



**QUEENSLAND RACING  
INTEGRITY COMMISSION**

*A better industry, together*



# Annual Report

2017 – 2018



Queensland  
Government



This annual report provides information about the Queensland Racing Integrity Commission financial and nonfinancial performance for 2017/18. 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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### On our cover

Members of the Integrity Investigations Team and the Queensland Police Service Racing Crime Squad conducting a stable inspection.

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# Letter of Compliance/ Certification of Financial Statements

**The Honourable Stirling Hinchliffe MP**  
**Minister for Local Government**  
**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 Annual Report 2017/18 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.

See page 73 for a checklist outlining the annual reporting requirements.

Yours sincerely,



**Mr Ross Barnett APM**  
**Racing Integrity Commissioner**



# Commissioner's Report

It is with much pleasure that I present the second annual report of the Queensland Racing Integrity Commission. Our second year of operation has seen the Commission continue to deliver daily business-as-usual stewarding, licensing, sample testing and animal welfare compliance activities across Queensland while investigating and prosecuting serious integrity breaches across the three codes of racing.

Our capability to identify and investigate serious offending has been significantly enhanced by the creation of an intelligence unit and the integration of an intelligence and investigation case management system. These two initiatives have established the platform for the Commission to achieve the goal of becoming truly intelligence-driven and allow for all information gathered to be immediately and appropriately analysed, prioritised and investigated as required.

A protracted, joint investigation between the Commission and Queensland Police Service's Racing Crime Squad into harness racing resulted in the arrest of a number of leading harness drivers and others for offences including Race Fixing and Disclosing 'Inside Knowledge'. While most matters are still before the courts one driver has already pleaded guilty to race fixing charges and admitted during sentencing the practice is widespread.

Integrity breaches by some participants in thoroughbred racing have also been the subject of an extensive and ongoing investigation, commenced after covert surveillance of a racing stable in Toowoomba detected suspicious activity. To date the investigation has resulted in the conviction of four stable employees and periods of suspension and disqualification of up to two years.

A highlight of our second year has been the return on our significant investment in the RandLE (Registration and Licensing Environment) online customer relationship portal. This internally-developed and funded transformative initiative has allowed staged transitioning of our inherited, paper-based, annual licensing renewal model to a three-year licensing scheme, to be delivered

online. While further development of the system is ongoing, greyhound licence applications and renewals are already available, and thoroughbred trainer licence renewals will be available in time for scheduled 2018 renewals. Further, the development of web-based smartforms has also allowed stablehands and kennel attendants to complete and submit their renewals online.

Racing animal welfare remains our highest priority and the creation of the Equine Welfare Program has expanded our capacity to improve opportunities for retired racehorses. Improvements to the Greyhound Adoption Program (GAP) facilities, including the installation of a veterinary treatment facility at our Churchable site, ensure animals admitted to the program enjoy a suitable standard of care while awaiting adoption. Changes to the assessment criteria, introduced on 1 January, ensure that greyhounds listed for adoption are vaccinated, have had a recent veterinary examination and have been assessed for behavioural issues. These changes are reducing time spent on the program and lessening the necessity for euthanasia within the GAP.

Our second year closed with the appointment of former Queensland Police Service Detective Superintendent Mark Ainsworth APM as our inaugural Deputy Commissioner with overall responsibility for all operational activities of the Commission. Mark brings to the role extensive, investigative career experience from the Queensland Police Service, combined with racing industry knowledge gained as head of the Greyhound Live Baiting Task Force and a secondment as Integrity Advisor to Racing Queensland in 2015.

The appointment of the Deputy Commissioner completes the executive leadership team and I look forward to their collective contribution during our third year of operations enhancing the racing industry and proving the Commission worthy of the continued trust and support of the Government and the broader Queensland community.

**Mr Ross Barnett APM**  
**Racing Integrity Commissioner**

# About the Queensland Racing Integrity Commission

The Queensland Racing Integrity Commission (the Commission) 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* (<https://www.legislation.qld.gov.au/LEGISLTN/ACTS/2016/16ACo12.pdf>) and began operation on 1 July 2016.

The Commission 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 Commission 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 2016* are:

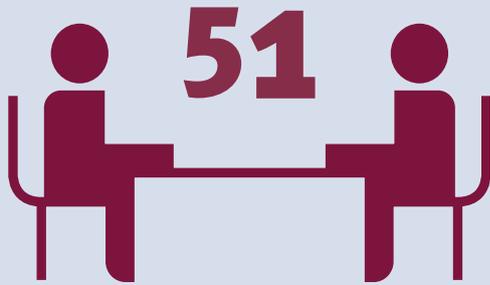
- to maintain public confidence in the racing of animals in Queensland for which betting is lawful;
- to ensure the integrity of all persons involved with racing and betting under the Racing Integrity Act or the *Racing Act 2002* (the Racing Act) ; and
- to safeguard the welfare of all animals involved in racing under this Act or the Racing Act.

Additionally, the Commission maintains responsibility for coordinating the implementation of a number of longer-term recommendations of the Queensland Greyhound Racing Industry Commission of Inquiry (known as the MacSporran Report) (<http://www.greyhoundreview.qld.gov.au/pdf/final-report-1-june-2015.pdf>).

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 (GAP) services from other locations across Queensland.

# Maintaining public confidence



stakeholder engagement meetings hosted or attended by the Commissioner in 2017/18.

23

licence applications declined on grounds of ability or suitability.



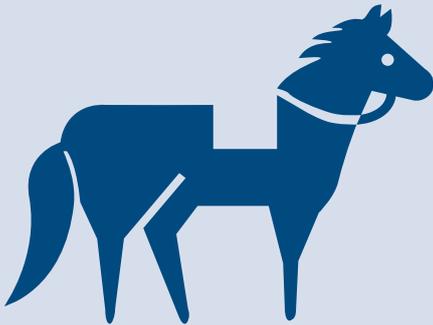
In 2017/18, **21 offenders** were charged with

**47 offences**

by the Queensland Police Service Racing Crime Squad.



## Results from our second annual survey of Queensland racing industry participants and the wider Queensland community to measure perceptions found:



of industry participants confident or somewhat confident in the integrity of the Queensland racing industry for 2017/18.



of the community confident or somewhat confident in the integrity of the Queensland racing industry for 2017/18.



of industry participants believe that industry integrity has improved a lot/a little in 2017/18.



of the community believe that industry integrity has improved a lot/a little in 2017/18.

84

proactive media releases published.

1

coercive hearing day held, relating to **1 matter**, calling **3 witnesses**.

12

files received from Crime Stoppers.

# Ensuring industry integrity



# 401

current welfare and integrity investigations as at 30 June 2018.



welfare and integrity investigations finalised in 2017/18.

## In 2017/18

**87** intelligence submissions were made to the Queensland Police Service Racing Crime Squad.

**119** intelligence submissions from the Commission's Operational Intelligence Unit

**50** investigations triggered by intelligence submissions made to the Commission's Operational Intelligence Unit.



**1,519** race meetings supervised.

Of the matters finalised, in **16** cases the decision was amended by QCAT.

**1,603** original decisions were made by Commission staff in 2017/18 and **116** of those matters were subject to an internal review.

The original decision in **90** of those **116** reviewed decisions was confirmed by the Internal Adjudicator.

**41** external review applications were made to Queensland Civil and Administrative Tribunal (QCAT) in 2017/18 and **21** of those matters have been finalised.

In the other **26** cases, the original decision was either amended or substituted.

