the Commission in the investigation and prosecution of a number of serious matters and we could not have been as successful in our inaugural year without their direct assistance. In the transition period pre-QRIC and in our foundation year the Director-General of NPSR, Ms Tamara O'Shea, the Under Treasurer, Mr Jim Murphy, their senior officers and others across Government have all contributed significantly to our successes and provided valuable counsel, support, advice and direction.

In conclusion, I wish to thank the people in the industry at all levels I have met including the members of club committees and stakeholder representatives across the State who understand the importance of maintaining standards and support the work of the Commission. I have appreciated your support and look forward to working with you to enhance confidence in the industry.

**Ross Barnett APM**  
Commissioner

# Maintaining public confidence



**22** Offenders charged  
with **40** offences  
by the  
Queensland Racing Crime Squad

**34**  licence applications  
declined on grounds of  
ability or suitability



**Industry participants**  
December 2016

**58.1%**

Confident or somewhat  
confident in the integrity  
of the industry



**Community**  
December 2016

**49.6%**

Confident or somewhat  
confident in the integrity  
of the industry

**57**



**stakeholder  
engagement  
meetings**

hosted or attended by  
the Commissioner.



**62%**

Believe that industry  
integrity has improved a  
lot/a little in the last  
12 months

**65.4%**

Believe that industry  
integrity has improved a  
lot/a little in the last  
12 months



**53**

**proactive  
media releases  
published.**



**3**  
coercive  
hearings held

in  
relation  
to  
**2**  
matters

with  
**11**  
witnesses  
called

# Ensuring industry integrity



welfare and integrity investigations conducted

comprising:

**29**



thoroughbred code investigations

**18**



harness code investigations

**49**



greyhound investigations



**1,521**

race meetings supervised

**1,646** original decisions made by QRIC staff in 2016-17



110 of those matters were subject to an internal review.

74 of those were confirmed by the Internal Adjudicator.

In the 36 other cases, the original decision was either amended or substituted.

13 of those matters have been finalised.

32 external review applications were made to QCAT in 2016-17

QCAT has amended the decision in nine of those cases.



**20,086**  
animal registration applications

received in 2016-17



**6,326**  
licensed participants as at 30 June 2017

with a code breakdown of:



**4,481**



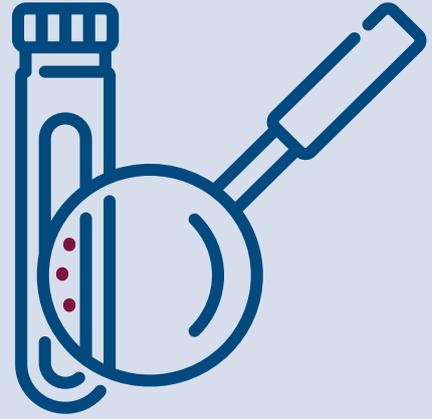
**490**



**1,355**



# Safeguarding the welfare of racing animals



**318** Retired racing greyhounds rehomed

In the Greyhound Adoption Program, with a non-return rate of 93.7%

**19,383**

animal samples tested

for prohibited substances, with 90 animal samples (0.46%) reported positive for prohibited substances.

**955**

stable and kennel inspections

conducted in 2016-17 comprising:

**279**



thoroughbred stable inspections

**310**



harness stable inspections

**366**



greyhound kennel inspections



**8**

Animal Welfare Directions

issued by Authorised Officers

# About the QRIC

The Queensland Racing Integrity Commission (QRIC) is an independent statutory body, which oversees the integrity and welfare standards of racing animals and participants in Queensland. The Commission was established by the *Racing Integrity Act 2016* (PDF) (Racing Integrity Act) and began operation on 1 July 2016. The QRIC is a unit of public administration under the Crime and Corruption Act 2001 and accountable to the Queensland Government under the *Financial Accountability Act 2009*.

The QRIC works in partnership with the Queensland racing industry to monitor racing activities, uphold the Rules of Racing, and make sure that everyone has the opportunity to compete on an even playing field.

We provide animal welfare, sample testing, licensing and registration, race day stewarding and compliance and enforcement services to the industry.

The main purposes of the Racing Integrity Act are:

- to maintain public confidence in the racing of animals in Queensland for which betting is lawful; and

- to ensure the integrity of all persons involved with racing and betting under the Racing Integrity Act or the Racing Act; and
- to safeguard the welfare of all animals involved in racing under this Act or the Racing Act.

Additionally, the Commission maintains responsibility for coordinating the implementation of a number of the longer-term recommendations of the Queensland Greyhound Racing Industry Commission of Inquiry (known as the MacSporran Report).

The majority of our staff are located at either the operational offices in Albion or the corporate office in the Brisbane CBD. A number of regionally based staff provide stewarding and Greyhound Adoption Program services from other locations across Queensland.



# Agency Context

## Our Stakeholders

- All members of the Queensland public
- Queensland racing industry participants
- Racing Queensland
- The Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs
- Partner agencies including the Royal Society for the Prevention of Cruelty to Animals (RSPCA), Biosecurity Queensland, the Queensland Police Service (QPS) and other law enforcement agencies

In late 2016, we undertook the first survey of Queensland racing industry participants and the wider Queensland community to measure perceptions of the Queensland racing industry and the QRIC itself. A total of 243 industry participants and 906 community members took part in the survey and, together, their responses indicate a reasonable level of confidence in the industry and belief that industry integrity has improved over the past 12 months (see figure 1 below).

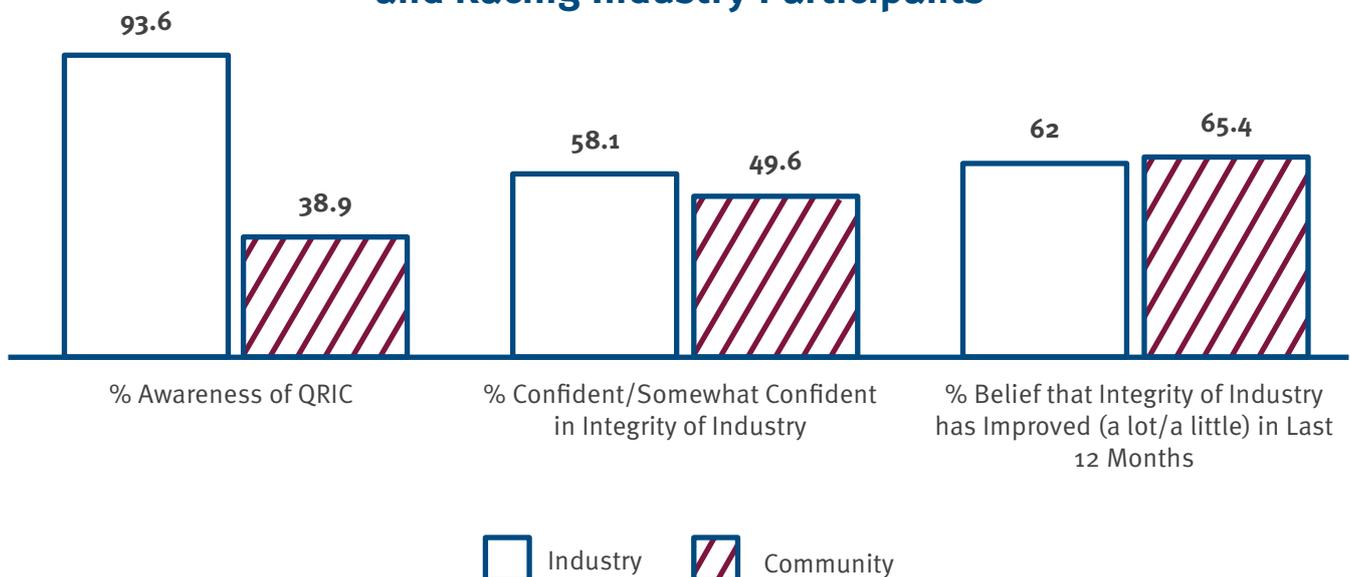
## Our Vision and Strategic Objectives

The QRIC’s vision is for an ethical and safe racing industry.

We work with the racing industry and community to fulfil this vision by:

- Safeguarding the welfare of animals involved in racing
- Administering the rules of racing independently, impartially, and consistently
- Exercising best practice, skills and processes to detect, investigate, and prosecute compliance and integrity breaches
- Enhancing public confidence in the integrity of Queensland’s racing industry
- Encouraging people with information about offences in the Queensland racing industry to share what they know

### 2016-17 Survey of Queensland Community and Racing Industry Participants



## Our Legislative and Regulatory Framework

The QRIC does not administer any legislation.

The *Racing Integrity Act 2016* is administered by Queensland Treasury and is the primary legislation governing the QRIC's business.

The *Animal Care and Protection Act 2001* and the Criminal Code contain a broad range of offences to protect racing and non-racing animals in Queensland, including offences for acts of animal cruelty and breaching a duty of care to an animal. The Criminal Code also provides for the criminal offences of serious animal cruelty and match fixing.

Authorised Officers, appointed under the *Racing Integrity Act 2016*, have the power to enter places, conduct investigations, issue animal welfare directions and seize animals or property, which may be related to the commissioning of an offence against the *Racing Integrity Act 2016*, the *Animal Care and Protection Act 2001* or the Criminal Code.

Under the *Racing Integrity Act 2016*, the Commission is responsible for overseeing the integrity of race meetings, including matters preliminary to race meetings, and as such is responsible for enforcing elements of both the national and local Rules of Racing for all racing codes.

The Commission is able to make Standards for codes of racing under Section 58 of the *Racing Integrity Act 2016*. Standards made under the *Racing Integrity Act 2016* are statutory instruments.

The QRIC has made the following Standards:

- Standard for suitability of person to apply or hold Racing Bookmaker's Licenses under the Racing Integrity Act 2016
- Standard for Licensing Scheme - Thoroughbreds
- Standard for Licensing Scheme - Greyhounds
- Standard for Licensing Scheme - Greyhounds
- Powers under the Rules of Racing

## Our Powers and Specialist Capabilities

### Investigative and Enforcement Powers

The Commission has a range of investigative and enforcement powers that help us to deter, detect and respond to integrity and compliance breaches.

Authorised Officers, appointed under the *Racing Integrity Act 2016*, have a range of powers including the power to enter premises, whether in emergency situations, by consent or under warrant; conduct searches; seize evidence; and issue animal welfare directions.

Where necessary, the QRIC will undertake joint operations with the RSPCA or the Queensland Police Service to ensure offences against animal welfare are investigated and, where appropriate, prosecuted.

The QRIC's partnership with the Queensland Police Service Racing Crime Squad provides specialist, high-level investigative and intelligence capability tasked with investigating serious animal cruelty, major and organised crime across all three codes of racing.

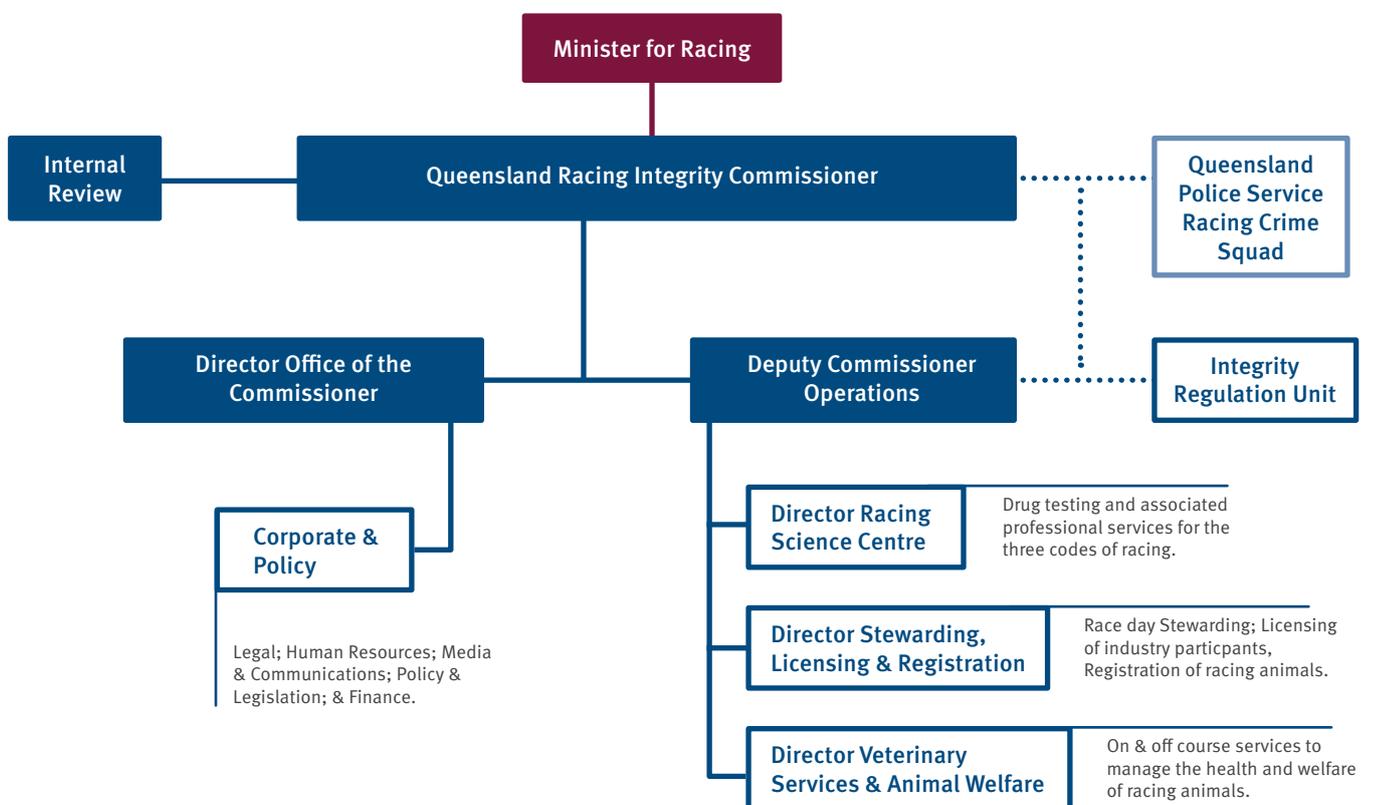
### Coercive Powers

The Racing Integrity Commissioner holds the following coercive powers under the *Racing Integrity Act 2016*:

- **Powers for audits and investigations**  
The Racing Integrity Commissioner may administer an oath or affirmation to a person appearing as a witness before the Commissioner and receive evidence on oath or affirmation or by statutory declaration.
- **Power to require attendance and giving of evidence**  
If the Commissioner reasonably believes a person has information relevant to an audit or investigation, he may, by notice given to the person, require the person to attend a hearing to answer questions relevant to the audit or investigation.
- **Power to require information, document or thing**  
If the Commissioner reasonably believes a person has information or a document or thing relevant to an audit or investigation, he may require the person to provide the information in writing or produce the document or thing.

# Our Organisation

## Organisational Structure



## Our Leaders

Reporting directly to the Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs, the Racing Integrity Commissioner sets the strategic direction for the QRIC. The Commissioner is supported by an executive group comprising the Director, Office of the Commissioner, Director Racing Science Centre, Director Stewarding, Licensing and Registration and Director Animal Welfare and Veterinary Services.

As at 30 June 2017 the Racing Integrity Commissioner and executive members were:

- Ross Barnett, Racing Integrity Commissioner APM
- Paul Brown, Director Office of the Commissioner
- Simon Stephens, Director Racing Science Centre
- Martin Knibbs, Acting Director Stewarding Licensing and Registration
- Dr Martin Lenz, Director Animal Welfare and Veterinary Services.

## Management Groups and Committees

The Racing Integrity Commissioner is supported in his role by four formal governance committees.

### Executive Leadership Team

Comprised of the Racing Integrity Commissioner and all QRIC directors, the Executive Leadership Team provides strategic direction and oversight and ensures that diverse views about strategic issues inform our decisions and service delivery. During 2016-17, the Executive Leadership team met four times.

### Racing Animal Welfare Committee

The Racing Animal Welfare Committee acts as an independent advisory body that provides assistance to the Commissioner (reporting through the Executive Leadership Team) in safeguarding the welfare of animals involved in racing by ensuring appropriate standards for the welfare of racing animals are set and maintained. It contains external representatives from Racing Queensland, the RSPCA and BioSecurity Queensland. The Committee met three times during the reporting year.

### Integrity Committee

The Integrity Committee assists the Commissioner to uphold the integrity of racing by overseeing the performance management of all major racing integrity issues where there is potential to impact on the racing industry's reputation. External representation is provided by the Victorian Racing Integrity Commissioner, Sal Perna. The Integrity Committee met twice during 2016-17.

### Audit and Risk Committee

The Audit and Risk Committee's primary role is to provide expert independent advice on the financial, operational, compliance and performance aspects of the Commission's business, with specific regard to the risks identified and mitigations required. The Audit and Risk Committee met three times during the reporting year. For further information on the Audit and Risk Committee's membership and core business see [Audit and Risk Committee](#).

### Public Sector Ethics Act 1994

The Queensland Racing Integrity Commission has undertaken a range of activities to clearly articulate its

requirements for employee conduct and compliance with the Public Sector Ethics Act 1994, including:

- Formally adopting the Queensland Public Service Code of Conduct for all staff including Race Day Stewards;
- Embedding the Queensland Public Sector values into our Strategic Plan, Workforce Development Plan and internal Integrity Framework;
- Requiring all staff to undertake Code of Conduct training annually, with a current completion rate of 96per cent;
- Establishing other relevant training requirements related to workplace conduct, use of social media and use of email, with a current completion rate of 88per cent;
- Developing and implementing an internal QRIC Integrity Framework;
- Including integrity requirements in all role descriptions;
- Requiring all employees to declare any real or perceived interests or conflicts of interest in the racing industry;
- Precluding all QRIC employees from betting on any sports activity in Australia.

The following training sessions on staff integrity and conduct have also been provided:

- Governance and approvals (delivered by the Queensland Audit Office)
- Roles and responsibilities of public officials under the Crime and Corruption Act 2001 (delivered by the Crime and Corruption Commission)
- Privacy requirements and legislation (delivered by the Office of the Information Commissioner)
- Workplace health and safety obligations

## Our Values

We have developed our own workplace values to help define our culture and set clear expectation about how we treat each other and approach our work. They are:

- **Professionalism:** carrying out their duties effectively and impartially including only the essential use of available authority
- **Fairness:** treating people with respect and making objective, evidence-based and consistent decisions
- **Accountability:** accepting responsibility for their actions and decisions

- **Transparency:** accepting scrutiny of their cost effective use of public assets
- **Courage:** doing the right thing regardless of the circumstances
- **Collaboration:** working with all racing participants and the community for a better industry

These values are reflected in the QRIC Strategic Plan 2016-2020 and the QRIC Workforce Development Plan. For further information on our workforce planning and development priorities in 2017/18 and how we will further embed our values see [Workforce Planning and Performance](#).

## Our People

The Commission has an approved Full-time Equivalent (FTE) staffing quota of 125.79 positions, and 107.73 of these positions are dedicated to frontline, operational roles including stewarding and race-day operations, scientific testing and analysis, veterinary services and animal welfare, integrity services and licensing and registration.

Of the 125.79 positions allocated to our organisation, 123.5 were occupied as at 30 June 2017. As at 30 June 2017, we also employed 137 casual staff, most of whom are casual

race-day Stewards employed to help provide coverage for the volume and spread of race meetings the QRIC officiates.

Our permanent separation rate (as a percentage of our total FTE) for the year was 6.4%.

There were no redundancy, early retirement or retrenchment packages paid during the year.

We have administratively adopted the current State Government Certified Agreement and award arrangements for all staff engaged under the *Public Service Act 2008* and are now part of the current bargaining process across Government. Staff engaged under the *Racing Integrity Act 2016* are engaged on individual contracts. All staff who transitioned to the QRIC from other agencies did so at no overall financial disadvantage. On transition, all staff were invited to attend union presentations and all new staff are encouraged to join the appropriate, respective union as part of their engagement process. Consultation in relation to pay and conditions is ongoing.

EEO Census data is not yet available for QRIC staff, the breakdown of actual staff numbers by Employment Type and Gender is:

EMPLOYMENT TYPE	GENDER	HEAD COUNT
Temporary Full time	Male	7
	Female	14
Temporary Part-Time	Male	0
	Female	1
Permanent Full time	Male	48
	Female	44
Permanent Part-time	Male	1
	Female	4
Casual	Male	76
	Female	61

The QRIC advertises longer-term and permanent roles on the Queensland Government Smart Jobs website and recruits nationally and internationally for specialist technical roles.

As a result of a recent review of stewarding roles, conducted by the Corporate Administration Agency the stewarding remuneration framework and functions are now being assessed against industry standards to ensure the Commission can attract and retain talented and experienced staff.

The QRIC has administratively adopted the Queensland Public Sector principles relating to flexible working arrangements and a healthy work-life balance. We offer flexible working arrangements through the use of accrued time, part-time arrangements and working from home opportunities for suitable roles. A Fatigue Management Guideline has been implemented to support staff who are required to undertake travel and attend racing meetings and field work as part of their normal duties.

Optum have been engaged to provide the QRIC Employee Assistance Service. All staff are made aware of the services they can access through Optum via the Intranet, posters and pocket reckoners. The QRIC is committed to employee well-being and has undertaken formal investigations into inappropriate conduct by staff as required.

## Workforce Planning and Performance

As a new entity formed through machinery of government changes, our workforce is comprised of staff who have transitioned from Racing Queensland and the Department of National Parks, Sport and Racing and new staff recruited directly to the organisation. As a result, significant ongoing change support has been the focus of our Human Resources function this year. This includes development and support for our managers and leaders through the establishment of leadership and management forums and delivery of workshops on topics including Reasonable Management Action and their obligations as a public sector manager. As we move into our second year of operation, a formal Workforce Development Plan is being finalised to ensure capability across the organisation is developed and maintained to the highest standard.

The Commission has developed its Workforce Development Plan in line with public sector requirements. The Plan reflects the requirements of the QRIC as a new agency and focuses on the need to embed the governance and process changes that have occurred as a result of our formation. It is a five-year forward planning document and it will be reviewed annually against the Strategic Plan and operational requirements.

All new staff are formally inducted into their role with the QRIC to ensure they gain an early understanding of the organisation and its priorities and expectations. In addition to role-specific expectations, the staff induction process includes mandatory training in the integrity obligations of Commission employees and the entire induction package is available on-line for access by staff across the State.

The QRIC is committed to professional excellence and the highest standards of integrity from all staff. To support this outcome, all permanent staff and temporary staff, engaged for more than three months, are required to have a Performance Development Agreement in place. The Performance Development Agreement requires staff and their managers to have regular discussions about performance expectations including standards of conduct. Professional development opportunities will be offered to address skill and knowledge gaps identified through the performance management process.

Short-term vacancies are filled internally through an Expressions of Interest process, which provides the opportunity for staff to develop new skills and for the organisation to build critical capability and capacity. Over the last year, administrative staff have been developing skills in race-day Stewarding and operational staff have been building awareness of management and governance processes and reporting. The QRIC Racing Science Centre provides scientific testing services for the racing industry and is internationally accredited and quality-assured. In order to maintain this accreditation and the associated level of service quality, QRIC Racing Science Centre officers undertook a range of professional training programs in 2016-17 including: accreditation to access and handle scheduled substances; quality management to international standards; and public sector procurement. Officers also attended the Australia and New Zealand Official Racing Analysts (ANZORA) conference and national meetings of advisory committees convened by national racing control bodies in veterinary science and analytical chemistry.

Authorised Officer training has been provided to 33 staff who are now appointed as Authorised Officers and able to discharge the associated duties under the *Racing Integrity Act 2016*.

# Risk Management and Accountability

## Audit and Risk Committee

The QRIC’s Audit and Risk Committee comprises three members, including two external members, one of whom is the Chair, and one internal member (See Figure 2). The QRIC’s Internal Auditor, PricewaterhouseCoopers, and the Queensland Audit Office have standing invitations to attend committee meetings. The Committee observes the terms of its charter and has due regard to Queensland Treasury’s Audit Committee Guidelines.

The Audit and Risk Committee oversees the QRIC’s risk and audit management processes and assists the Racing Integrity Commissioner by providing advice on the issues and associated mitigations they identify.

During 2016-17 the Committee had oversight of:

- Internal operational and strategic risk management processes
- Development of our internal audit priorities, through the QRIC Internal Audit Plan
- Progress implementing the findings of PwC's Readiness Review of the QRIC following formation
- Progress implementing the recommendations of the MacSporran Report
- The Queensland Audit Office’s Audit Plan for the QRIC
- Our Internal Audit Reports

NAME	POSITION	MEETINGS ATTENDED	REMUNERATION
Graham Carpenter	Chair (External)	3	\$1200 per meeting (plus GST)
Don Li Castro	External Member	3	\$1000 per meeting (no GST)
Simon Stephens	Director, Racing Science Centre	3	N/A

Figure 2 - Audit and Risk Committee Membership and Remuneration

## Internal Audit

Our Internal Audit services are provided by PricewaterhouseCoopers who work with the Commissioner and executives to provide an independent objective assessment of our policies and processes in order to ensure that we are effectively delivering our services and mitigating our risks.

PricewaterhouseCoopers developed an internal audit plan for the Commission which covers the period 2017/18 to 2019/20 and maps out the business functions and controls that will be audited over the next three years. The plan was informed by the QRIC Strategic and

Operational Plans, the QRIC Compliance and Enforcement Framework and our strategic and operational risk registers.

During 2016-17, PricewaterhouseCoopers have finalised the following audits and reviews:

- Internal Audit - Governance and Legislation
- Internal Audit – Finance (Procure to Pay)
- Internal Audit – Human Resources (Payroll)

During the reporting year our Internal Auditors have also commenced: a Management Review into our Animal Welfare Administration processes and policies; an assessment of the QRIC Compliance and Enforcement

Framework against the findings of the Queensland Greyhound Racing Industry Commission of Inquiry and best practice standards; a Management Review into Controlled Substances; a Process Review of the Procurement and Implementation of the Intelligence Case Management System; and a Management Review of Occupational Health and Safety. The reports for these reviews had not been finalised by 30 June 2017.

## External Scrutiny

The Commission is audited by the Queensland Audit Office in accordance with the *Financial Accountability Act 2009*. The Queensland Audit Office has a standing invitation to our Audit and Risk Committee meetings and works closely with PwC to ensure our internal and external audit activities provide coverage of key controls and risk areas. All external audit reports are reviewed and monitored by the Audit and Risk Committee.

In 2016-17 the Queensland Audit Office made the following recommendations as a result of their external audit activity:

- All risks to be incorporated into a single risk register and residual risk ratings introduced
- Credit card transactions limits to be recorded in a single, central document and transaction limits reviewed to ensure consistency
- The QRIC to work with the Corporate Administration Agency to overcome limitations in the bank reconciliation process and ensure that bank reconciliations are completed in a timely manner.

All of these recommendations have now been addressed.

## Information Systems and Record Keeping

Our primary business information systems are national racing databases owned and managed by third parties. The OzChase (greyhounds), Harvey (harness) and Single National System (thoroughbred) systems are used by racing control bodies nationally and contain our licensing and registration data.

Internally, our information systems and recordkeeping services are provided by Information Technology Partners, a government shared service provider operated by the Department of Agriculture and Fisheries. Information Technology Partners provide the Commission with a range of desktop, policy and support services, including administrations of an electronic document and records management system that ensure we are compliant with a range of Queensland Government standards.

Throughout 2016-17 we worked with Information Technology Partners to develop a retention and disposal schedule for the public records we hold and manage. The schedule is currently with the Queensland State Archives for approval.

Regardless of this level of support, our operational business systems and information management maturity continue to be a challenge for the QRIC (see Operational Systems and Information Management in [Our Challenges](#)). We are establishing an Information Management Committee, comprised of staff from both corporate and operational areas, which will oversee the implementation of improved information management practices and standards throughout 2017/18.

Sensitive integrity data is held and managed internally and is currently being migrated into our new Intelligence and Case Management system. We are also currently considering our options for introducing a formal Customer Relationship Management database to hold and manage our critical licensing and registration data.

# Open Data

## Consultancies

The QRIC did not engage any consultancy services in the 2016-17 financial year.

## Overseas travel

The QRIC ensures that the travel must:

- Advance the achievement of Queensland Government priorities
- Benefit the business operations
- Be undertaken only after exploring alternatives to travel

- Be undertaken at the most advantageous price and service level.

Travel costs represent official travel undertaken by staff in relation to race day operations; animal welfare inspections and investigations, staff training and other associated business operations.

Our overseas travel data is published online on the Queensland Government Open Data Portal.

Our Open Data plan is currently in development. We collect data associated with animal welfare, veterinary services and substance testing. This data will form part of the open data plan, which will set out the agenda for publishing more data on the Queensland Government Open Data Portal on a regular basis within the next 12 months.