**5,540** licensed participants, with a code breakdown of:

**3,812**



Thoroughbred

**1,811** trainers, with a code breakdown of:

**913**

**453**



Harness

**269**

**1,275**



Greyhound

**629**

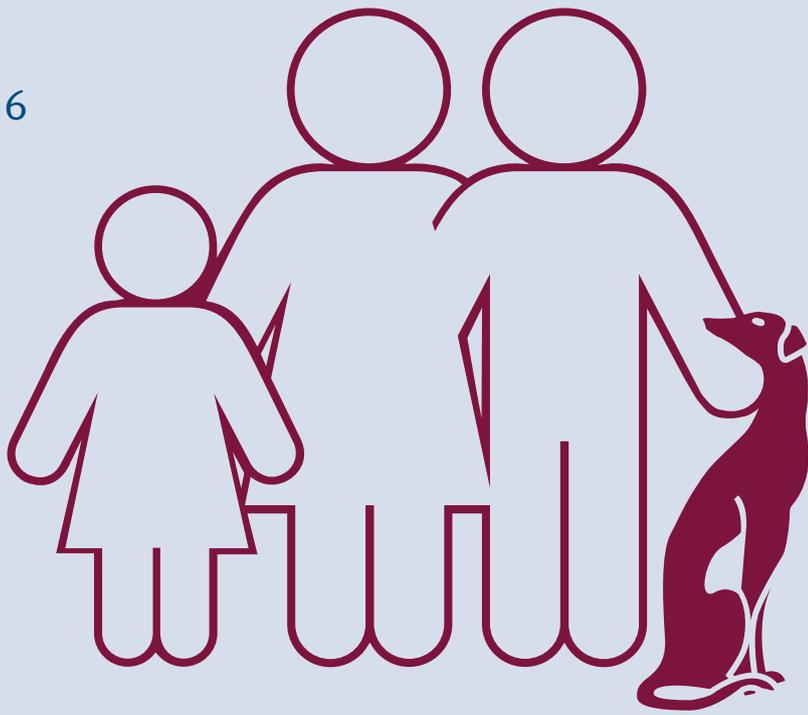


**14,465**

animal registration applications received in 2017/18, with **12,938** finalised by 30 June 2018.

**1,398**

first-time, new licence applications across all three codes (approximately).



**223**

retired racing greyhounds rehomed through the Greyhound Adoption Program, **with a non-return rate of 97.8%** compared to

**318**

adopted in 2016/17.

# Safeguarding the welfare of racing animals

**178** Kennel and stable inspections undertaken by the Integrity Investigations Team



**108**

Thoroughbred stable inspections



**10**

Harness stable inspections



**60**

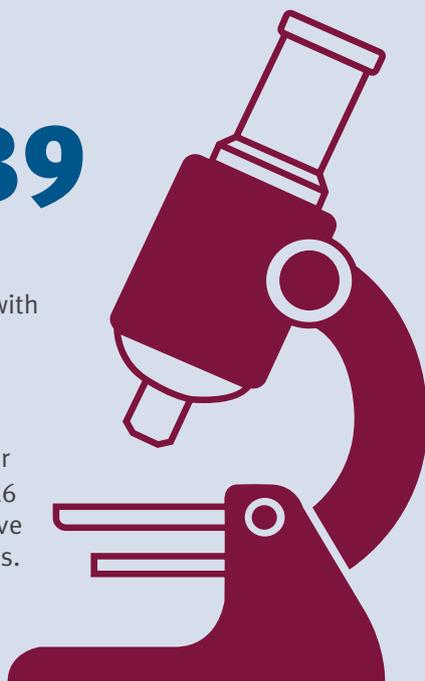
Greyhound kennel inspections

**20,889**

animals samples tested (2016/17 = **19,383**) for prohibited substances, with

**91**

animal samples (0.44 per cent) (2016/17 = **90**; 0.46 per cent) reported positive for prohibited substances.



**3** Animal Welfare Directions issued by Authorised Officers.

# Agency Context

## Our Stakeholders

- All members of the Queensland public
- Queensland racing industry participants
- Racing Queensland
- The Minister for Local Government, 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

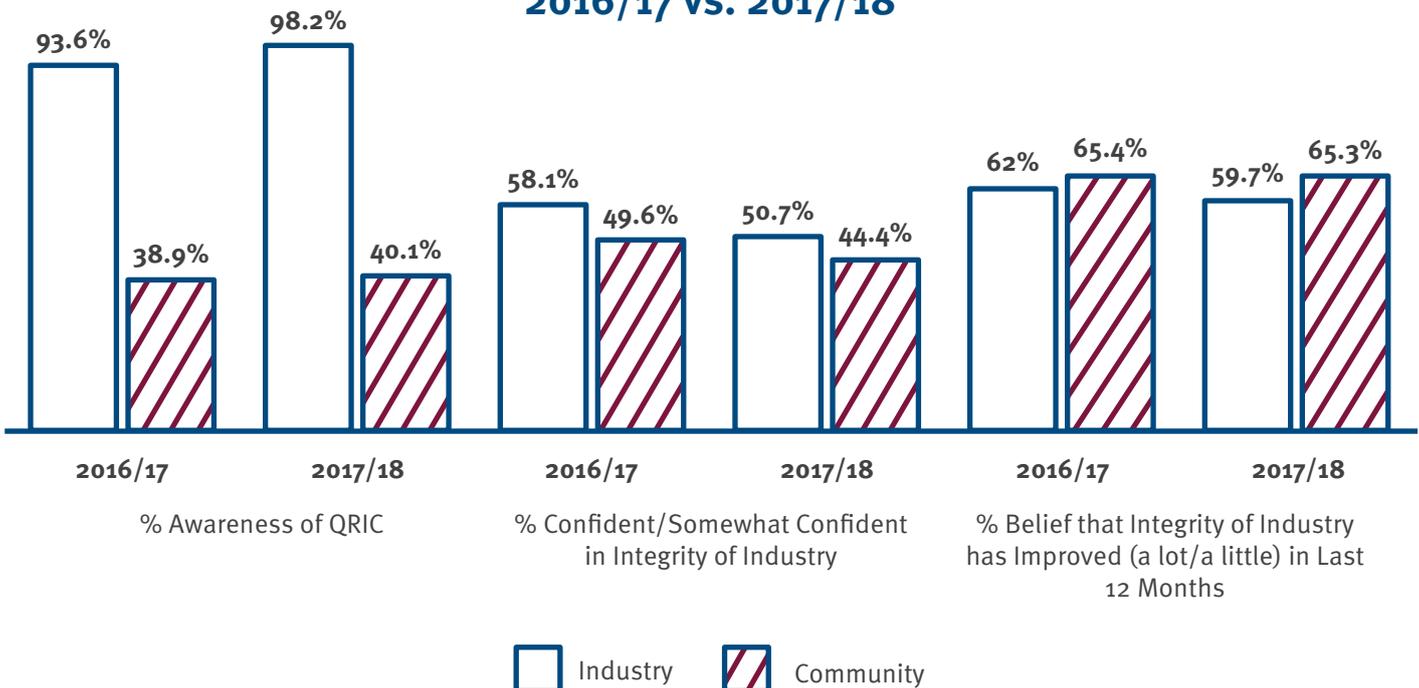
In April 2018, we commissioned our second annual survey of Queensland racing industry participants and the wider Queensland community to measure perceptions of the industry and the Commission itself.

The 2017/18 survey saw a significant increase in the number of racing participant respondents with a 132 per cent increase (n= 243 vs. 563), whilst the number of community respondents remained fairly consistent (n= 906 vs. 900).

Almost all industry respondents indicated awareness of the Commission in 2017/18 (98.2 per cent), which was a significant increase compared to 2016/17 (93.60 per cent).

Both industry and community participants' confidence in the integrity of the industry decreased in 2017/18. The Commission recognises that publicity relating to our enforcement activities may impact public confidence in the industry in the short term, however the Commission's longitudinal target is to increase confidence in the industry. For example, in 2017/18, the Commission, in partnership with the Crime and Corruption Commission and the Queensland Police Service Racing Crime Squad, made 10 arrests in the Harness racing code after a protracted investigation into systematic match fixing. Despite the above, the belief that the integrity of the industry has improved remained consistent – with no significant changes in 2017/18 for both community and industry participants.

## Survey of Queensland Community and Racing Industry Participants: 2016/17 vs. 2017/18



## Our Vision and Strategic Objectives

The Commission'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
- Working with the Queensland Police Service Racing Crime Squad to tackle high-end crime and serious animal welfare offences
- 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

## Our Legislative and Regulatory Framework

The Commission does not administer any legislation.

The *Racing Integrity Act 2016* is administered by the Department of Agriculture and Fisheries and is the primary legislation governing the Commission's business.

The *Animal Care and Protection Act 2001* and the *Criminal Code Act 1899* 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 Act 1899* also provides for the criminal offence of serious animal cruelty.