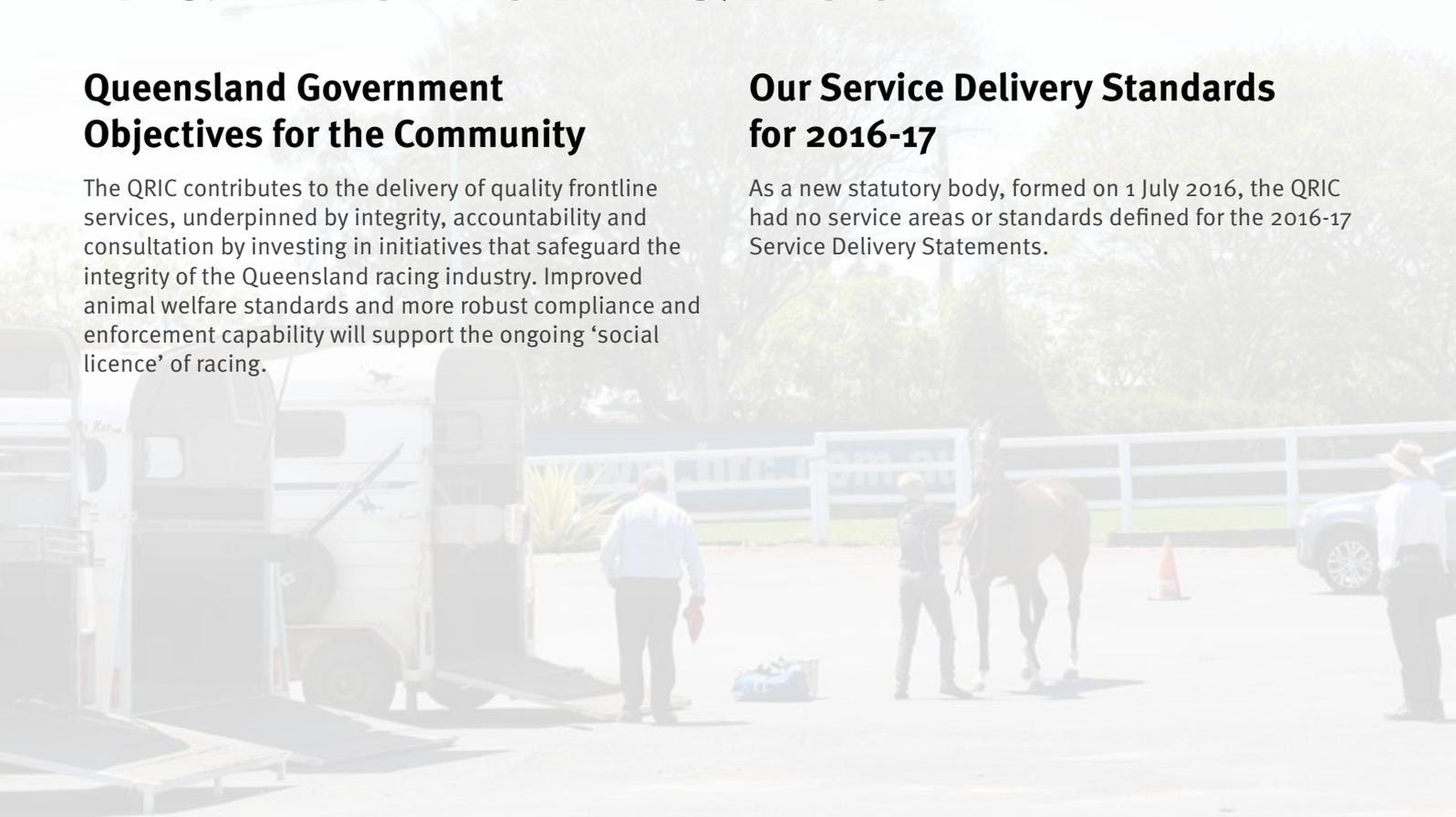
# Our Performance

## Queensland Government Objectives for the Community

The QRIC contributes to the delivery of quality frontline services, underpinned by integrity, accountability and consultation by investing in initiatives that safeguard the integrity of the Queensland racing industry. Improved animal welfare standards and more robust compliance and enforcement capability will support the ongoing 'social licence' of racing.

## Our Service Delivery Standards for 2016-17

As a new statutory body, formed on 1 July 2016, the QRIC had no service areas or standards defined for the 2016-17 Service Delivery Statements.



## Progress against our Strategic Objectives

### OBJECTIVE 1: SAFEGUARDING THE WELFARE OF ANIMALS INVOLVED IN RACING

#### Performance Indicators

#### Results

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Industry compliance.</li> <li>• Number of information reports made to the Commission about integrity and animal welfare issues.</li> <li>• Industry participants and community engagement, satisfaction and confidence in the QRIC.</li> </ul> | <ul style="list-style-type: none"> <li>• 318 retired racing greyhounds rehomed through the Greyhound Adoption Program</li> <li>• 19,383 animals samples tested for prohibited substances</li> <li>• 90 animal samples (0.46per cent) reported positive for prohibited substances</li> <li>• 366 kennel inspections conducted</li> <li>• 589 stable inspections conducted</li> <li>• 8 Animal Welfare Directions issued</li> <li>• 96 welfare and integrity investigations conducted</li> </ul> |
|---|--|

### OBJECTIVE 2: ADMINISTERING THE RULES OF RACING INDEPENDENTLY, IMPARTIALLY, AND CONSISTENTLY

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Industry compliance</li> <li>• Industry participants and community engagement, satisfaction and confidence in the QRIC</li> </ul> | <ul style="list-style-type: none"> <li>• 1,521 race meetings supervised</li> <li>• 1,646 original decisions made by race-day Stewards</li> <li>• 67.3 per cent of original decisions confirmed at Internal Review</li> <li>• 38.9 per cent of the community are aware of the existence of the QRIC<sup>1</sup></li> <li>• 34.6 per cent of industry participants perceive the QRIC as quite or very firm but fair<sup>1</sup></li> </ul> |
|--|--|

### OBJECTIVE 3: EXERCISING BEST PRACTICE, SKILLS AND PROCESSES TO DETECT, INVESTIGATE, AND PROSECUTE COMPLIANCE AND INTEGRITY BREACHES

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Industry compliance</li> <li>• Industry participants and community engagement, satisfaction and confidence in the QRIC</li> </ul> | <ul style="list-style-type: none"> <li>• 22 offenders charged with 40 offences by the Racing Crime Squad</li> <li>• 19,383 animals samples tested for prohibited substances</li> <li>• 90 animal samples (0.46per cent) reported positive for prohibited substances</li> <li>• 3 human sampling operations run, targeting 120 licensed participants and resulting in 3 positive returns</li> <li>• 1,646 original decisions made by race-day Stewards</li> </ul> |
|--|--|

### OBJECTIVE 4: ENHANCING PUBLIC CONFIDENCE IN THE INTEGRITY OF QUEENSLAND'S RACING INDUSTRY

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Industry compliance</li> <li>• Industry participants and community engagement, satisfaction and confidence in the QRIC</li> </ul> | <ul style="list-style-type: none"> <li>• 62 per cent of industry participants believe that the integrity of the Queensland racing industry has improved in the last 12 months<sup>1</sup></li> <li>• 65.4 per cent of the community believe that the integrity of the Queensland racing industry has improved in the last 12 months<sup>1</sup></li> <li>• 34 licence applications were declined on the grounds of ability or suitability</li> <li>• 53 proactive media releases issued advising stakeholders of welfare and integrity issues and QRIC achievements</li> </ul> |
|--|--|

### OBJECTIVE 5: ENCOURAGING PEOPLE WITH INFORMATION ABOUT OFFENCES IN THE QUEENSLAND RACING INDUSTRY TO SHARE WHAT THEY KNOW

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Number of information reports made to the Commission about integrity and animal welfare issues</li> </ul> | <ul style="list-style-type: none"> <li>• 57 stakeholder engagement meetings hosted or attended by the Racing Integrity Commissioner</li> <li>• 13 reports made to Crime Stoppers referred to the QRIC for investigation</li> <li>• 96 welfare and integrity investigations conducted</li> </ul> |
|--|---|



## Implementation of the Queensland Greyhound Racing Industry Commission of Inquiry

The final report of the Queensland Greyhound Racing Industry Commission of Inquiry (the MacSporran Report) was delivered to the Premier and Minister for the Arts on 1 June 2015. It set out 15 recommendations, aimed at improving integrity and animal welfare in the racing industry, which comprise 29 subrecommendations. The Queensland Government's official response to the MacSporran Report initiated 72 activities to address these recommendations and subrecommendations.

As at 30 June 2017, five recommendations, 17 subrecommendations and 47 Government-initiated

activities had been completed. Ten recommendations are still being actioned.

The QRIC and Racing Queensland share responsibility for implementing the remaining recommendations of the MacSporran Report, which include some of the more complex recommendations relating to the introduction of greyhound logbooks that record all significant lifecycle activity for individual greyhounds and changes to the greyhound registration fee structure. The QRIC has consulted with industry on both of these initiatives and is in the process of analysing and reporting on the feedback provided.

The QRIC and Racing Queensland co-chair a joint MacSporran Working Group to govern the continued implementation of the MacSporran recommendations.

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# Greyhound Adoption Day

## first for GAP headquarters

The Greyhound Adoption Program (GAP) has tipped its yearly adoption total to a record of 318 adoptions in 2016-17, following the first ever adoption day to be held at GAP headquarters in South East Queensland.

The North Queensland and South East Queensland adoption programs have been busy working with the greyhound industry to place as many dogs as possible into their forever homes throughout the year, adopting out 293 before the adoption day event.

In a first, the GAP team held a well-publicised South East Queensland Adoption Day at its Churchable facility on, 24 June 2017.

The team is proud of its spacious facility where the greyhounds are housed, exercised and trained for the next stage of their lives after racing.

A series of Brisbane local radio advertisements promoted the opportunity for potential pet owners to meet the GAP

staff, see the kennelling facility and receive individual attention as they chose their pet.

Those potential owners who had pre-registered through the GAP website were able to meet, engage with and take a greyhound home on the day.

All GAP greyhounds are temperament assessed, so the team can match the right greyhound to the right family.

The GAP team take into account a family's lifestyle, regular activities, childrens' ages, other pets and home environment when matching a greyhound to their forever home.

Approved applicants' pet dogs were also welcome onsite, as the GAP facilities catered for staff to facilitate an introduction, decide if they were a suitable match and allow the dogs to mix.

The team was able to approve families for adoption prior to the day and match three or four greyhounds to each family for them to choose the best greyhound for them.

# Our Achievements

## Animal Welfare

The Commission has a proactive approach to ensuring animal welfare and operates animal welfare programs for both greyhound and equine racing animals. Racing and retired greyhounds are protected by a range of measures and, foremost among these, is the Greyhound Adoption Program, which matches suitable greyhounds with their forever homes. 318 greyhounds were rehomed through the GAP in 2016-17, an increase of 38 per cent on the previous financial year. The GAP is well regarded by the community with a growing foster care program and expanding social media networks in excess of 5,700 supporters. Racing greyhounds are also being protected through the formation of a dedicated kennel inspection team. This team conducted 366 kennel inspections in 2016-17.

Racing greyhounds are also better protected by enhancements to the QRIC's drug sampling and testing regime. 100 per cent of winning greyhounds are now tested for prohibited substances and all greyhound samples are tested for the prohibited substance Erythropoietin (EPO). The QRIC's Equine Welfare Program was established in March 2017 and administers and supports programs, initiatives and research that will improve the welfare of horses in the racing industry. The Equine Welfare Program has sponsored a number of equine competitions and events that feature ex-racehorses, in 2016-17 with a view to stimulating rehoming demand. By showcasing the versatility and athleticism of ex-racehorses, these events demonstrate the suitability of Thoroughbred and Standardbred horses for alternative careers and help to minimise the

unacceptable wastage of horses when they retire from racing. The QRIC Equine Welfare Program is also supporting independent research by Sydney University into the performance impacts of the Hendra vaccination. This research will inform the QRIC's policy approach on Hendra vaccination for horses registered for racing.

More generally, the QRIC has implemented a number of measures that will protect all racing animals and ensure the integrity of the racing industry and these include:

- a formal partnership with Crime Stoppers to provide a trusted, 24/7 avenue for people to anonymously report animal abuse and misconduct within the racing industry;
- an MOU with the RSPCA and Biosecurity Queensland that clarifies responsibility for inter-agency complaints and investigations, establishes information sharing arrangements and formally commits the three agencies to resource sharing and cooperation;
- ongoing liaison with state and national animal welfare organisations to encourage the timely sharing of information and operational intelligence with the QRIC;
- the establishment of the QRIC Racing Animal Welfare Committee, with representatives from Racing Queensland, the RSPCA and Biosecurity Queensland; and
- the formation, in partnership with the Queensland Police Service, of the Queensland Racing Crime Squad, resulting in 40 charges being laid against 22 offenders since 1 July 2016.





# Equine Welfare Program

## gives horses a life beyond the track

The QRIC launched its Equine Welfare Program in March 2017, with the aim of supporting programs and events that promote a life beyond the track for ex-racehorses.

The QRIC runs the program as part of its focus on animal welfare in the racing industry.

Thousands of Queenslanders enjoy racehorse ownership, but we often forget what happens to a horse when its galloping days are over.

The program has animal welfare at its core and educates owners about the options that are available to them with regard to the re-homing of ex-racehorses.

Racehorses can go on to have successful careers in showjumping, dressage, cross country, or even as a police horse.

Even though their days on the track are over, it could be the beginning of an exciting new chapter in their lives.

Racehorses are elite athletes that receive optimum care throughout their career and the QRIC partners with owners and the racing industry to ensure they have the care and attention they deserve after their racing career.

The QRIC only supports re-homing organisations that demonstrate the highest animal welfare standards, and have a proven track record of providing horses with a caring new home.

A dedicated equine welfare officer has been appointed to promote a culture in which the welfare of racehorses is paramount to all racing industry participants.

Most ex-racehorses will adapt well to activities such as equestrian activities or even a life in service for Queensland.

Some of the activities the program has undertaken so far include sponsoring thoroughbred and standardbred equine events that cater for and promote the participation of ex-racehorses.

## Internal and External Reviews

Our Race Day Stewards and Authorised Officers within the Integrity Regulation Unit are empowered by the Rules of Racing and the *Racing Integrity Act 2016*, with powers that allow them to control and regulate the codes of racing. Stewards ensure that participants adhere to the Rules of Racing, investigate and, where necessary, apply penalties against any breaches of the Rules. This is known as an original decision and the *Racing Integrity Act 2016* provides a number of safeguards to ensure that original decisions are impartial and consistent.

Our internal review process, a requirement under the *Racing Integrity Act 2016*, mirrors that of other government departments and statutory bodies with a regulatory enforcement role. It provides an independent and free mechanism for the review of original decisions made by Commission staff, which include:

- licensing refusals or disciplinary action;
- penalties issued under the Rules of Racing; and
- the exercise of certain powers under the *Racing Integrity Act 2016* such as the seizure of animals or property and the issuing of Animal Welfare Directions.

The Internal Adjudicator role is an independent position within the QRIC, dedicated to the internal review of original decisions. Kane Ashby was appointed as the QRIC Internal Adjudicator following a national recruitment process and has had a unique and diverse career in the Victorian racing industry, including more than 20 years' experience as a race-day steward and experience as a manager of integrity compliance. Mr Ashby has also previously been a licensed thoroughbred trainer and is a former jockey with over 260 winning rides to his name.

1646 original decisions were made by Commission staff in 2016-17 and 110 of those matters were subject to an internal review. The original decision in 74 of those 110 reviewed decisions was confirmed by the Internal Adjudicator. In the other 36 cases, the original decision was either amended or substituted, demonstrating that Mr Ashby brings an open and independent mind to his deliberations.

Individuals also have a right, under the *Racing Integrity Act 2016*, to apply for an external review if they are dissatisfied with their internal review outcome. The external review of decisions by the Queensland Civil and Administrative Tribunal (QCAT) offers a further layer of transparency and independent oversight of the QRIC's decision-making

process. 32 external review applications were made to QCAT in 2016-17 and 13 of those matters have been finalised. Of the matters finalised, QCAT has amended the decision in nine cases. This demonstrates that the review mechanisms available to participants are genuine and effective.

## Enforcement and Investigations

### Queensland Racing Crime Squad

Our partnership with the Queensland Police Service's Racing Crime Squad (QRCS) has delivered outstanding integrity outcomes for the Queensland racing industry in 2016-17. 22 offenders facing 40 charges demonstrates the value of this partnership and acts as a deterrent to other participants who might otherwise be inclined to engage in serious animal welfare and integrity offences. Most significant among the charges laid by the QRCS are those relating to race fixing in the Harness industry. These charges were the result of a protracted investigation by the Queensland Police Service, Crime and Corruption Commission and the QRIC into systemic match fixing in the harness racing industry and demonstrate the value of a strengthened integrity regime in Queensland.

An agreement with the Queensland Police Commissioner will see the QRCS expand in 2017/18 from four to six members, including four investigators, one full-time Intelligence Officer and one Financial Analyst, thereby increasing their ability to investigate matters of serious animal cruelty, major and organised crime, including race fixing, and any other offences relating to licensed persons.

### Introduction of Body Worn Cameras



In June 2017, a successful trial of body worn cameras was conducted, proving the value of this technology in the collection and management of evidence by the QRIC's integrity officers. The Commission has invested in 12 body worn cameras and training at a cost of \$20,000 and looks forward to reaping the benefits of

this investment throughout 2017/18 as officers are able to make accurate, real-time records of their fieldwork and inspections.

# Race fixing charges a first for Queensland

The Queensland Police Service's Queensland Racing Crime Squad (QRCS) has been collocated with the Queensland Racing Integrity Commission at Albion since its inception on 1 July 2016 and is tasked with investigating serious animal cruelty, match fixing and major and organised crime across all three codes of racing.

The focus is on deterrence and prosecution of those who seek to break the law and damage the integrity of racing in Queensland.

In 2017 there were three arrests made for Match (race) Fixing. It was a first for Queensland and heralded as evidence of systematic race fixing in the harness racing industry.

On 7 April 2017, Detectives announced the execution of search warrants at the properties of five harness racing participants. A 46-year-old Warwick man was charged with one count of Match (race) Fixing under the Queensland Criminal Code. The arrest was the result of a protracted

investigation by the Queensland Police Service, Crime and Corruption Commission and QRIC.

Premises at Limestone Ridges, Warwick, The Gap, Logan Village and Redcliffe were raided resulting in the seizure of mobile phones, computers, documents and clothing to be forensically examined as part of the investigation.

Later the same day a 27-year-old Limestone Ridges man was charged with four counts of Match (race) Fixing. On April 11 2017 the QRIC announced it had suspended the racing licence of this arrestee.

Three months later on July 28, a third man appeared in the Brisbane Magistrates court charged with Match (race) Fixing, the Redcliffe man faced one count of receiving inside information and three counts of possessing tainted property.

The court cases of all those charged are still in progress and they deserve the presumption of innocence until the legal processes are complete.



# Body Worn Cameras

## support evidence gathering for investigators

Following a successful trial in June 2017, the QRIC will be implementing the use of Body Worn Cameras (BWCs) throughout 2017/18.

In a first for the racing industry, integrity officers commenced using BWCs in the course of their duties including for the collection of evidence.

The QRIC committed close to \$20,000 to purchase 12 BWCs and train officers in their use.

The ability to record events electronically as they occur and using the latest in camera technology, has a range of benefits for the QRIC, specifically relating to the gathering of evidence.

QRIC integrity officers inspect racing stables and kennels and investigate a range of issues at race tracks around the state and the wearable camera system, that incorporates audio and video recording, will protect the integrity of the evidence they collect.

All recordings will remain the property of QRIC and must be uploaded to the digital evidence management system from the device at the completion of each officers' shift.

The information collected will be used in a variety of ways including to assist Integrity Regulation Unit (IRU) investigations and provide an accurate record of fieldwork inspections.

Uploading data is automated through camera docking stations (Evidence Transfer Managers) installed at QRIC's Albion headquarters.

The cameras will eventually be rolled out to regions and be available to all of the QRIC's Authorised Officers. They are a giant leap forward for Authorised Officers and offer benefits for their own protection as well as that of the participants they work with to ensure the integrity of the Queensland racing industry.

All devices are used according to the QRIC Standard Operating Procedure.

While this is a first for racing industry, BWCs have been used in Australian and International police agencies with positive results for some time.

## Intelligence-Led Enforcement

In 2016-17 we created our first Intelligence Capability Strategy, which will underpin the development of an intelligence capability and culture that facilitates intelligence-led and risk-based decision-making and enforcement. Implementation and communication of this strategy will be a key priority for the Commission over the next 12 months and will include: the rollout of our new Intelligence and Case Management System; intelligence training for staff; cultural change activities; key stakeholder relationships; and the development of intelligence products.

## Enhanced Scientific Testing Capability

The QRIC will invest \$7.753 million over four years to support the QRIC Racing Science Centre’s Capital Acquisition Strategic Plan, which will see new, advanced technology acquired to enable an increase in testing volume and types of substances tested for. Over the next four years, the RSC will replace equipment with contemporary testing instrumentation that will enable testing for a wider range of substances, thereby increasing the likelihood of detection and the deterrent effect of our sampling and testing regime. In June 2017, we purchased new equipment, which will allow the QRIC Racing Science Centre to test for a wider range of prohibited substances, specifically anabolics in blood samples. It is anticipated this new equipment will be operational in November 2017.

## Strategic Policy

In March 2017, the Racing Integrity Commissioner approved the Queensland racing industry’s first compliance framework and strategy. The QRIC Compliance and Enforcement Framework details the compliance threats facing the Queensland racing industry, articulates welfare and integrity outcomes and outlines a comprehensive plan for working towards these outcomes.

The absence of a compliance framework was highlighted by the Queensland Greyhound Racing Industry Commission of Inquiry as a weakness in the previous racing governance model that left it ill-equipped to respond to the live-baiting challenge. As envisaged by the Commission of Inquiry, the Commission has developed a comprehensive compliance framework that describes the desired future state of racing integrity in Queensland. It is the cornerstone of our strategic and operational



plans and is designed to enhance our front-line service capabilities through six key strategies:

- Animal Welfare;
- Sampling and Analytical Services;
- Intelligence Capability;
- Licensing;
- Workforce Development; and
- Communications.

Implementation and communication of the framework and the supporting strategies will be a priority for the QRIC in 2017/18.

# Our Challenges

## Inherited Review Matters

In October 2016, the QRIC inherited 21 disciplinary matters from Racing Queensland when it disbanded the Racing Disciplinary Board, which was the former internal review mechanism available to racing industry participants who wished to challenge a disciplinary decision or penalty. Several of these matters related to the detection of prohibited substances in animal specimens and were complicated by a conflict that existed, prior to 1 July 2016, between the *Racing Act 2002* and the Rules of Racing. This conflict created uncertainty around the legal validity of the secondary analysis of samples tested for prohibited substances.

Our ability to finalise these matters was impacted by the effort to interpret the interplay between the relevant legal and statutory instruments, due legal process and the absence of a test case in Queensland.

The introduction of the *Racing Integrity Act 2016* has resolved this issue by removing legislated requirements for matters also covered in the Rules of Racing and secondary testing of samples is now regulated solely by the Rules of Racing. This approach is consistent with other Australian jurisdictions and provides an unambiguous legal position.

## Internal Disciplinary Issues

Since the commencement of the QRIC on 1 July 2016, a number of serious disciplinary matters have occurred that have resulted in the investigation and suspension of five staff members and the dismissal of two. The Racing Integrity Commissioner has publicly reported on all of these incidents in order to ensure the highest standards of transparency and accountability and to reassure industry participants and the Queensland community, that the Commission will not tolerate misconduct and dishonesty.

These incidents point to critical cultural issues in certain areas of our workforce that are being targeted for proactive training and awareness, not least of which is an annual presentation by the Crime and Corruption Commission on our obligations as public sector officials under the Crime and Corruption Act 2001. Additionally, investment in our management and leadership capability will ensure that employee performance and conduct is more proactively managed in the future.

## Operational Systems and Information Management

In order for the Commission to meet its legislative requirements and strategic objectives, there is a requirement for contemporary, efficient business systems that enable operational tasking and reporting and strategic analysis and oversight. Current systems do not meet this requirement and impact our ability to make timely and informed operational and governance decisions and effectively detect compliance trends and threats.

In 2016-17 we invested in an Intelligence and Case Management System (ICMS), which will underpin our complaints management and investigation functions and the delivery of our Intelligence Capability strategy.

Our systems improvement priority in 2017/18 will be the identification and procurement of a suitable Customer Relationship Management (CRM) database and implementation of business intelligence and reporting capability across both the CRM and the ICMS.

Government information management standards and requirements are new to many of our staff and over the last 12 months considerable effort has gone into raising awareness and identifying risks relating to records management, information privacy and information sharing. We are establishing an Information Management Committee which will meet quarterly to monitor the implementation of information standards and processes and ensure the business and personal information we hold is secure, available and accurate.

## Euthanasia Rate – Greyhound Adoption Program

The QRIC's Greyhound Adoption Program (GAP) maintains facilities in both South East Queensland and North Queensland and conducts a number of proactive awareness and adoptions initiatives to help match retired greyhound with their forever homes. However, an important first step in this process is the assessment of all greyhounds to ensure they are of good health and suitable temperament for rehoming. Sadly, the GAP is still receiving a large number of dogs that are unsuitable for rehoming for reasons of health or temperament, and having to

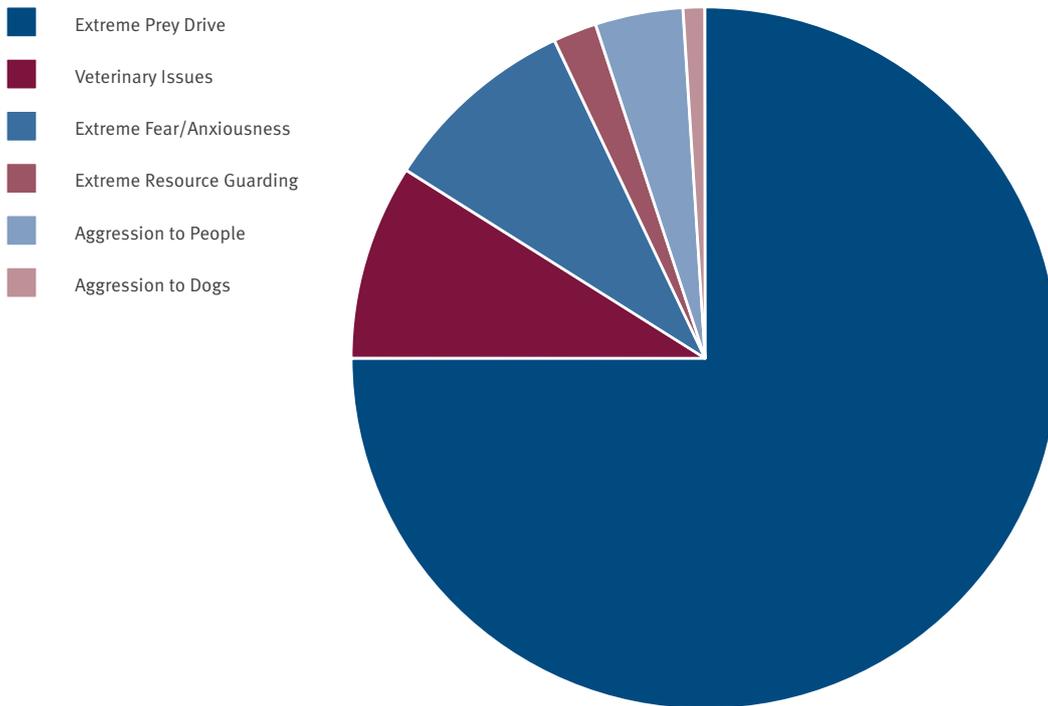


Figure 3 - Reasons for Euthanasia of Retired Racing Greyhounds by GAP

\*Note – aggression to other dogs is often present with extreme prey drive, however the reason for euthanasia is recorded as extreme prey drive, rather than as prey drive with aggression to other dogs.

euthanase them. In 2016-17 we euthanased 101 retired greyhounds at our GAP facilities because they were not suitable to be rehomed and, in a large number of cases, this is because the animal had an unacceptably high prey drive (see Figure 3).

The QRIC is working with industry participants to raise awareness of how to care for, train and socialise greyhounds in order to maximise their chances of being rehomed at the end of their career. Furthermore, we are considering options for changing the GAP admission process and standards to increase the number of dogs, suitable for rehoming, that are accepted into the program. The requirements for greyhounds entering the program now include a completed veterinary examination to identify any obvious physical or behavioural issues and we plan to implement a mandatory veterinary pre-screening and behavioural pre-assessment process in early 2018 to identify and exclude unsuitable greyhounds from entry into the program. This will lead to a much higher proportion of suitable dogs entering the program, and should increase the number of suitable dogs available for adoption in a more timely manner.

## Operational Fatigue Management

Queensland’s race-day Stewards face unique fatigue risks due to the vast geographical size of the State and the spread and volume of race meetings, including in very remote country areas. Often these remote country race meetings are a once-a-year event that make a valuable cultural and financial contribution to otherwise isolated communities or are an important part of Queensland’s tourism calendar.

The QRIC is obliged to ensure the welfare and integrity standards of all race meetings where betting takes place and, as such, provides Stewarding and Veterinary staff to all regional and remote race meetings. This often requires many hours driving, overnight stays and multiple days away just to officiate at a single race meet. It is imperative that we manage the safety risks of road travel and the risks to the well-being of our staff that may be triggered by long working hours and insufficient rest periods.

In 2016-17 we introduced a Fatigue Management Guideline to help managers and staff make informed and risk-aware rostering and travel decisions when resourcing race meetings across the State. In 2017/18 we will introduce an integrated resourcing capability that allows us to more effectively match resources with demand across the codes and across the regional areas.