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 Commission has made the following Standards:

- Standard for suitability of person to apply or hold Racing Bookmaker's Licenses under the *Racing Integrity Act 2016* (<https://www.qric.qld.gov.au/wp-content/uploads/2017/03/standard-suitability-apply-racing-bookmaker-licence-under-act-2016.pdf>)

- Standard for Licensing Scheme - Thoroughbreds (<https://www.qric.qld.gov.au/wp-content/uploads/2017/03/standard-for-licencing-schemes-thoroughbred-2016.pdf>)
- Standard for Licensing Scheme - Greyhounds (<https://www.qric.qld.gov.au/wp-content/uploads/2017/03/standard-for-licencing-schemes-greyhound-2016.pdf>)
- Standard for Licensing Scheme - Harness (<https://www.qric.qld.gov.au/wp-content/uploads/2017/03/standard-for-licencing-schemes-harness-2016.pdf>)
- Powers under the Rules of Racing (<https://www.qric.qld.gov.au/wp-content/uploads/2017/03/20170628-Standard-Resolving-the-Transitional-Regulation-o.03.pdf>)

## Machinery of Government Changes

As a result of Machinery of Government changes that came into effect in 2017/18, the Commission transitioned from Queensland Treasury to the Department of Agriculture and Fisheries (DAF). DAF's administering functions for the Commission are as follows:

- The Commission reports directly to the Minister for Local Government, Minister for Racing and Minister for Multicultural Affairs via DAF administrative processes
- The *Racing Integrity Act 2016* is administered by DAF; and
- The Commission receives its quarterly grant payments from the Consolidated Fund through DAF.

## 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.

Stewards have powers under the respective Rules of Racing to supervise matters at race meetings and apply corrective measures or penalty decisions to support compliance to the relevant Rules of Racing.

Where necessary, the Commission 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 Commission'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.

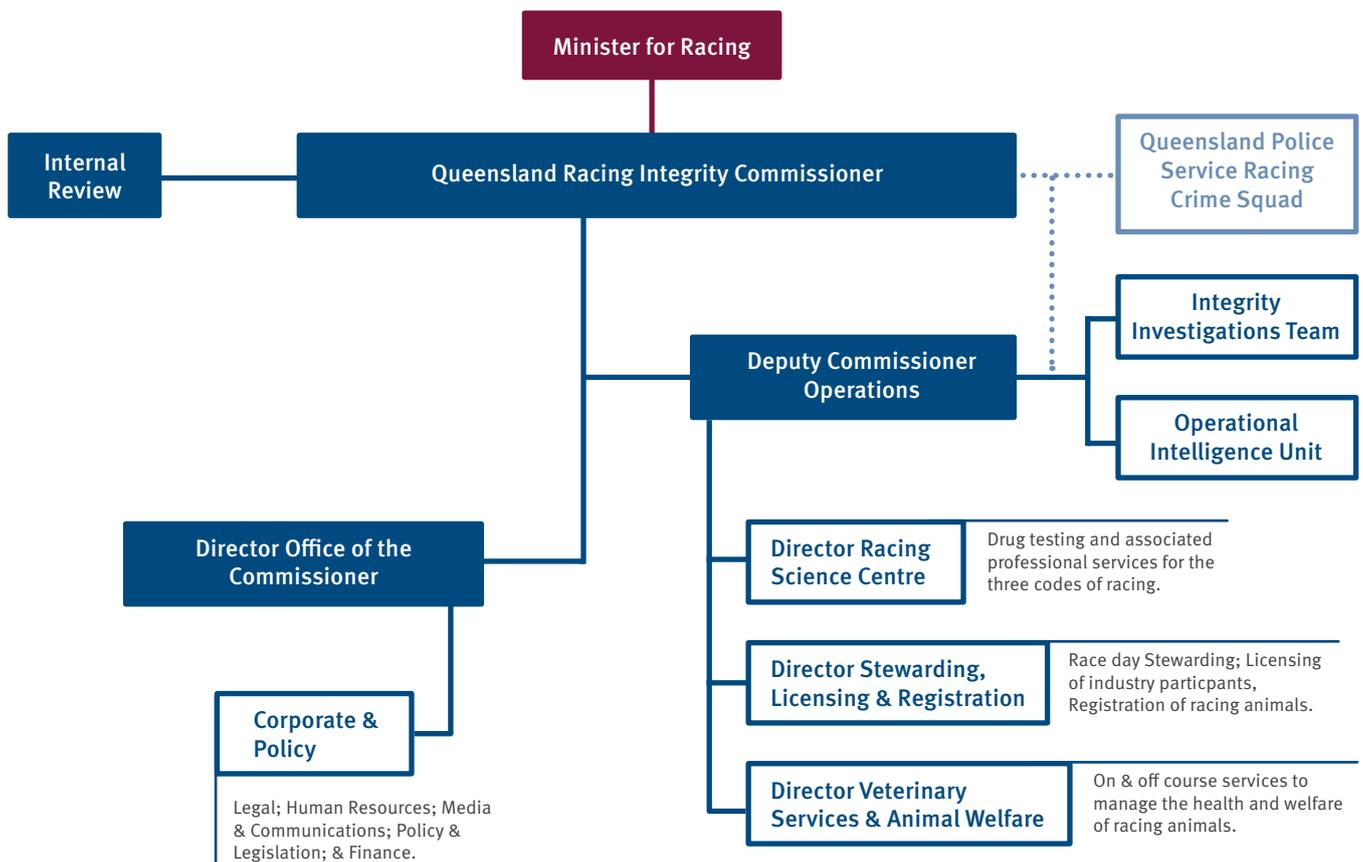
## Coercive Powers

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 Local Government, Minister for Racing and Minister for Multicultural Affairs, the Racing Integrity Commissioner sets the strategic direction for the Commission. The Commissioner is supported by an executive group comprising of the Deputy Commissioner Operations; Director, Office of the Commissioner; Director, Racing Science Centre; Director, Stewarding, Licensing and Registration; and Director, Veterinary Services and Animal Welfare.

As at 30 June 2018, the Racing Integrity Commissioner and executive members were:

- Ross Barnett APM - Racing Integrity Commissioner
- Mark Ainsworth APM - Deputy Commissioner Operations
- Paul Brown – Director, Office of the Commissioner
- Simon Stephens – Director, Racing Science Centre
- Ali Wade – Director, Stewarding, Licensing and Registration
- Dr Martin Lenz – Director, Veterinary Services and Animal Welfare

## Management Groups and Committees

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

### Executive Leadership Team

Comprised of the Racing Integrity Commissioner, the Deputy Commissioner Operations and all 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 2017/18, 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 and the Chief Executive Officer of the New South Wales Greyhounds Welfare Integrity Commission, Judy Lind. The Integrity Committee met three times during 2017/18.

## 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 five times during the reporting year. For further information on the Audit and Risk Committee's membership and core business see *Risk Management and Accountability*.

## Information Management Committee

In 2017/18, the Commission established the Information Management Committee to assist in ensuring that the Commission meets its legislative and regulatory requirements with regards to the management of its information. The Information Management Committee oversees the development and management of the systems and processes by which the current and future use of Commission information is directed and controlled. The Information Management Committee met twice in 2017/18.

## Workplace Health and Safety Committee

The Workplace Health and Safety Committee was established, under Section 75 of the *Workplace Health and Safety Act 2011*, in 2017/18 to support the implementation of effective health and safety policies, practices and systems that comply with the relevant legislation, regulations, standards and Commission Policy. The Committee met once in 2017/18.

## Public Sector Ethics Act 1994

The 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 93.65 per cent
- Establishing other relevant training requirements related to workplace conduct, use of social media and use of email, with a current completion rate of 83.66 per cent
- Developing and implementing an internal 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 Commission employees from betting on any sports activity in Australia.

The following training sessions have also been provided to staff members as needed, to enhance integrity and delivery of services:

- Integrity Training for Decision Makers
- Collect Specimens for Drugs of Abuse Testing (Prohibited Substances and Alcohol)
- Procurement: Fundamentals and Intermediate training
- Certificate IV in Investigations

## Our Values

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

- **Professionalism:** carrying out our duties effectively, impartially and with confidentiality, 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 our actions and decisions
- **Transparency:** accepting scrutiny of our cost effective use of public assets
- **Courage:** doing the right thing regardless of the circumstances

- **Collaboration:** working with Racing Queensland, the Queensland Police Service Racing Crime Squad, all racing participants and the community for a better industry

These values are reflected in the Commission's Strategic Plan 2016-2020 and the 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

As at 30 June 2018, the Commission had a total of 153 Full Time Employees (FTEs), which equates to a head-count of 249. A total of 134.94 of these FTE 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 153 FTE positions allocated to our organisation, 140 were occupied as at 30 June 2018. As at 30 June 2018, we employed 131 casual staff (equating to 25 FTEs), most of whom are casual race-day Stewards employed to help provide coverage for the volume and spread of race

meetings the Commission officiates, these casuals are employed on periodic occasions to assist our permanent workforce. Our permanent separation rate (as a percentage of our total FTE) for the year was 7.18 per cent.

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. As part of the establishment of the Commission, Stipendiary Stewards (Stewards) transitioned to the Commission under identical contractual conditions to those they had previously under the former structure of Racing Queensland. Following a review of those arrangements the Commission engaged Mercer to undertake a detailed analysis of roles; conduct remuneration benchmarking; and develop a capability framework. In 2018/19 the Commission will be reviewing and implementing a number of its findings.

Equality of Employment Opportunity (EEO) Census data is not yet available for Commission staff, the breakdown of actual staff numbers (headcount) by Employment Type and Gender is:

Employment Type	Gender	Head count
Temporary Full time	Male	6
	Female	11
Temporary Part-Time	Male	0
	Female	1
Permanent Full time	Male	50
	Female	43
Permanent Part-time	Male	1
	Female	6
Casual	Male	74
	Female	57

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

The Commission 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.

The service provider, Optum, have been engaged provide the Employee Assistance Service for the Commission.

All staff are made aware of the services they can access through Optum via the Intranet, posters and pocket reckoners. The Commission is committed to employee well-being and has undertaken formal investigations into inappropriate conduct by staff as required and promotes a safe working environment.

## Strategic Workforce Planning and Performance

All new staff are formally inducted into their role with the Commission 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.

We are committed to professional excellence and the highest standards of integrity from all staff. To support this outcome, all permanent 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.

To further support this, the Commission's internal Integrity Framework was finalised in 2017/18. It details best practice integrity elements and aligns with current Queensland Government public service directives and values.

The principles of transparency, accountability, evidence-based decision-making, ethical actions, and consistent and fair outcomes are embedded in all Commission functions and staff performance to ensure public confidence in the Commission is maintained. 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 past year, administrative staff have been developing skills in race-day operations and operational staff have been building awareness of management and governance processes and reporting.

Authorised Officer training has been provided to 32 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

Our Audit and Risk Committee is comprised of three members, including two external members, one of whom is the Chair, and one internal member (See Figure 2). The Commission’s Internal Auditor, Pricewaterhouse Coopers, and the Queensland Audit Office (QAO) 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 Commission’s risk and audit management processes and assists the Commissioner by providing advice on issues and associated mitigations they identify.

During 2017/18 the Committee had oversight of:

- The internal operational and strategic risk management processes
- The development of our internal audit priorities, through the Commission’s Internal Audit Plan
- Progress implementing the findings of the internal audit of animal welfare (greyhounds) – complaints and investigations
- The Queensland Audit Office’s Audit Plan for the Commission
- Our Internal Audit Reports

Name	Position	Meetings Attended	Remuneration
Graham Carpenter	Chair (External)	5	\$1200 per meeting (plus GST)
Don Licastro	External Member	5	\$1000 per meeting (no GST)
Mark Ainsworth APM	Deputy Commissioner Operations	1	N/A

Figure 2 - Audit and Risk Committee Membership and Remuneration

## Internal Audit

Our Internal Audit services are provided by Pricewaterhouse Coopers 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.

Pricewaterhouse Coopers have developed an internal audit plan for the Commission that maps out the business functions and controls that will be audited. The plan was informed by the Commission’s Strategic and Operational Plans; the Compliance and Enforcement Framework; and our strategic and operational risk registers.

During 2017/18, Pricewaterhouse Coopers have finalised the following audits and reviews:

- Internal Audit – Intelligence and Case Management System (ICMS) Risk Workshop
- Internal Audit – OH&S Review
- Internal Audit – Licensing Regulatory Compliance Review
- Internal Audit – Statement of Assurance Review
- Internal Audit – Compliance and Enforcement Strategy

During the 2017/18 period, our Internal Auditors also assisted with a management initiated request of the development of a roadmap for the Stewarding Remuneration Framework. Our Internal Auditors also commenced reviews of ICT Governance and review of Non-Race Day Activities as part of 2017/18 activities, which will be presented to the Audit and Risk Committee for consideration in early 2018/19.

## External Scrutiny

The Commission is audited by the QAO in accordance with the *Financial Accountability Act 2009*. The QAO has a standing invitation to our Audit and Risk Committee meetings and works closely with Pricewaterhouse Coopers 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.

As part of their interim audit for 2017/18, the QAO tested internal controls for revenue, payroll and expenditure for the period 1 July to 31 March. No deficiencies over controls were identified and QAO assessed that the Commission's internal control environment was effective.

All financial reporting and audit deliverables milestones agreed with the QAO for 2017/18, were met by the Commission. The QAO has completed the 2017/18 financial audit of the Commission's accounts and no audit issues were identified.

The QAO issued an unmodified audit opinion of the Commission's financial accounts (Refer to the Independent Auditor's Report in the financial statements).

On one occasion in 2017/18, the Racing Integrity Commissioner sought advice from the Queensland Integrity Commissioner in relation to a potential perceived conflict of interest regarding a Commission staff member. The Integrity Commissioner provided recommendations and advice that was accepted by the Racing Integrity Commissioner.

## Information Systems and Record Keeping

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 administration of an electronic document and records management system that ensure we are compliant with a range of Queensland Government standards.

A key priority for the Commission, and part of meeting our legislative requirements and strategic objectives, is the introduction of contemporary, efficient business systems to reduce administrative and financial risk for the Commission. We are addressing this through the introduction of contemporary business practices for licensing and registrations, including online forms and payments that will improve timelines and reliability of the licensing and registration process for racing participants.

To support the transition from a largely paper-based system, the Commission has been working with our Information Technology Partners to develop a Digitisation Disposal Policy, which leverages off the current Commission Retention and Disposal Schedule and the Appraisal Log, approved by the State Archivist in 2017/18.

The Digitisation Disposal Policy is currently in the final stages of completion and implementation.

Regardless of this level of support, our operational business systems and information management maturity continue to be a challenge for the Commission (see Operational Systems and Information Management in *Our Challenges*). To support this, we established an Information Management Committee, comprised of staff from both corporate and operational areas, as well as external representation from Information Technology Partners, Department of Agriculture and Fisheries, to ensure that the Commission meets its legislative and regulatory requirements in managing its information.

# Open Data

## Consultancies

The Commission engaged one consultancy service in 2017/18. Our consultancy expenditure consists of \$55,000 paid to Mercer Consulting for undertaking a review of steward's remuneration.

## Overseas travel

The Commission 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 in its final stages of implementation. 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 over 2018/19.

# Our Performance

## Queensland Government Objectives for the Community

The Commission contributes to the achievement of the Government's Advancing Queensland Priorities of being a responsive government by delivering quality frontline services for an ethical and safe racing industry.

## Our Service Delivery Standards for 2017/18

As a new statutory body, 2017/18 was the first year that the Commission had service areas or standards defined

for Service Delivery Statements. In 2017/18 our service area objectives was to protect racing animals, ensure high standards of racing integrity and safety, and enhance public confidence in the Queensland racing industry.