# Financial Performance Summary

Our annual financial statements present the QRIC’s financial performance and overall position as at 30 June 2017.

## Funding

The Commission’s funding model consists of:

- A budget reallocation of \$15.7 million from Racing Queensland, being the cost of the licensing and registration, stewarding and integrity operations and animal welfare functions that were transferred. The budget also included the majority of the costs associated with the administration of the Racing Science Centre.
- A budget re-allocation of \$1.1 million from the Department of National Parks, Sport and Recreation (NPSR) being the cost of the integrity and compliance functions performed by the Racing Regulation unit

and the balance of the costs associated with the administration of the Racing Science Centre.

- New funding of \$8.9 million from the government for corporate related costs, including accommodation costs.

Total budgeted funding provided to the Commission in 2016-17 was \$26.9 million, comprising \$25.3 million for operating expenses and \$1.5 million for capital expenditure. See Figure 4 - QRIC Funding - Internal Allocation for breakdown of how this funding is allocated internally.

The government has further committed \$5.9 million over four years to implement a sustainable capital works program for the Racing Science Centre (see [Enhanced Scientific Testing Capability](#)).

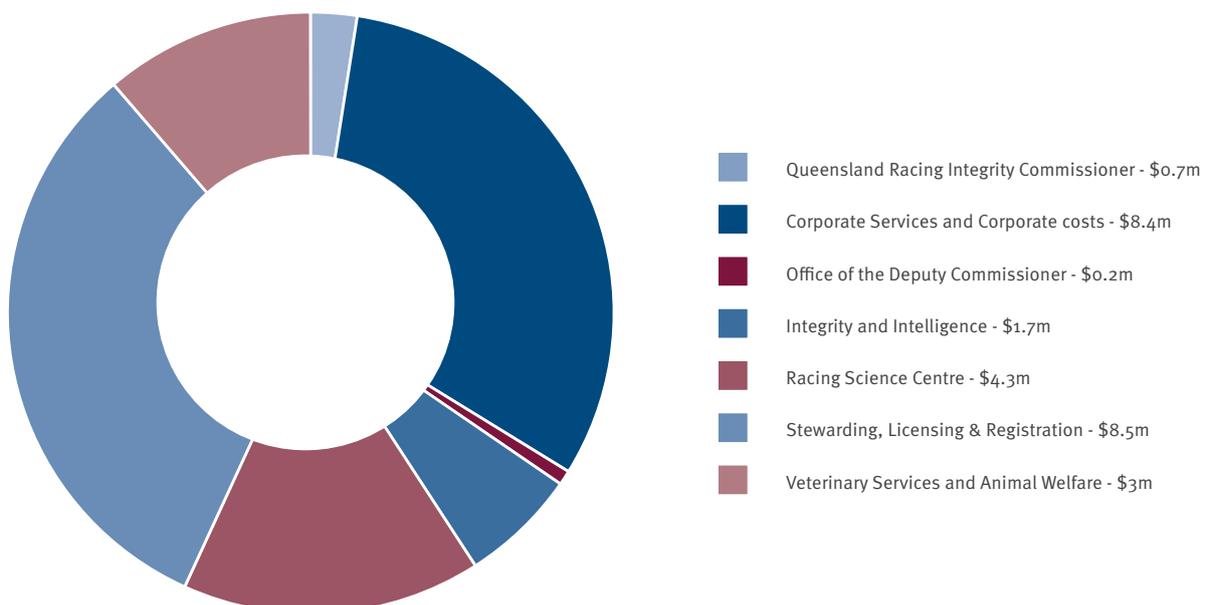


Figure 4 - QRIC Funding - Internal Allocation

## First year financial highlights:

The primary focus of our Corporate Finance team in 2016-17 has been:

- Establishing internal financial reporting.
- Conducting a full stocktake of all assets transferred to the QRIC through the Machinery of Government Changes.
- Enhancing the payment options for people accessing our services and automating our receipting processes.
- Implementing the Queensland Government’s QTravel system to access government discounted travel rates.
- Establishing debt management processes.
- Preparation for roll-out of the online corporate card and expense management solution, Promaster in October 2017, which will allow easy system access and

streamline the corporate card acquittal and expense claim process.

## Financial Performance

The QRIC’s financial performance is detailed on page 35 of the Financial Statements in the Statement of Comprehensive Income. The Statement of Comprehensive Income compares revenues received against expenses incurred over a specific period, usually 12 months.

Excess revenue over expenses results in an operating surplus, whilst excess expenses over revenue results in an operating deficit. Expenses that are not recognised in the profit and loss, for example, adjustments to asset revaluations, are included under Other Comprehensive Income and added/deducted to/from the operating surplus to derive the total comprehensive income.

FINANCIAL RESULTS	2016-17 \$'000
Total Revenue	27,897
Total Expenditure	26,710
Operating Result for the year	1,187
Add: Increase in asset revaluation surplus	41
<b>Total Comprehensive Income</b>	<b>1,228</b>

The QRIC operated within its allocated budget in its inaugural year of establishment. An operating surplus of \$1.2 million was achieved, predominantly due to a one-off extraordinary revenue adjustment of \$1.3 million to account for the cash waiver employee entitlements transferred from Racing Queensland to the Queensland Government annual leave and long service leave central

schemes (Refer to **Note 4 - Other Revenue** in the Financial Statements).

A fair value assessment of the Racing Science Centre buildings were performed as at 30 June 2017, resulting in a \$41,000 increase to the building value and corresponding asset revaluation surplus.

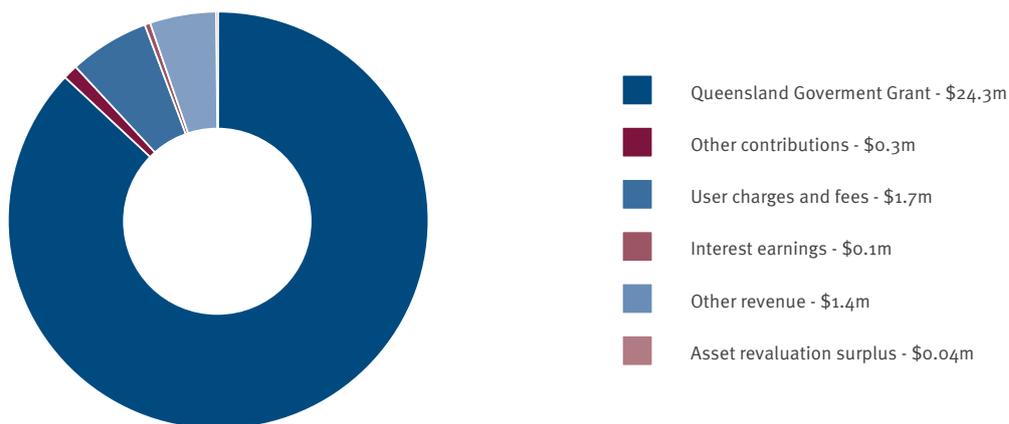


Figure 5: QRIC Revenue 2016-17

### Revenue:

Total revenue for the period was \$27.9 million. The Commission’s main source of revenue is state government grant funding comprising 87.03% of total revenue. Queensland Treasury pays the grant to the Commission on a quarterly basis in advance.

The Commission also collects revenue (user charges) on behalf of the state, mainly for licensing and registration fees and fines issued to racing industry participants. The Commission collected \$1.7 million in user charges revenue

during the 2016-17 financial year. All user charges and fees collected by the Commission is returned to the Queensland Treasury Consolidated Fund on a quarterly basis.

The Commission also receives services free of charge from Queensland Police Services for our partnership with the QPS Racing Crime Squad (QRCS). The QPS covers the cost of salaries for the four police officers in the QRCS. The cost of these services was \$317,000 for the 2016-17 financial year and are recognised as other contributions under revenue. An equal amount has been recognised under employee expenditure.

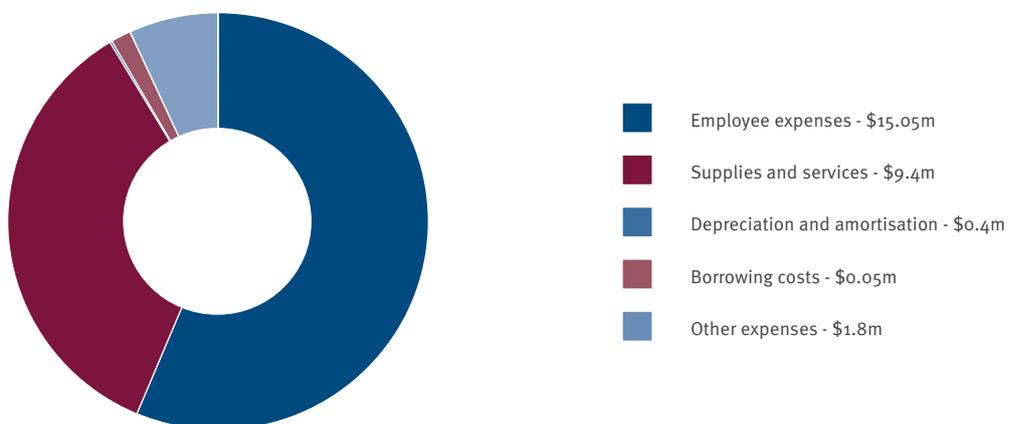


Figure 6: QRIC Expenditure 2016-17

### Expenditure:

Total expenditure for 2016-17 was \$26.7 million. Our largest expense is employee expenditure, which represents 56.33% of total expenditure or \$15.05 million. As 2016-17 was the first year of operation, employee expenses were lower than budgeted primarily due to vacant and newly created positions being progressively filled during the financial year.

The Commission spent \$9.4 million or 35.07% of total expenditure on supplies and services during the 2016-17 financial year. The highest categories of expenditure, accounting for almost 54% of total supplies and services expenditure, include: contractor’s expenditure, mainly

for temporary staff hire (\$1.6 million); corporate service charges with other government agencies for information technology, financial, payroll and business system support (\$1.2 million); property and lease maintenance costs (\$1.1 million) and animal care expenses mainly associated with the Greyhound Adoption Program (\$1.1 million).

Depreciation costs relate mainly to Racing Science Centre buildings and scientific and laboratory equipment transferred to the QRIC as part of our formation.

Other expenses includes \$1.7 million in payments made to Queensland Treasury to return user charges and fee revenue collected by the Commission from racing industry participants.

## Financial Position

The Commission’s financial position is detailed on page 36 of the Financial Statements in the Statement of Financial Position.

The Statement of Financial Position highlights the financial health of the Commission. It shows what the Commission owns (assets), what it owes (liabilities) and its net worth (equity).

The Commission was in a strong net worth position as at 30 June 2017 with net assets totalling \$9.2 million. As part of the Machinery of Government (MOG), \$6.4 million in net assets were transferred to the Commission on 1 July 2016, mainly comprising of property, plant and equipment valued at \$7.5 million. The Commission also took over liabilities valued at \$2.1 million, mainly for long service leave and annual leave liabilities owing to staff. These employee liabilities have been transferred to the Queensland Government central schemes. Refer to Note 1 (f) – Machinery of Government (MOG) Changes in the Financial Statements for full details of the MOG transfer.

### Assets

As at 30 June 2017, the Commission held assets valued at \$12.3 million, represented by \$3.8 million in current assets and \$8.5 million in non-current assets. Current assets include \$2.8 million of cash held at bank mainly to settle amounts owed to suppliers as at 30 June 2017.

Non-current assets consists mainly of Racing Science Centre assets. This includes the land and buildings at Albion where the Racing Science Centre is housed, which

was valued at \$6.2 million at 30 June, and various scientific and laboratory instruments and related infrastructure required to provide a range of drug testing services in accordance with the Commission’s Strategic Plan.

The Commission spent \$1.3 million to acquire new assets in 2016-17, primarily for Racing Science Centre laboratory instruments.

Intangible assets relate to a commercial-off-the-shelf Intelligence Case Management System (ICMS) purchased by the Commission at a cost of \$79,000 to manage complaints, incidents and investigations relating to the racing industry in Queensland. The software was rolled out to the Commission on 31 July 2017.

### Liabilities

The Commission’s liabilities include amounts owed to suppliers, employee entitlements owing, payables to government for user charges collected and liabilities in relation to accommodation lease provisions. As at 30 June 2017, these liabilities were valued at \$3.1 million.

### Equity

The Commission’s equity is detailed on page 37 of the Financial Statements in the Statement of Changes in Equity. Equity is the net worth of the Commission and is represented by total assets, less total liabilities in the Statement of Financial Position.

For the financial year ending 30 June 2017, the Commission’s equity was valued at \$9.2 million, made up as follows:

BREAKDOWN OF EQUITY	2016-17 \$'000
Operating Result for the year	1,187
Increase in revaluation surplus	41
MOG Transfers	6,417
Equity injections	1,540
<b>Total Equity</b>	<b>9,185</b>

The \$1.5 million equity injection relates to operational funding which has been converted to capital funding for urgent capital replacements required during 2016-17. These

replacements were primarily for Racing Science Centre laboratory equipment.

## Financial Internal Controls and Risk Management

The Commission is committed to establishing an efficient, effective and economical financial internal control and risk management framework that ensures compliance with our financial responsibilities, minimising financial risks and costs and ensuring value for money outcomes.

See [Audit and Risk Committee](#) and [Internal Audit](#) for further detail on overall stewardship of audit activities and recommendations, risk management processes and compliance practices.

# Financial Statements for the Financial Year Ended 30 June 2017

Statement of Comprehensive Income.....	35
Statement of Financial Position .....	36
Statement of Changes in Equity .....	37
Statement of Cash Flows .....	38 - 39
Notes To and Forming Part of the Financial Statements .....	40 - 60
Management Certificate .....	61
Independent Auditor's Report.....	62 - 63

## General Information

These financial statements cover the Queensland Racing Integrity Commission (QRIC), an independent statutory body established under the *Racing Integrity Act 2016*, which oversees the integrity and welfare standards of racing animals and participants in Queensland. The Commission is controlled by the State of Queensland, which is the ultimate parent. The Commission commenced operation on 1 July 2016.