## Services

- Veterinary services and animal welfare
- Compliance and enforcement
- Sampling and analytical services

Queensland Racing Integrity Commission	Notes	2017/18 Target/Est.	2017/18 Est. Actual	2018/19 Target/Est.
<b>Service Area: Racing Integrity</b>				
<b>Service: Veterinary Services and Animal Welfare</b>				
<i>Effectiveness measure</i>				
Percentage of rehomed greyhounds returned to GAP program.	1,2	6%	1%	6%
Percentage of dogs accepted into GAP rehomed within four months.	1,2	90%	89%	90%
<i>Efficiency measure</i>				
Cost, per dog (per day) presented to GAP, of services delivered by GAP	3	New measure	New measure	\$14.31
<b>Service: Compliance and Enforcement</b>				
<i>Effectiveness measure</i>				
Percentage of original decisions confirmed at Internal Review.	1,4	66%	77.6%	80%
<i>Efficiency measure</i>				
Cost, per licence, of receiving and assessing animal registrations, licence applications and issuing licence products.	3	New measure	New measure	\$51
<b>Service: Sampling and Analytical Services</b>				
<i>Effectiveness measure</i>				
Percentage of community members surveyed who are somewhat or very confident in the integrity of the Queensland racing industry.	5,6	55%	44%	65%
<i>Efficiency measure</i>				
Cost per sample of racing animals tested for prohibited substances	3	New measure	New measure	\$294

**Notes:**

1. The 2018/19 Target/Estimate is based on 2017/18 performance data.
2. This measures the effectiveness of the Commission’s processes in assessing and rehoming retired racing greyhounds to ensure that the requirement for quality assessment is balanced against the desirability of animals being on the program for the minimum period necessary.
3. This measures the efficiency of core Commission services. The 2018/19 Target/Estimate is based on estimated direct expenses budgeted to the relevant operational areas on a per unit basis.
4. Change in Target/Estimate reflects the maturity of the internal review process and hence, greater awareness in the original decision-making process.
5. The 2018/19 Target/Estimate is based on the Community Satisfaction Survey conducted in April 2018. The Target/Estimate is a longer term target for the Commission, recognising that publicity relating to the Commission’s enforcement activity may negatively impact public confidence in the racing industry in the short term.
6. The change in Target/Estimate is based on the assumption that as the Commission continues its regulatory enforcement activities, community confidence in the industry will increase.

**Staffing**

Queensland Racing Integrity Commission	Notes	2017/18 Target/Est.	2017/18 Est. Actual	2018/19 Target/Est.
Queensland Racing Integrity Commission	2	125	153	153

**Notes:**

1. Full-time equivalents (FTEs) as at 30 June.
2. The 2017/18 Estimated Actual figure represents the original 125 FTEs and based upon advice from the Public Service Commission now includes the equivalent of 3 part-time FTEs and 25 casual FTEs.

## Progress against our Strategic Objectives

### Objective 1: Safeguarding the welfare of animals involved in racing

#### Performance Indicators

- Percentage of samples reported positive for prohibited substance
- Number of information reports made to the Commission about integrity and animal welfare issues
- Industry participants and community engagement, satisfaction and confidence in the Commission

#### Results

- 91 animal samples (0.44 per cent) reported positive for prohibited substances from 20,889 animal samples tested for prohibited substances
- 60 kennel inspections conducted by the Integrity Investigations Team
- 118 stable inspections conducted by the Integrity Investigations Team
- 3 Animal Welfare Directions issued
- 97 welfare and integrity investigations finalised
- 223 retired racing greyhounds rehomed through the Greyhound Adoption Program

### Objective 2: Administer the rules of racing with integrity, independently, impartially, and consistently

- Percentage of original decisions confirmed at internal review
- Industry participants and community engagement, satisfaction and confidence in the Commission
- Percentage of samples reported positive for prohibited substance

- 1,519 race meetings supervised
- 1,603 original decisions made by race-day Stewards
- 78 per cent of original decisions confirmed at Internal Review (90 decisions confirmed out of 116 original decisions subject to Internal Review)
- 27.4 per cent of industry participants perceive the Commission as quite or very firm but fair<sup>1</sup>
- 91 animal samples (0.44 per cent) reported positive for prohibited substances from 20,889 animal samples tested for prohibited substances

### Objective 3: Work with the Queensland Police Service Racing Crime Squad to tackle high-end crime and serious animal welfare offences

- Number of information reports made to the Commission about integrity and animal welfare issues

- 87 intelligence submissions made to the Queensland Police Service Racing Crime Squad
- 119 intelligence submissions from the Commission’s Operational Intelligence Unit
- 12 reports made to Crime Stoppers referred to the Commission for investigation

### Objective 4: Exercise best practice, skills and processes to detect, investigate, and prosecute compliance and integrity breaches

- Percentage of samples reported positive for prohibited substance
- Percentage of original decisions confirmed at internal review
- Industry participants and community engagement, satisfaction and confidence in the Commission

- 91 animal samples (0.44 per cent) reported positive for prohibited substances from 20,889 animal samples tested for prohibited substances
- 21 offenders charged with 47 offences by the Queensland Police Service Racing Crime Squad
- 376 human samples taken
- 1,603 original decisions made by race-day Stewards
- 78 per cent of original decisions confirmed at Internal Review (90 decisions confirmed out of 116 original decisions subject to Internal Review)

**Objective 5: Enhance public confidence in the integrity of Queensland's racing industry**

- Industry participants and community engagement, satisfaction and confidence in the Commission
- Percentage of original decisions confirmed at internal review
- 59.7 per cent of industry participants believe that the integrity of the Queensland racing industry has improved in the last 12 months
- 65.3 per cent of the community believe that the integrity of the Queensland racing industry has improved in the last 12 months
- 23 licence applications were declined on the grounds of ability or suitability
- 84 proactive media releases issued advising stakeholders of welfare and integrity issues and Commission achievements
- 51 stakeholder engagement meetings hosted or attended by the Commissioner in 2017/18
- 78 per cent of original decisions confirmed at Internal Review (90 decisions confirmed out of 116 original decisions subject to Internal Review)

**Objective 6: Encouraging people with information about offences in the Queensland racing industry to share what they know**

- Number of information reports made to the Commission about integrity and animal welfare issues
- Industry participants and community engagement, satisfaction and confidence in the Commission
- 119 intelligence submissions from the Commission's Operational Intelligence Unit
- 87 intelligence submissions made to the Queensland Police Service Racing Crime Squad
- 51 stakeholder engagement meetings hosted or attended by the Racing Integrity Commissioner
- 12 reports made to Crime Stoppers referred to the Commission for investigation
- 50 investigations triggered by intelligence submissions made to the Commission Operational Intelligence Unit
- 97 welfare and integrity investigations finalised

## 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 then 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.

The Queensland Government's official response to the MacSporran Report initiated 75 activities to address these recommendations.

As at 30 June 2018, six recommendations and 54 Government-initiated activities had been completed. Nine recommendations are still being actioned.

The Commission is responsible for five of the remaining recommendations and three of these recommendations are impacted by the Government decision to defer the implementation of a greyhound welfare fund and introduction of a new registration fee structure for up to three years.

The remaining recommendations relate to the tracking of greyhounds from birth to retirement. To support this activity, the Commission has invested in the development of a Customer Relationship Management tool (RandLE), to collect, maintain and appropriately manage information relating to licensees and registered racing animals in Queensland. The implementation of RandLE is a phased approach and is dependent on funding priorities.

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

A photograph showing a woman with blonde hair and a young girl with brown hair, both smiling warmly. They are holding a tan-colored greyhound dog. The background is a chain-link fence, suggesting an outdoor kennel or adoption event setting.

# First National Greyhound Adoption Day – April 2018

The Greyhound Adoption Program (GAP) Queensland took part in the first National Greyhound Adoption Day in April 2018. Across Australia every state GAP took part in the National Day dedicated to rehoming retired greyhounds.

In order for families to take a greyhound home on the day they were required to apply and register before the event. In Queensland, National Adoption days were held in two locations in Brisbane at Albion Park Raceway and in Townsville at the Yapper Valley Pet Resort.



# GAP Pre-assessment process gains Industry acceptance

The Commission's Greyhound Adoption Program (GAP) accepts greyhounds within two weeks of an application in South East Queensland if they have current C5 vaccination coverage and pass a basic health examination.

From 1 January 2018 all retired greyhounds entering into the GAP are now subjected to a basic behavioural pre-assessment.