The corporate office and principal place of business of the Commission is:

**Level 17**

**53 Albert Street**

**BRISBANE CITY QLD 4000**

A description of the nature of QRIC's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the QRIC's financial statements please call 1300 087 021 or visit QRIC's website at [www.qric.qld.gov.au](http://www.qric.qld.gov.au)

# Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017	NOTES	2017 \$'000
<b>Income from Continuing Operations</b>		
Grants and other contributions	2	24,632
User charges and fees	3	1,720
Interest	9	123
Other revenue	4	1,422
<b>Total Revenue</b>		<b>27,897</b>
<b>Total Income from Continuing Operations</b>		<b>27,897</b>
<b>Expenses from Continuing Operations</b>		
Employee expenses	5	15,047
Supplies and services	6	9,367
Depreciation and amortisation	12	411
Borrowing costs	7	47
Other expenses	8	1,838
<b>Total Expenses from Continuing Operations</b>		<b>26,710</b>
<b>Operating Result for the Year</b>		<b>1,187</b>
<b>Other Comprehensive Income</b>		
<i>Items that will not be reclassified to Operating Result</i>		
Increase in asset revaluation surplus	18	41
<b>Total Other Comprehensive Income</b>		<b>41</b>
<b>Total Comprehensive Income</b>		<b>1,228</b>

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017	NOTES	2017 \$'000
<b>Current Assets</b>		
Cash and cash equivalents	9	2,823
Receivables	10	690
Other current assets	11	264
<b>Total Current Assets</b>		<b>3,777</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	12	8,440
Intangible assets	12	79
Other non-current assets	11	41
<b>Total Non-Current Assets</b>		<b>8,560</b>
<b>Total Assets</b>		<b>12,337</b>
<b>Current Liabilities</b>		
Payables	13	2,145
Accrued employee benefits	14	680
Other current liabilities	15	241
<b>Total Current Liabilities</b>		<b>3,066</b>
<b>Total Non-Current Liabilities</b>		
Lease liabilities	16	14
Provisions	17	72
<b>Total Non-current Liabilities</b>		<b>86</b>
<b>Total Liabilities</b>		<b>3,152</b>
<b>Net Assets</b>		<b>9,185</b>
<b>Equity</b>		
Contributed equity	18	7,957
Accumulated surplus		1,187
Asset Revaluation surplus	18	41
<b>Total Equity</b>		<b>9,185</b>

The accompanying notes form part of these statements.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017	ACCUMULATED SURPLUS \$'000	2017	2017	TOTAL \$'000
		CONTRIBUTED EQUITY \$'000	ASSET REVALUATION SURPLUS \$'000	
Balance as at 1 July 2016	-	-	-	-
Operating result from continuing operations	1,187	-	-	1,187
Transactions with Owners as Owners				
Capital contribution by owners	-	1,540	-	1,540
Transfers in from other Queensland Government Entities	-	6,417	-	6,417
Other Comprehensive Income				
Increase in asset revaluation surplus	-	-	41	41
Balance as at 30 June 2017	1,187	7,957	41	9,185

The accompanying notes form part of these statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017	NOTES	2017 \$'000
<b>Cash Flows From Operating Activities</b>		
<i>Inflows:</i>		
User charges and fees		2,739
Grants and other contributions		24,632
Interest receipts		114
GST collected from customers		36
GST input tax credits from ATO		797
Other revenue		100
<i>Outflows:</i>		
Employee expenses		(14,683)
Supplies and services		(8,047)
GST paid to suppliers		(998)
GST remitted to ATO		(32)
Other expenses		(1,885)
<b>Net cash provided by operating activities</b>		<b>2,773</b>
<b>Cash Flows From Investing Activities</b>		
<i>Outflows:</i>		
Payments for intangibles		(79)
Payments for property, plant and equipment		(1,275)
<b>Net cash used in investing activities</b>		<b>(1,354)</b>
<b>Cash Flows From Financing Activities</b>		
<i>Inflows:</i>		
Equity injections		1,540
<b>Net cash used in financing activities</b>		<b>1,540</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,959</b>
<b>Net cash transferred from MOG changes</b>		<b>(136)</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>-</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>9</b>	<b>2,823</b>

The accompanying notes form part of these statements.

RECONCILIATION OF OPERATING RESULT TO NET CASH FROM OPERATING ACTIVITIES	2017 \$'000
Operating Surplus	1,187
Non-cash items:	
Depreciation expense	411
Cash waiver of employee entitlements recognised as revenue	(1,322)
Changes in assets and liabilities:	
Increase in receivables	372
Decrease in other assets	(148)
Increase in payables	1,456
Increase in employee benefits	563
Increase in other current liabilities	241
Increase in lease liabilities	14
Net cash provided by operating activities	2,773

The accompanying notes form part of these statements.

## Notes to and Forming Part of the Financial Statements 2016-17

<b>Note 1</b>	Basis of financial statement preparation
	1.1 Commission objectives
	1.2 Summary of significant accounting policies
<b>Note 2</b>	Grants and other contributions
<b>Note 3</b>	User charges and fees
<b>Note 4</b>	Other revenue
<b>Note 5</b>	Employee expenses
<b>Note 6</b>	Supplies and services
<b>Note 7</b>	Borrowing costs
<b>Note 8</b>	Other expenses
<b>Note 9</b>	Cash and cash equivalents
<b>Note 10</b>	Receivables
<b>Note 11</b>	Other assets
<b>Note 12</b>	Non-current physical and intangible assets
	12.1 Property, plant and equipment and depreciation expense
	12.2 Intangibles and amortisation expense
<b>Note 13</b>	Payables
<b>Note 14</b>	Accrued employee benefits
<b>Note 15</b>	Other current liabilities
<b>Note 16</b>	Lease liabilities
<b>Note 17</b>	Provisions
<b>Note 18</b>	Contributed equity
	18.1 Appropriations recognised in equity
	18.2 Asset revaluation surplus by asset class
<b>Note 19</b>	Contingencies
<b>Note 20</b>	Commitments for expenditure
<b>Note 21</b>	Financial instruments
<b>Note 22</b>	Key management personnel (KMP) disclosures
<b>Note 23</b>	Related party transactions

## 1. Basis of Financial Statement Preparation

### 1.1 Commission Objectives

The *Racing Integrity Act 2016* provides the Commission with statutory powers to investigate and support high standards of racing industry integrity and animal welfare. The Commission works in partnership with the racing industry to achieve the following objectives:

- Safeguard the welfare of animals involved in racing
- Administer the rules of racing independently, impartially, and consistently
- Exercise best practice, skills and processes to detect, investigate, and prosecute compliance and integrity breaches
- Encourage people with information about offences in the Queensland racing industry to share what they know

### 1.2 Summary of Significant Accounting Policies

#### a. Compliance with prescribed requirements

The Commission has prepared these financial statements in compliance with section 62 of the *Financial Accountability Act 2009* and section 43 of the *Financial and Performance Management Standard 2009* on a going concern basis. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2016.

The Commission is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis (except for the Statement of Cash Flow which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

Except where stated, the historical cost convention is used. This means that assets are recorded at their initial cost and liabilities are valued at the amount initially received in exchange for obligation.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note 1.2 (h).

#### b. The Reporting Entity

The financial statements include all income, expenses, assets, liabilities and equity of the Commission. The Commission has no controlled entities.

#### c. Authorisation of Financial Statements for Issue

The financial statements are authorised for issue by the Racing Integrity Commissioner and the Finance Manager at the date of signing the Management Certificate.

#### d. Presentation

##### Currency and Rounding

Amounts included in the financial statements are in Australian dollars and rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

##### Comparatives

No comparative information is disclosed as this is the Commission's first year of operation.

##### Current/Non-Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Commission does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

#### e. Taxation

The Commission is a state body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). GST credits receivable from, and GST payable to the Australian Tax Office (ATO) are recognised in the Statement of Financial Position (refer to Note 10 - Receivables).

**f. Machinery-of-Government (MOG) Changes**

Two administrative transfers were required to facilitate the establishment of the Commission as a new statutory authority and the realignment of functional responsibilities to effectively separate the commercial and integrity functions of the racing industry. The establishment was supplemented by the creation of a number of new positions, including a team of four serving Queensland Police Officers on rotation from the Queensland Police Service (QPS) to enhance the investigatory arm of the Commission.

**Details of Transfer:**

(1) The Licensing and Registration, Stewarding and Integrity Operations and Animal Welfare functions were transferred from Racing Queensland (RQ) to the Commission.

(2) The integrity and compliance functions performed by the Racing Regulation Unit and the Racing Science Centre were transferred from the Office of Racing, Department of National Parks, Sport and Recreation (NPSR) to the Commission.

**Basis of Transfer:** Public Service Departmental Arrangements Notice (No.2) 2016

**Date of Transfer:** Effective from 1 July 2016

	TRANSFERRING AGENCY		TOTAL \$'000
	RQ \$'000	NPSR \$'000	
<b>Assets</b>			
Cash	100	(236)	(136)
Other current assets	31	124	155
Receivables	-	1,062	1,062
Property, Plant and Equipment	259	7,203	7,462
Other non-current assets	2	-	2
	<b>391</b>	<b>8,153</b>	<b>8,544</b>
<b>Liabilities</b>			
Payables	(174)	(515)	(689)
Accrued Employee Benefits - current	(651)	(117)	(768)
Accrued Employee Benefits - non-current	(670)	-	(670)
	<b>(1,495)</b>	<b>(632)</b>	<b>(2,127)</b>
<b>Net Assets</b>	<b>(1,104)</b>	<b>7,521</b>	<b>6,417</b>

The overall increase in assets of \$6.417 million has been accounted for as an increase in contributed equity as disclosed in the Statement of Changes in Equity. Refer to Note 18 - Contributed Equity.

Budgeted grant funding of \$15.746 million was reallocated from RQ to the Commission to cover the costs of the functions transferred. Similarly, \$1.062 million was reallocated from NPSR. The remaining costs to establish the Commission, mainly for corporate related costs, was received as new funding from Queensland Treasury (Refer to Note 2 - Grants and other contributions).

**g. Accounting Estimates and Judgements**

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgements that have the potential to cause a material adjustment to the carrying amount of assets and liabilities with the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

- Non-current Physical and Intangible Assets (Note 12)
- Provisions (Note 17)
- Commitments for Expenditure (Note 20)

**h. First year application of new accounting standards or change in accounting policy**

AASB 124 *Related Party Disclosures* became effective for not-for-profit entities for the first time in 2016-17. This standard requires note disclosures about relationships between a parent entity and its controlled entities, key management personnel (KMP) remuneration expenses and other related party transactions, and does not impact on financial statement line items. Material related party transactions for 2016-17 are disclosed in Note 23.

**Accounting Standards Early Adopted for 2016-17**

No Australian Accounting Standards have been early adopted for 2016-17.

**i. Future impact of accounting standards not yet effective**

At the date of authorisation of the financial statements, the expected impacts of new or amended Australian Accounting Standards issued but with future commencement dates relevant to the Commission are set out in the table below:

APPLICABLE FOR THE ANNUAL PERIODS BEGINNING ON OR AFTER:		
AASB 9 and	Financial Instruments	1 January 2018
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	
AASB 1058	Income of Not-for-Profit Entities	1 January 2019
AASB 15	Revenue from Contracts with Customers	1 January 2019
AASB 16	Leases	1 January 2019

**AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)**

These standards will first apply to the Commission from its financial statements for 2018-19. The main impact of these standards is that they will change the requirements for the classification, measurement, impairment and disclosures associated with financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value. Given the nature of the Commission's financial assets, this change is not expected to have a material impact on the Commission's financial statements.

**AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers**

These standards will first apply to the Commission from its financial statements for 2019-20. The Commission has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. One potential future impact at the date of this report is that grant funding recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied,

but only if the associated performance obligations are enforceable and sufficiently specific. Grant funding that is not enforceable or sufficiently specific, will not qualify for deferral, and will continue to be recognised as revenue as soon as they are controlled.

The Commission does not currently have any revenue contracts with a material impact for the period after 1 July 2018, and will monitor the impact of any such contracts subsequently entered into before the new standards take effect.

A range of new disclosures will also be required by the new standards in respect of the Commission's revenue.

### AASB 16 Leases

AASB 116 *Leases* introduces a single lease accounting model and will supersede AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The main impact of AASB 116 for lessees is that lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

The Commission will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

The Commission has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases, including the extent of additional disclosure required. Refer to Note 20 - Commitments for expenditure for details of operating lease commitments.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to the Commission's activities, or have no material impact on the Commission.

## 2. Grants and Other contributions

### Accounting Policy:

**Government Grants** - Government Grants are non-reciprocal in nature so do not require any goods or services to be provided in return. Revenue is recognised in the year in which the Commission obtains control over the grant (control is generally obtained at the time of receipt).

**Other Contributions - Services Received Below Fair Value** - The Commission recognises contributions for services only if the services would have been purchased had they not been donated and their fair value can be reliably measured. Where this is the case, an equal amount is recognised as revenue and an expense.

	2017 \$'000
Queensland Government Grant <sup>1</sup>	24,315
Other Contributions - Services Received Below Fair Value <sup>2</sup>	317
<b>Total</b>	<b>24,632</b>

<sup>1</sup> The Commission is funded by parliamentary appropriations under the annual *Appropriation Act 2016* for the provision of its outputs paid to Queensland Treasury. Queensland Treasury forwards the operating funding to the Commission on a quarterly basis in the form of a grant.

<sup>2</sup> Relates to 4 police positions seconded from the Queensland Police Service (QPS) to form the QPS taskforce enhancing the investigatory element of the Commission's regulatory activities.

### 3. User Charges and Fees

#### Accounting Policy:

**Licensing and registration fees** - The Commission manages the licensing of animals and people for the purposes of racing, driving, training and breeding for the three codes of racing, i.e. thoroughbred, greyhound and harness racing. Licensing and registration fees charged are based on individual licensing standards for these three racing codes and are non-refundable. Licence application and registration fees are recognised as revenue at the time of receipt. Licence renewal fees are recognised in the period that they become due.

**Other user charges and fees** - Other user charges and fees controlled by the Commission are recognised as revenues when the revenue has been earned and can be measured reliably with sufficient degree of certainty. This occurs upon delivery of the goods to the customer or completion of the requested services at which time the invoice is raised. Accrued revenue is recognised if the revenue has been earned but not yet invoiced.

All user charges and fee revenue collected by the Commission is returned to the Queensland Treasury Consolidated Fund on a quarterly basis. Refer to Note 8 - Other Expenses.

	2017 \$'000
Licence and registration fees	1,143
Fines and penalties	387
Greyhound Adoption Program donations	100
Sale of goods and services	90
<b>Total</b>	<b>1,720</b>

### 4. Other Revenue

Cash waiver of unfunded employee entitlements <sup>1</sup>	1,322
Other revenue	100
<b>Total</b>	<b>1,422</b>

<sup>1</sup> Racing Queensland did not have adequate cash funding to pay for the accrued employee benefits transferred to the Commission. Queensland Treasury accepted these unfunded liabilities into the Annual Leave Central Scheme (ALCS) and Long Service Leave Central Scheme (LSLCS) and approved a cash waiver of \$1.322 million.

In accordance with FRR 4C of the Financial Reporting Requirements for Queensland Government Agencies (FRRs), to the extent that cash is not transferred to the Central Schemes, income is to be recognised in respect of the leave entitlements transferred from another agency.