The short temperament test is carried out before greyhounds are accepted into the program and is only an assessment of the behaviour of the greyhound on that day.

It has been well accepted by those greyhound trainers and owners that have brought their greyhounds to GAP since its introduction.

The purpose of the pre-assessment is to identify and exclude dogs that are aggressive or predatory to people or other dogs including small dogs.

Aggressive or predatory dogs, and dogs that are overly fearful are not suitable for the program and are not accepted.

The GAP is working hard to ensure that suitable dogs are accepted into the program so they can move into retirement as loved and valued pets.

Like all new processes there have been some questions but once owners and trainers saw how the process worked and understood it they saw the benefits for their dogs and for their chances of being rehomed as pets.

# Our Achievements

## Animal Welfare

The Commission has a proactive approach to safeguarding the animal welfare of racing animals and maintaining public confidence in the racing of animals in Queensland. In 2017/18, the Commission finalised its Animal Welfare Strategy, which is a core component of its Compliance and Enforcement Strategy (the Strategy). The Strategy's key objectives are to minimise 'wastage' of racing animals; maximise career opportunities for all racing animals; and enhance welfare and safety of racing animals. It will achieve this through:

- Aligning Commission processes with best practices in the field of animal welfare
- Ensuring that those people who fail to align with acceptable welfare practices are penalised or barred from the industry
- Engaging with the community to ensure the 'social licence' for racing is retained

The governance of animal welfare by the Commission is maintained by the Racing Animal Welfare Committee (see *Racing Animal Welfare Committee*), with external representation from Racing Queensland, the Royal Society for the Prevention of Cruelty to Animals (RSPCA) and Biosecurity Queensland.

The Greyhound Adoption Program (GAP) is a key animal welfare initiative, which matches suitable greyhounds with their forever homes. 223 greyhounds were rehomed through the GAP in 2017/18, building on the 318 greyhounds adopted through the program in 2016/17. The GAP is well regarded by the community, with a growing foster care program and expanding social media networks with in excess of 7000 supporters.

The Commission noted in 2016/17 that a key challenge was the large number of dogs the GAP received that were unsuitable for rehoming, and therefore had to be euthanased. In 2017/18, 82 dogs were euthanased, which is a 19 per cent decrease compared to the previous financial year (n= 101).

All racing animals are better protected by enhancements to the Commission's drug sampling and testing regime. 100 per cent of winning animals are tested for prohibited substances, and improvements via upgrades to testing equipment, through the Commission's Capital Acquisition Strategic Plan (CASP), will ensure that the risk of prohibited

substances going undetected and any resulting damage to the integrity and sustainability of the industry is minimised.

The Commission's Equine Welfare Program administers and supports programs, initiatives and research that will improve the welfare of horses in the racing industry. In 2017/18, the Equine Welfare Program sponsored a number of equine competitions and events featuring ex-racehorses with a view to stimulating rehoming demand. By showcasing the versatility and athleticism of ex-racehorses, these events demonstrate the suitability of Thoroughbreds and Standardbreds for alternative careers and help to minimise the unacceptable wastage of horses when they retire from racing. The Equine Welfare Program has also supported independent research by the University of Sydney into the effects on racing performance of the Hendra Virus Vaccine. The world-first study, which was completed in December 2017, confirmed that vaccination against the deadly Hendra virus does not affect the racing performance of racing horses.

More generally, the Commission is prioritising a number of measures that will protect all racing animals and ensure the integrity of the racing industry, including:

- our increased investment in animal welfare. Specifically, the Commission's budget has almost doubled on animal welfare-related initiatives since forming;
- forming strong and positive relationships with industry participants to nurture voluntary compliance with welfare standards. This has already realised benefits in the greyhound industry, with the GAP engaging with a number of South East Queensland Greyhound Racing Clubs to attend race meetings to share information about our welfare programs;
- our ongoing 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;
- proactive engagement with the research community across a range of disciplines (i.e. veterinary science, sociology, criminology, law, etc.) to ensure we receive support in developing evidence-based policy;
- ongoing liaison with state and national animal welfare organisations to encourage the timely sharing of information and operational intelligence with the Commission; and



- our partnership with the Queensland Police Service Racing Crime Squad, which is supported by an Information Exchange Arrangement for information sharing purposes and has resulted in 47 charges being laid against 21 offenders in 2017/18.

## Internal and External Reviews

Our Stewards are empowered under the Rules of Racing with powers that allow them to control and regulate animal welfare and integrity matters within 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. Authorised Officers are empowered under the *Racing Integrity Act 2016* including some delegations determined by the Commissioner, with powers to investigate and enforce compliance with the Act. Certain decisions made by Stewards under the Rules of Racing and Authorised Officers under the *Racing Integrity Act 2016* are known as original decisions. The *Racing Integrity Act 2016* provides a number of safeguards to ensure that original decisions are impartial and consistent, primarily through internal and external review processes.

Our internal review process, mirrors that of other government departments and statutory bodies with a regulatory enforcement role. It provides a free mechanism for the review of original decisions made by the Commission which include:

- licensing refusals
- disciplinary action such as suspension or disqualification of a licence

- 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 a position within the Commission dedicated to the internal review of original decisions. Through internal controls this position remains separate from original decision-makers.

In 2017/18, there were 1,603 original decisions made by the Commission. Of those decisions, 116 were subject to internal review. A total of 26 decisions were altered at internal review, with 90 original decisions upheld.

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 QCAT offers a further layer of transparency and independent oversight of the Commission’s decision-making process. In 2017/18, 41 external review applications were made to QCAT, with 21 of those matters finalised. Of the matters finalised, QCAT has amended the decision in 16 cases. This demonstrates that the review mechanisms available to participants is genuine and effective.

## Enforcement and Investigations Integrity Investigations Team

In 2017/18, the Integrity Regulation Unit was renamed the Integrity Investigations Team (IIT) to better reflect the team’s investigative functions. The IIT investigates, ensures compliance and applies penalties in accordance with relevant



legislation and the Rules of Racing across all three racing codes. They specifically focus on activities that occur prior, or subsequent to any race meeting in Queensland.

IIT is responsible for both proactive and reactive investigations of animal welfare complaints relating to offences under the *Animal Care and Protection Act 2001* and the *Criminal Code Act 1899*. Furthermore, they conduct investigations as directed by the Racing Integrity Commissioner and Deputy Commissioner Operations, and investigate breaches of the Rules of Racing. Investigative and enforcement capabilities for 2017/18 are reflected in the following activities:

- 97 investigations finalised
- 401 investigations running (as at 30 June 2018)
- 10 search warrants executed
- 12 thoroughbred inquiries and four inquiries each for the harness and greyhound codes, resulting in a total of 20 inquiries
- 80 race day inspections across each code

Further, a key role of the IIT is conducting kennel and stable inspections, where in 2017/18, they conducted 178 inspections across all codes. The IIT also coordinate and conduct human and animal sampling, where in 2017/18 they took 376 human samples and 281 animal samples.

## Operational Intelligence Unit

A key initiative for 2017/18 was the introduction of an internal intelligence capability to optimise and prioritise the Commission's resources and support the implementation of the Commission's Intelligence Capability Strategy and Compliance and Enforcement Framework.

Priorities for 2017/18 included recruitment of suitably qualified staff; rollout of technology support systems; intelligence training; cultural change activities; relationships with key stakeholders; and development of intelligence products.

The Operational Intelligence Unit (OIU) manages the Commission's Report Something (<https://www.qric.qld.gov.au/reportsomething/>) information sharing

process which allows anyone with information about the mistreatment of animals involved in racing, or wrongdoing within the three codes of racing to report it to the Commission via phone, email, visiting our Albion headquarters or via webform. Information submitted is treated confidentially and people may remain anonymous if they wish. In 2017/18, 119 intelligence submissions came from the OIU and 50 investigations were triggered by intelligence submissions made to the OIU.

A key priority for the Commission as part of developing our intelligence capability is leveraging professional networks with existing partners where information sharing arrangements already exist, and establishing formal relationships with organisations and agencies such as domestic racing units and suitable law enforcement agencies.

## QPS Racing Crime Squad

Our partnership with the Queensland Police Service's Queensland Racing Crime Squad (QRCS) continues to deliver outstanding integrity outcomes for the Queensland racing industry. In 2017/18, 21 offenders were charged with 47 offences. Since the inception of the Commission on 1 July 2016, the QRCS has charged 45 offenders with 89 offences.

The QRCS continue to investigate matters of serious animal cruelty, major and organised crime (including match fixing), and any other offences relating to licensed persons across the three codes of racing. The most prolific investigation is that relating to match fixing in the Harness industry, of which the QRCS made 10 arrests in 2017/18. These charges were the result of a protracted investigation by the Queensland Police Service, Crime and Corruption Commission and the Commission into systematic match fixing which remains ongoing.

As a result of the initial greyhound live-baiting investigation, the QRCS also has carriage of four animal cruelty matters still before the courts. A total of 18 Animal Cruelty matters have been finalised.





# Study confirms Hendra vaccine not a factor in racehorse performance

A world first study has confirmed vaccination against the deadly Hendra virus does not affect the racing performance of horses.

The Commission funded the ground-breaking study so industry regulators and participants could base their decisions to vaccinate or not on accurate information based on science rather than rumour or speculation.

The extensive study examined the “Timeform” rating of 1,154 thoroughbreds over 12,066 race starts and assessed their performance one and three months before and after Hendra vaccination, with no difference in their racing form detected.

Timeform rating is an established measure of a horse’s performance in a race that takes into account how the race was run and where the horse finished.

Director of Veterinary Services and Animal Welfare Dr Martin Lenz said many factors could potentially affect the performance of racehorses, so it was important for the study to be large enough to distil out any impact that vaccination might have.

*“The large number of horses and race starts examined in this study means we can be confident of the findings, which back up the instincts of the many astute trainers who already vaccinate their horses for Hendra,”* Dr Lenz said.

The Hendra study results were published by the Australian Veterinary Journal in February, 2018.

The study’s lead author and Research Fellow in Veterinary Biostatistics and Epidemiology at the University of Sydney - Dr Kathrin Schemann said analysing the performance of each horse before and after vaccination over a short time period was the best way to assess the impact of vaccination as each horse acted as its own control.

Research team leader Associate Professor Navneet Dhand said the study was one of the largest studies of its kind to investigate the effect of any vaccine on horse racing performance anywhere in the world.

*“Thoroughbred racing participants can be confident in the results given the number of horses assessed,”* Professor Dhand said.

Racing Queensland estimates thoroughbred horse racing makes a \$959-million contribution to the Queensland economy and sustains more than 7500 jobs.

Commissioner Ross Barnett said vaccination protected participants and animal welfare in an industry that was a sizeable contributor to the Queensland economy.

*“The Commission will continue to encourage Hendra vaccination through programs like the first vaccination free offer for the 270 Standardbred foals born last breeding season, 82 of which were vaccinated,”* he said.

## Enhanced Scientific Testing Capability

The Commission was approved a capital grant of \$5.909 million over four years from 2017/18, to replace laboratory equipment and technology as part of sampling and testing requirements to continue providing high quality testing services and respond quickly to emerging drug threats and changes in the Rules of Racing across each racing code.

Specifically, CASP funded the acquisition of approximately 25 pieces of capital equipment and facility infrastructure over a four year period which commenced in 2017/18. This plan will maintain current testing capability and enable detection enhancements in respect to:

- Anabolic steroids testing in blood
- Peptides/protein testing in urine and blood, including confirmation capability for Erythropoietin (EPO) in equine and canine samples
- Increasing testing for trace elements arsenic (in urine samples) and cobalt (in urine and blood samples) and additional methodology to enable a determination of probable source
- Broad based surveillance screening to detect use/misuse of unusual or emerging substances including substances that are regulated and not yet tested for and substances not yet regulated

## Strategic Policy

The Commission's Compliance and Enforcement Framework is the cornerstone of the Commission's strategic and operational planning and has been designed to enhance our frontline services. It 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. The framework is supported through six key strategies:

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

During the 2017/18 period, the Animal Welfare and Intelligence Capability Strategies were finalised and activities under each strategy began implementation. The Sampling and Analytical Services, Workforce Development, Licensing and Communications Strategies are all in the final stages of completion and are key priorities for 2018/19.

# Analytical testing determines positive results



The Commission’s analytical testing facility – the Racing Science Centre - is a discrete business unit tasked with delivering a comprehensive range of prohibited substance testing services, including developing procedures about the way things for analysis are to be taken and dealt with.

The Racing Science Centre delivers a high quality all-inclusive ‘cradle-to-grave’ package of drug testing, analysis and related professional services for licensed racing animals in Queensland.

The Commission’s Sampling and Analytical Strategy and the development of testing capability in terms of investment in instruments and testing methods is premised on:

- knowing and responding to the drug threat before it arrives
- maintaining a high quality drug testing capability to respond effectively to current and future threats; and
- implementing a varied and robust sample selection program that maximises both the probability of detection and deterrence.

The Commission places a high priority on maintaining sample integrity and security around the collection and testing process.

A number of measures have been developed, implemented and refined over an extended period to ensure forensic and legal veracity of the process and resultant findings.

The Commission’s testing capabilities in terms of its scope, instrumentation, and methods are comparable with any other racing laboratory in Australia, New Zealand and internationally and the testing facility is internationally accredited and quality-assured.

In 2017/18, the testing facility received 20,889 sealed samples for testing across all racing codes with 91 samples with reportable findings for prohibited substances.

The breakdown\* of substances includes:

- Elements (Cobalt or Arsenic): 36
- TCO<sub>2</sub> (Alkalinising agents): 7
- Anti-inflammatories: 18
- Amphetamines & Methamphetamines: 2
- Other Schedule 4 Substances: 17



- **Other Substances (Scheduled and Unscheduled): 13**  
Two certificates from independent racing laboratories confirming the reportable finding are normally obtained for the Commission’s Stewards to pursue prosecutions for breaches of the rules.

## Cobalt in racing animals

Cobalt is a trace element that is naturally occurring in the environment and is present in water, animal feed and some dietary supplements. Cobalt is also present as part of the structure of vitamin B12 (cobalamin).

Cobalt misuse has been regulated by the equine rules of racing since October 2014 (Harness) and January 2015 (Thoroughbred) and in Greyhound racing since September 2015.

Because Cobalt exists in the environment and in food (and is an essential trace element), its use is regulated by way of thresholds in both urine and blood samples.

The various thresholds were established following extensive studies involving thousands of samples.

Cobalt can be misused by racing industry trainers in an effort to improve the performance of racing animals through its potential to act on the process that regulates red blood cell production.

In 2017-18 the Commission detected 23 samples that contained cobalt at levels above the regulatory threshold, at which point cobalt is deemed to be a prohibited substance under each codes’ rules. This is an increase on the 15 positive cobalt samples reported in 2016-17.

Trainers have made a number of submissions in defending proceedings against them, including challenges to the accreditation of laboratories and the statistical and physiological basis of the regulatory thresholds.

The Commission, along with racing regulatory bodies in other jurisdictions, continues to vigorously defend the veracity of the regulatory thresholds and testing methodology.

\* 2 samples had more than one pharmacologically distinct finding

# Our Challenges

## 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. Inherited 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.

Recommendation five from the MacSporrán Report stipulated the need for the Commission to maintain an official database to enable the tracking of greyhounds from birth to leaving the racing industry. The Commission relies on national systems, one for each code of racing, to hold and manage the licensee and animal data it collects via a third party contractual agreement. As a priority in 2017/18, the Commission invested in the development of a Customer Relationship Management tool, RandLE, to collect, maintain and appropriately share information relating to licensees and registered racing animals in Queensland.

In October 2017, the Commission delivered on phase one of RandLE implementation by creating a public portal to allow participants to create an online interactive account and manage their details. Phase two of the development introduced capability for online Greyhound Trainer licence applications. The staff portal was deployed on 15 December 2017 and the public release followed on 15 January 2018. Phase three included the Thoroughbred Trainer licence renewals, stable addresses and Greyhound Owner, Breeder and Trainer renewals in both public and staff portals. The roll-out is scheduled in two stages:

- Greyhound release to the public in June 2018 to coincide with the Greyhound licence renewal period; and
- Thoroughbred to be released to the public in July 2018 to coincide with the Thoroughbred licence renewal period.