### 5. Employee Expenses

#### Accounting Policy:

**Wages and Salaries** - Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates. As the Commission expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

**Sick Leave** - Prior history from the transferred agencies indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

**Annual Leave and Long Service Leave** - Under the Queensland Government’s Annual Leave Central Scheme and Long Service Leave Scheme, a levy is made on the Commission to cover the cost of employees’ annual leave (including leave loading and on-costs) and long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed from the scheme quarterly in arrears.

No provision for annual leave or long service leave is recognised in the Commission’s financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting. See Note 14 - Accrued Employee Benefits.

**Superannuation** - Post-employment benefits for superannuation are provided through the employee’s elected defined contribution plan or the Queensland Government’s QSuper defined benefit scheme (for those who are eligible). Where an employee does not nominate a preferred superannuation provider, QSuper is utilised as the default provider.

**Defined Contribution Plans** - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant enterprise bargaining agreement or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee’s service each pay period.

**Defined Benefit Plans** - The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting. The amount of contributions for defined benefit plan obligations is based upon the rates determined by the Treasurer on the advice of the State Actuary. Contributions are paid by the Commission at the specified rate following completion of the employee’s service each pay period. The Commission’s obligations are limited to those contributions paid.

	2017 \$'000
<b>Employee benefits</b>	
Salaries and wages	11,576
Annual leave levy	979
Employer superannuation contributions	1,304
Long service leave levy	269
Fringe benefits tax	31
<b>Employee related expenses</b>	
Payroll tax	630
Workers' compensation premium	63
Other employee related expenses	195
<b>Total</b>	<b>15,047</b>

Employee superannuation contributions and long service leave levy are regarded as employee benefits.

Payroll tax and workers' compensation are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Key management personnel and remuneration disclosures are detailed in Note 22.

	No.
Full-Time Equivalent Employees	123.5

## 6. Supplies and Services

	2017 \$'000
Contractors	1,618
Corporate service charges <sup>1</sup>	1,193
Property lease and maintenance costs	1,143
Animal care expenses	1,074
Legal costs	854
Laboratory and testing expenses	712
Operating and administration costs	606
Low value assets expensed	554
Plant and equipment maintenance	460
Motor vehicle running costs	374
Travel	330
Telecommunications	266
Other	183
<b>Total</b>	<b>9,367</b>

<sup>1</sup> Refer to Note 23 - Related Party Transactions.

## 7. Borrowing Costs

Borrowing costs	47
<b>Total</b>	<b>47</b>

Borrowing costs relate to the settlement of a Queensland Treasury Corporation loan for the Racing Science Centre for scientific equipment transferred from NPSR as part of the MOG.

## 8. Other Expenses

	2017 \$'000
External audit fees <sup>1</sup>	40
Insurance premiums - QGIF <sup>2</sup>	50
Special payments <sup>3</sup>	12
Sponsorships	16
Payments to Queensland Treasury <sup>4</sup>	1,720
<b>Total</b>	<b>1,838</b>

<sup>1</sup>Total audit fees quoted by the Queensland Audit Office relating to the 2016-17 financial statements.

<sup>2</sup>The Commission's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF), premiums being paid on a risk assessment basis. Insurance claims are subject to a \$10,000 deductible per claim.

<sup>3</sup>Special payments represent ex gratia expenditure that the Commission is not contractually or legally obligated to make to other parties. The special payment for 2016-17 relates to a payment to a racing industry participant to assist in meeting the cost of laboratory testing of race animals during a recent strangles disease outbreak.

<sup>4</sup>All user charges and fee revenue collected by the Commission are returned to Queensland Treasury's Consolidated Fund on a quarterly basis. Refer to Note 3 - User Charges and Fees.

## 9. Cash and Cash Equivalents

### Accounting Policy:

**Cash and Cash Equivalents** - For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June as well as deposits at call with financial institutions.

Interest revenue is recognised as the interest accrues.

Imprest account	1
Cash at bank	2,822
<b>Total</b>	<b>2,823</b>

## 10. Receivables

### Accounting Policy:

**Receivables** - Receivables are measured at amortised cost which approximates their fair value and represents amounts owed to the Commission at the end of the reporting period.

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Unless approved payment arrangements are in place, settlement of these amounts is required within 30 days from invoice date.

Other debtors generally arise from transactions outside the usual operating activities of the Commission and are recognised at their assessed values. Terms are a maximum of 30 days, no interest is charged and no security is obtained.

**Impairment of Receivables** - An allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor is overdue in paying a debt to the Commission, according to the due date (normally terms of 30 days). If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of debtors.

The Commission assessed the collectability of trade debtors and determined that there were no debtors that required an allowance for impairment as at the reporting date.

CONTRACTUAL RECEIVABLES	2017 \$'000
Trade debtors	266
Interest receivable	9
Long service leave reimbursements	41
Annual leave reimbursements	158
Other Receivables	19
	493
<b>Statutory Receivables</b>	
GST receivable	201
Less: GST payable	(4)
	197
<b>Total</b>	<b>690</b>

#### Credit Risk Exposure of Receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets inclusive of any provisions for impairment.

No collateral is held as security and no credit enhancements relate to receivables held by the Commission. Receivables fall into one of the following categories when assessing collectability:

- within terms and expected to be fully collectible
- within terms but impaired
- past due but not impaired
- past due and impaired

AGEING OF PAST DUE BUT NOT IMPAIRED RECEIVABLES	2017 \$'000
<b>Overdue</b>	
30 to 60 days	25
60 to 90 days	19
Greater than 90	161
<b>Total Overdue</b>	<b>205</b>

Trade debtors consist mainly of fines and penalties owing by racing industry participants for contravening the rules of racing.

All receivables within terms and expected to be fully collectible are considered of good credit quality based on recent collection history.

The Commission implemented a credit management procedure during the reporting period and is actively pursuing a range of debt recovery actions for receivables past credit terms, including the ability to immediately suspend a licence issued, if the licence holder fails to pay a debt.

Credit risk management strategies are detailed in Note 21.

## 11. Other Assets

### Accounting Policy:

**Prepayments** - Prepayments relate to invoices paid in advance for goods and services yet to be received and where the value of the invoice is \$5,000 or more.

CONTRACTUAL RECEIVABLES		2017 \$'000
Current		
Prepayments		264
<b>Total</b>		<b>264</b>
Non-current		
Prepayments		31
Rental deposits		10
<b>Total</b>		<b>41</b>

## 12. Non-Current Physical and Intangible Assets

### Accounting Policy:

**Recognition** - Items of property, plant and equipment and intangible assets with a historical cost or other value equal to or exceeding the following thresholds in the year of acquisition are capitalised in the following classes:

PROPERTY, PLANT AND EQUIPMENT	
Land	\$1
Plant and Equipment	\$5,000
Buildings	\$10,000
INTANGIBLE ASSETS	
Software	\$100,000

Items with a lesser value are expensed in the year of acquisition.

Expenditure is capitalised where it is probable that the expenditure will produce future service potential for the Commission. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

**Cost of Acquisition** - All assets are initially recorded at their purchase price plus any costs incurred that are directly attributable to bringing the asset to the location and condition necessary for it to be able to operate as intended (such as architect's fees and engineering design fees).

Routine repair and maintenance costs, minor renewal costs and cost of training staff in the use of the asset are not included in the cost of the acquisition but instead are expensed when incurred.

**Measurement using historical cost** - Plant and equipment is measured using the historical cost model after they are recognised as required by *Queensland Treasury's Non Current Asset Policies for the Queensland Public Sector* (NCAP),

which means that assets are carried at their acquisition cost less accumulated depreciation and any accumulated impairment losses. The carrying amount for such plant and equipment is not materially different from their fair value.

It has been determined that there is not an active market for any of the Commission's intangible assets currently in use. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

The cost of items acquired during the financial year has been judged by management of the Commission to approximate their fair value at the end of the reporting period.

**Measurement using Fair Value** - Land and buildings are measured at fair value as required by NCAP. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses where applicable.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. This measurement also takes into account a market participants ability to generate economic benefits by the asset's best use or highest sale.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. These include, but are not limited to, published sales data for land and buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets being valued, including the assets' functionality, recent construction costs and assessments of physical condition and remaining useful life.

The fair values reported by the Commission are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs.

Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets.

All assets and liabilities of the Commission for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- Level 1 - represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- Level 2 - represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- Level 3 - represents fair value measurements that are substantially derived from unobservable inputs.

**Revaluations** - Land and buildings are revalued on an annual basis either by appraisals undertaken by an independent professional valuer, or by the use of appropriate and relevant indices. Materiality is considered in determining whether the difference between the carrying amount and the fair value of an asset is material (in which case revaluation is warranted).

Revaluations using an independent professional valuer are undertaken at least once every five years. Where assets have not been specifically appraised in the reporting period, previous valuations are updated via the application of relevant indices supplied by the State Valuation Services (SVS). Such indices are either publicly available, or are derived from market information available to SVS. SVS provides assurance of their robustness, validity and appropriateness for application to the relevant assets.

The Commission has assessed and confirmed the relevance and suitability of the indices provided by SVS based on its own particular circumstances for the reporting period.

**Accounting for changes in fair value** - Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

**Depreciation and Amortisation expense** - Property, plant and equipment and intangible assets have finite useful lives and are depreciated and amortised on a straight-line basis over the expected benefit period to the Commission.

Straight line depreciation and amortisation is used reflecting the expected even consumption of economic benefits on a progressive basis over the useful life of these assets. Land is not depreciated as it has an unlimited useful life.

Assets under construction (work-in-progress) are not depreciated until construction is complete and the asset is put to use or is ready for its intended use, whichever is the earlier. These assets are then re-classified to the relevant class within property, plant and equipment and intangible assets.

For the Commission’s depreciable assets, the estimated amount to be received on disposal at the end of their useful life (residual value) is determined to be zero.

Each class of depreciable and intangible assets is depreciated based on the following useful lives:

PROPERTY, PLANT AND EQUIPMENT	USEFUL LIFE
Buildings	20-61 years
Plant and Equipment	3-30 years
INTANGIBLE ASSETS	USEFUL LIFE
Software	5-17 years

The useful lives of non-current physical and intangible assets were reviewed during the reporting period and adjusted where necessary.

**Impairment** - Impairment of non-current physical assets is the decline in service potential of an asset over and above the use reflected through depreciation.

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Commission determines the asset’s recoverable amount. Recoverable amount is determined as the higher of the asset’s fair value less costs to sell and the depreciated replacement cost. Any amount by which the asset’s carrying amount exceeds the recoverable amount is recorded as an impairment loss.

As at 30 June there were no assets identified for impairment.

## 12.1 Property, plant and Equipment and Depreciation Expense

### Closing Balances and Reconciliation of Carrying Amount

	LAND - AT FAIR VALUE	BUILDINGS - AT FAIR VALUE	PLANT AND EQUIPMENT - AT COST	WORK IN PROGRESS - AT COST	TOTAL
	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000
Gross	4,821	2,939	7,173	10	14,943
Less: Accumulated Depreciation	-	(1,522)	(4,981)	-	(6,503)
Carrying amount at 30 June 2017	4,821	1,417	2,192	10	8,440

**Represented by movements in carrying amount:**

	LAND - AT FAIR VALUE	BUILDINGS - AT FAIR VALUE	PLANT AND EQUIPMENT - AT COST	WORK IN PROGRESS - AT COST	TOTAL
Carrying amount at 1 July 2016	-	-	-	-	-
Acquisitions	-	-	1,338	10	1,348
MOG transfers in	4,821	1,437	1,204	-	7,462
Revaluation increment	-	41	-	-	41
Depreciation	-	(61)	(350)	-	(411)
Carrying amount at 30 June 2017	4,821	1,417	2,192	10	8,440

**Basis of Fair Values for Land and Buildings**

Land and buildings transferred from NPSR were transferred at their fair value as at 1 July 2016. The Commission deemed these values to represent fair value on initial recognition in the Commission's accounts.

Subsequently, the Commission assessed the fair value of these amounts as at 30 June 2017. Management consider the value of land transferred to materially represent its fair value as at 30 June 2017. An appropriate index was applied to buildings as at 30 June 2017 to ensure that these assets were adopted at fair value at that date.

**12.2 Intangibles and Amortisation Expense**

	2017 \$'000
Software Work in progress	
At cost	79
Total	79

The Commission's intangibles comprises of internally generated Labware software for the laboratory information management system (LIMS). The software was transferred to the Commission at a zero book value as part of the MOG and is still in use as at the reporting date.

The software work in progress relates to the commercial-off-the-shelf COMtrac Intelligence Case Management System (ICMS) purchased by the Commission to manage complaints, incidents and investigations relating to the racing industry in Queensland.

The software was rolled out to the Commission on 31 July 2017. There will be iterative configurations and customisations made to the software during the first half the 2017-18 financial year to tailor the software to the Commission's requirements.

## 13. Payables

### Accounting Policy:

**Payables** - Creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and generally settled on 30-day terms.

	2017 \$'000
<b>Contractual Payables:</b>	
Creditors	2,053
Other creditors	17
<b>Statutory Payables:</b>	
Payroll tax payable	75
<b>Total</b>	<b>2,145</b>

## 14. Accrued Employee Benefits

Salary and wages outstanding	307
Superannuation payable	46
Long service leave levy payable	70
Annual leave levy payable	250
Fringe benefits tax payable	7
<b>Total</b>	<b>680</b>

Refer to Note 5 - Employee Expenses.

## 15. Other Current Liabilities

Unearned revenue <sup>1</sup>	97
Revenue transferred to government payable <sup>2</sup>	144
<b>Total</b>	<b>241</b>

<sup>1</sup> Unearned revenue relates to payments received in advance for licence renewals for periods ranging from one to five years.

<sup>2</sup> Refer to Note 3 User charges and fees.

## 16. Lease Liabilities

### Accounting Policy:

**Lease recognition** - A distinction is made between finance and operating leases. Finance leases effectively transfer all the risks and benefits of ownership to the lessee. Under an operating lease, the lessor retains substantially all the risks and benefits of the lease. The Commission has operating leases for office accommodation and motor vehicles and no finance leases.

**Lease Measurement:** Where rent increases are fixed across the term of the lease, operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred using a straight line basis over the period of the lease, even if payments are not on that basis. Differences between lease expense and payments made are recorded as a deferred lease liability. The liability is extinguished upon expiration of the lease.

	2017 \$'000
Lease Liabilities	14
<b>Total</b>	<b>14</b>

## 17. Provisions

### Accounting Policy:

**Provisions** - Provisions are recorded when the Commission has a present obligation, either legal or constructive as a result of a past event, and the amount of the provision can be reliably measured. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period.

The provision for restoration costs relate to clauses in the lease agreement for office accommodation which require the Commission to remove any alterations made during the term of the lease and restore the leased premises back to the condition and appearance as at the commencement of the lease.

As the settlement of the obligation is expected after 12 or more months, the provision has been discounted to reflect the present value of these obligations using a rate that reflects current market assessments and risks specific to the liability. The amounts recognised have been included in the cost of assets under the plant and equipment asset class.

Restoration Costs	72
<b>Total</b>	<b>72</b>

## 18. Contributed Equity

### Accounting Policy:

**Equity Adjustments** - Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* specifies the principles for recognising contributed equity by the Commission. The following items are recognised as contributed equity by the Commission during the reporting period:

- Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-Government changes (refer to Note 1.2 (f) - Machinery-of-Government Changes);
- Non-reciprocal capital contribution by owners

## 18.1 Appropriations Recognised in Equity

	2017 \$'000
Transfers in from other Queensland Government Entities	6,417
Capital funding transfer from Queensland Treasury <sup>1</sup>	1,540
Equity adjustment recognised in Contributed Equity	7,957

<sup>1</sup> Relates to operational grant funding converted to capital funding for urgent capital replacements mainly in the Racing Science Centre.

## 18.2 Asset Revaluation Surplus

BUILDING REVALUATION	
Balance 1 July 2016	-
Revaluation increment	41
Balance - 30 June 2017	41

The asset revaluation surplus reflects the upward revaluation of the Commission's buildings to fair value.

## 19. Contingencies

As at 30 June 2017, there were 2 cases filed with the Queensland Civil Administrative Tribunal (QCAT) naming the Commission as the respondent.

It is not possible to make a reliable estimate of the costs payable, if any, in respect of the litigation at this time.

Effective from 1 July 2016, the Commission joined the Queensland Government Insurance Fund (QGIF). Under the QGIF, the Commission will be able to claim back, less a \$10,000 deductible, the amount paid to successful litigants.

## 20. Commitments for Expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the statement of financial position. Commitments at reporting date are disclosed at their nominal value inclusive of anticipated GST and are payable as follows:

	OPERATING LEASES <sup>1</sup>	VEHICLE LEASES <sup>1</sup>	CAPITAL EXPENDITURE	OTHER EXPENDITURE	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Not later than one year	402	228	606	325	1,561
Later than one year and not later than five years	767	95	-	-	862
<b>Total</b>	<b>1,169</b>	<b>323</b>	<b>606</b>	<b>325</b>	<b>2,423</b>

<sup>1</sup> Operating leases are entered into as a means of acquiring access to office accommodation and vehicles. Lease payments are fixed, but with escalation clauses on which contingent rentals are determined. No operating leases contain restrictions on financing or other leasing activities.

## 21. Financial Instruments

### Accounting Policy:

**Recognition** - A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Certain financial assets and liabilities arise under statute rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments and are therefore not recognised as financial instruments, for example, GST receivable and fringe benefits tax payable.

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Commission becomes party to the contractual provisions of the financial instrument. No financial asset and liabilities have been offset and presented net in the Statement of Financial Position.

### (a) Categorisation of Financial Instruments

The Commission has the following categories of financial assets and liabilities:

CATEGORY	NOTE	2017 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	9	2,823
Contractual receivables at amortised cost	10	493
<b>Total</b>		<b>3,316</b>
<b>Financial liabilities</b>		
Contractual payables at amortised cost	13	2,070
<b>Total</b>		<b>2,070</b>

### (b) Financial Risk Exposure, Measurement and Strategies

All financial risk is managed by the Office of the Commissioner under policies approved by the Commissioner. These policies provide written principles for overall risk management and seeks to minimise potential adverse effects on the financial performance of the Commission.

The Commission’s activities expose it to a variety of financial risks as set out in the following table:

RISK EXPOSURE	DEFINITION	EXPOSURE	MEASUREMENT METHOD	RISK MANAGEMENT STRATEGIES
Credit Risk	Credit risk exposure refers to the situation where the Commission may incur financial loss as a result of another party to a financial instrument failing to meet their obligation.	The Commission is exposed to credit risk in respect of its contractual receivables (Note 10).	Ageing analysis, earnings at risk	The Commission manages credit risk through the use of a credit management strategy. Exposure to credit risk is monitored on an on-going basis.
Liquidity Risk	Liquidity risk refers to the situation where the Commission may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The Commission is exposed to liquidity risk in respect of its contractual payables (Note 13).	Maturity Analysis	The Commission manages exposure to liquidity risk by ensuring sufficient funds are available to meet employee and supplier obligations at all times. This is achieved by ensuring minimum levels of cash are held within the bank account to match the expected duration of the various employee and supplier liabilities.
Market Risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. <i>Interest rate</i> risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The Commission does not trade in foreign currency and is not materially exposed to commodity price changes or other markets. The Commission does not have any significant interest rate risk as exposure to interest rate risk is limited to cash held at bank.	Interest rate sensitivity analysis	The Commission does not undertake any hedging in relation to interest rate risk. It manages its risk as per the liquidity management strategy which ensures that expenditure is within funding levels and in line with the Commission’s Risk Management Policy.

## 22. Key Management Personnel (KMP) Disclosures

The following details for KMP reflect those positions that had authority and responsibility for planning, directing and controlling the activities of the Commission during 2016-17. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

POSITION	POSITION RESPONSIBILITY
Racing Integrity Commissioner	Overall efficient, effective and economical administration and operation of the Commission and the performance of its functions.
Deputy Commissioner, Integrity Services and Operations	Responsible for participating collaboratively in the overall management of the Commission and assisting the Commissioner in the overall efficient, effective and economical administration and operation of the Commission and the performance of its functions.
Director, Office of the Commission	Responsible for participating collaboratively in the overall management of the Commission - in particular to achieve the objectives set by the Commissioner for overall organisational performance and corporate service functions.
Director, Racing Science Centre	Responsible for participating collaboratively in the overall management of the Commission - in particular to achieve the objectives set by the Commissioner for overall organisational performance and scientific and integrity services.
Director, Stewarding, Licensing and Registration	Responsible for participating collaboratively in the overall management of the Commission - in particular to achieve the objectives set by the Commissioner for overall organisational performance and integrity and race day service functions.
Director, Veterinary Services and Animal Welfare	Responsible for participating collaboratively in the overall management of the Commission - in particular to achieve the objectives set by the Commissioner for overall organisational performance and veterinary and animal welfare services within the racing industry statewide.

### KMP Remuneration Policies

Remuneration policy for the Commission's KMP is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. Individual remuneration and other terms of employment (including motor vehicle entitlements and performance payments if applicable) are specified in employment contracts.

Remuneration expenses for those KMP comprise the following components:

#### Short-term employee expenses include:

- salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied the specified position
- non-monetary benefits - consisting of the provision of car parking together with the fringe benefits tax applicable to the benefit

Performance payments are not included under contracts in place.

Long-term employee expenses include amounts expensed in respect of long service leave entitlements earned in the reporting period.

Post-employment expenses include amounts expensed in respect of employer superannuation obligations.

Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

### Remuneration Expenses

The following disclosures focus on the expenses incurred by the Commission attributable to KMP during the respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the Statement of Comprehensive Income.

2016 -17					
POSITION	SHORT-TERM EMPLOYEE EXPENSES		LONG-TERM EMPLOYEE EXPENSES	POST EMPLOYMENT EXPENSES	TOTAL EXPENSES
	MONETARY EXPENSES \$'000	NON-MONETARY BENEFITS \$'000	\$'000	\$'000	\$'000
Racing Integrity Commissioner	329	4	9	40	382
Deputy Commissioner <sup>1</sup>	-	-	-	-	-
Director, Office of the Commission	140	4	3	16	163
Director, Racing Science Centre	131	-	3	16	150
Director, Stewarding, Licensing and Registration <sup>2</sup>	-	-	-	-	-
Director, Veterinary Services and Animal Welfare	150	-	4	17	171
<b>Total Remuneration</b>	<b>750</b>	<b>8</b>	<b>19</b>	<b>89</b>	<b>866</b>

<sup>1</sup> The position was vacant throughout the financial year. A professional contractor was engaged to assist with management of the operational responsibilities of this office.

<sup>2</sup> The position was substantively vacant throughout the financial year. Four operational staff acted in the role during the financial year.

## 23. Related Party Transactions

### Transactions with people/entities related to KMP

No KMP related party transactions were identified during the reporting period.

### Transactions with other Queensland Government-controlled entities

The Commission's primary ongoing source of funding from Government for its services is appropriation revenue and equity injections (Refer Note 2 - Grants and Other Contributions and Note 18 - Contributed Equity) both of which are provided in cash via Queensland Treasury.

Note 1(f) outlines a transfer of assets and liabilities from Racing Queensland and the Department of National Parks, Sport and Racing arising from a machinery-of-Government change during 2016-17.

The Commission engages the Corporate Administration Agency for financial, payroll and business system support services, the Queensland Shared Service Agency for telecommunication services and the Department of Agriculture and Fisheries for information technology services, under the "Shared Service Provider" model.

The fees and terms of service are agreed through a service level agreement which is negotiated annually. See Corporate service charges under Note 6 - Supplies and Services.

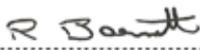
The Commission also receives services free of charge from the QPS for 4 police positions seconded to the Commission. (Refer to Note 2 - Grants and Other Contributions).

**Management Certificate  
for Queensland Racing Integrity Commission**

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62 (1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects: and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Queensland Racing Integrity Commission for the year 1 July 2016 to 30 June 2017 and of the financial position of the entity at the end of that period.
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

  
.....  
**Radhika Munien**  
Finance Manager

  
.....  
**Ross Barnett**  
Racing Integrity Commissioner

Date: 29 August 2017 .....

Date: 29 August 2017 .....

## INDEPENDENT AUDITOR'S REPORT

To the Racing Integrity Commissioner of Queensland Racing Integrity Commission

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Queensland Racing Integrity Commission. The financial report comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate given by the Racing Integrity Commissioner and the Finance Manager.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2017, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Responsibilities of the entity for the financial report

The Racing Integrity Commissioner is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Racing Integrity Commissioner determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Racing Integrity Commissioner is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

#### Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Racing Integrity Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

**Report on other legal and regulatory requirements**

In accordance with s.40 of the Auditor-General Act 2009, for the year ended 30 June 2017:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



P Christensen FCPA  
as delegate of the Auditor-General



Queensland Audit Office  
Brisbane

# Appendix 3 – Glossary

TERM	DEFINITION
Queensland Racing Integrity Commission (QRIC/the Commission)	The Queensland Racing Integrity Commission
Greyhound Adoption Programme (GAP)	Animal welfare program run by the QRIC to assess and, where suitable, rehome retired racing greyhounds.
<i>Racing Integrity Act 2016</i>	Primary Queensland legislation that established the Queensland Racing Integrity Commission and governs its core business.
Crime Stoppers	A telephone hotline, website and mobile app for members of the community to provide anonymous information about suspicious or criminal activity.
Match-fixing	Defined by Section 443 of the Queensland Criminal Code as conduct that affects, or if engaged in could reasonably be expected to affect, the outcome of a sporting event or contingency.
Internal Review	The review of an original decision, conducted by an independent QRIC adjudicator, with a view to either confirming, amending or substituting that original decision. Triggered by a formal application to the Commission.
Queensland Civil and Administrative Tribunal	An independent tribunal that resolves disputes, and makes and reviews decisions in a range of jurisdictions including racing. Available to racing industry participants as a mechanism for the external review of internal review decisions.
Rules of Racing	The collection of national and local rules that govern racing activity across the three codes in Queensland.
Animal Welfare Direction	A written direction given by an authorised officer, under Section 193 of the <i>Racing Integrity Act 2016</i> , requiring stated action about the animal or its environment.
Authorised Officer	Officers appointed and given particular powers under the <i>Racing Integrity Act 2016</i> .
Queensland Greyhound Racing Industry Commission of Inquiry	Independent inquiry established in April 2015, under the Commissions of Inquiry Act 1950, to review the integrity and control systems governing the greyhound racing industry in Queensland. Led by Alan MacSporran QC, the output of this inquiry is also known as the MacSporran report.

TERM	DEFINITION
Erythropoietin (EPO)	A naturally occurring hormone produced by cells in the kidneys. Pharmaceutical preparations of EPO are used illicitly in attempts to enhance performance in human athletes and in racing animals. It is illegal to use EPO preparations without a prescription in all parts of Australia.
Internal Adjudicator	An internal QRIC position created to conduct independent, impartial reviews of original decisions as part of the internal review process.
Original decision	Any decision defined under Section 240 of the <i>Racing Integrity Act 2016</i> .
Intelligence	Information collection, analysis and dissemination processes that support informed decision-making to improve organisational planning and prioritised deployment of resources.

## ATTACHMENT B – Compliance Checklist

SUMMARY OF REQUIREMENT	BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7 Page 1
Accessibility	Table of contents	Page II
	Glossary	ARRs – section 9.1 Appendix 3
	Public availability	ARRs – section 9.2 Contacts/ Copyright Pg
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> N/A
	Copyright notice	ARRs – section 9.3 <i>Copyright Act 1968</i> ARRs – section 9.4 Copyright Pg
	Information Licensing	QGEA – <i>Information Licensing</i> ARRs – section 9.5 Contacts/ Copyright Pg
General information	Introductory Information	ARRs – section 10.1 Page 8
	Agency role and main functions	ARRs – section 10.2 Page 11
	Operating environment	ARRs – section 10.3 Page 9-10
Non-financial performance	Government’s objectives for the community	ARRs – section 11.1 Page 17
	Other whole-of-government plans / specific initiatives	ARRs – section 11.2 Page 19 (MacSporrán)
	Agency objectives and performance indicators	ARRs – section 11.3 Page 18
	Agency service areas and service standards	ARRs – section 11.4 Page 17
Financial performance	Summary of financial performance	ARRs – section 12.1 Page 29
Governance – management and structure	Organisational structure	ARRs – section 13.1 Page 11
	Executive management	ARRs – section 13.2 Page 11
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3 N/A
	Public Sector Ethics Act 1994	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4 Page 12
	Queensland public service values	ARRs – section 13.5 Page 12
Governance – risk management and accountability	Risk management	ARRs – section 14.1 Page 15
	Audit committee	ARRs – section 14.2 Page 15
	Internal audit	ARRs – section 14.3 Page 15
	External scrutiny	ARRs – section 14.4 Page 16
	Information systems and recordkeeping	ARRs – section 14.5 Page 16
Governance – human resources	Workforce planning and performance	ARRs – section 15.1 Page 14

SUMMARY OF REQUIREMENT	BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE	
	Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> Directive No.16/16 <i>Early Retirement, Redundancy and Retrenchment</i> (from 20 May 2016) ARRs – section 15.2	Our People
Open Data	Statement advising publication of information	ARRs – section 16	Page 17
	Consultancies	ARRs – section 33.1	Page 17
	Overseas travel	ARRs – section 33.2	Page 17
Financial statements	Queensland Language Services Policy	ARRs – section 33.3	N/A
	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1	Page 61
	Independent Auditor's Report	FAA – section 62 FPMS – section 50 ARRs – section 17.2	Page 62

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