Subject to funding, the Commission will continue to explore its information management and systems options to achieve significant efficiencies for the Licensing and Registration team.

Government information management standards and requirements are new to many of our staff and over the past 12 months considerable effort has gone into raising awareness and identifying risks relating to records management, information privacy and information sharing. In 2017/18 we established an Information Management Committee (see *Information Management Committee*) which meets quarterly to monitor the implementation of information standards and processes and ensures the business and personal information we hold is secure, available and accurate. In 2017/18 we also finalised an Information Management Framework. The Framework will assist the Commission in meeting its legislative and regulatory requirements with regards to the management of our information and provide direction and assurance to ensure that the right information is available to the right person in the right format and medium, at the right time.

## Operational Fatigue Management

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 Commission 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.

Our Fatigue Management Guidelines were implemented in 2016/17 to help managers and staff make informed and risk-aware rostering and travel decisions when resourcing race meetings across the State. To support these Guidelines in 2017/18 we commissioned the implementation of an online cloud-based rostering system, TimeTarget, to replace the inherited manual, paper-based system which was not centralised, demanded significant administrative resources and created a considerable risk of error. The system, which has now been fully implemented, will achieve efficiencies and better utilise Commission stewarding resources and mitigate risk of fatigue issues.

## Workplace Health and Safety

Aligning with, and as an extension of operational fatigue management, is the development and creation of consistent workplace health and safety processes and policies as a key priority for the Commission as we move into our third year of operation.

The Commission's responsibilities to workplace health and safety include our own staff, as well as participants and animals involved in the racing industry. With approximately 88 per cent of officers in dedicated, frontline roles, the Commission must ensure that its policies and processes protect staff when they are out and about, interacting with the industry. Further, the Commission has an obligation to work with other agencies and organisations, such as Racing Queensland and respective racing clubs, as, for example, race day stewards, hold special powers to ensure the welfare and safety of participants and animals on race tracks during a race.

Internally, the creation of a governance committee (see Workplace Health and Safety Committee) in 2017/18 will assist both legislative obligations for the Commission, as well as ensuring the implementation of effective health and safety policies, practices and systems. The Committee consists of representation from a broad range of corporate and operational areas at various levels to ensure the best opportunities to raise issues to escalate to ELT. Further, the introduction of an internal workplace health and safety reporting system in 2017/18 on our intranet allows staff to report any work place incidents or issues in a consistent, centralised manner.

## Procurement

The Commission has identified one of its key priorities is the delivery of business improvements in a number of areas, from the upgrade of inherited paper-based licensing and registration systems to the acquisition of critical testing equipment, which will ensure we maintain industry and community expectations, as well as requirements for sampling and testing substances. Each of these business improvement programs have required significant

procurement work to be undertaken and whilst the Commission is supported by the Corporate Administration Agency for purchases greater than \$25,000, it was identified as a priority gap to develop internal capability and capacity in managing and supporting procurement processes across critical areas of the Commission. In 2017/18, the Commission started the process of prioritising the development and implementation of procurement policies, procedures and guidelines as well as implementing a Virtual Procurement Team to support business units in understanding the processes for successful procurement activities.

## The External Review Process

As previously outlined in *Internal and External Reviews*, Section 246 of the *Racing Integrity Act 2016* outlines that a person may apply to the Queensland Civil and Administrative Tribunal (QCAT) for a review of an internal review decision.

QCAT is an independent statutory tribunal and plays an integral role in the Queensland justice system. Its key responsibility is to resolve and determine disputes, reviews and referrals in a wide range of jurisdictions. QCAT provides a mechanism to make administrative reviews of government and statutory authority decisions. Therefore, allowing a person to apply to QCAT to review an internal agency decision is a standard and accepted process which occurs across all relevant government agencies or statutory authorities.

As part of the changes to previous industry processes, the Commission is aware of the need for it to balance industry expectations to provide prompt specialised and dedicated review processes with the expectations of what is consistent and accepted for government, natural justice and the justice system.

# Financial Performance Summary

Our annual financial statements present the Commission’s financial performance and overall position as at 30 June 2018.

## Funding

The Commission is wholly funded by the State in the form of government grants for the delivery of its services. Funding is set across the forward estimates on a no policy change basis with enterprise bargaining (EB) increases for labour costs and consumer price indexes (CPI) for non-labour applied to the base operating budget.

However, the Commission was approved a capital grant of \$5.909 million over four years from 2017/18, to replace laboratory equipment and technology as part of sampling and testing requirements for its Racing Science Centre (RSC).

The Commission’s allocated grant funding budget for 2017/18 was \$28.7 million, made up of an operating grant of \$26.4 million and a capital grant of \$2.3 million.

The following funding adjustments occurred during the 2017/18 financial year:

- A funding increase of \$1 million due to an operating grant deferral from 2016/17. The funding was converted to a capital grant and used mainly for the preliminary investment in RandLE.
- A funding decrease of \$0.8 million due to deferring operating grant funds to 2018/19 earmarked mainly for further investment in RandLE and other strategic business initiatives at the Commissioner’s discretion.

Queensland Treasury supported the funding deferrals, which were mainly due to operating budget savings because of the Commission being a newly established agency.

The Commission receives the grant payments on a quarterly basis from our administering department. Queensland Treasury was responsible for administering the Commission since its establishment, until the responsibility was transferred to the Department of Agriculture and Fisheries (DAF) from 21 December 2017, as part of a machinery of government (MOG) transfer.

Figure 2 – Grant Funding Comparison

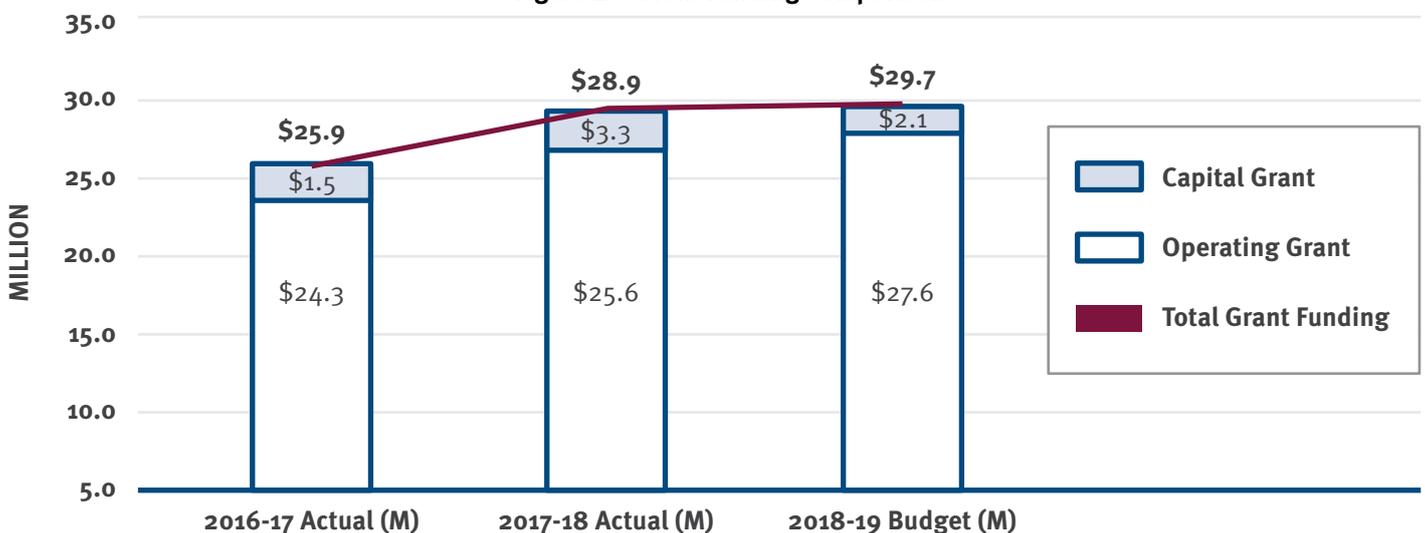
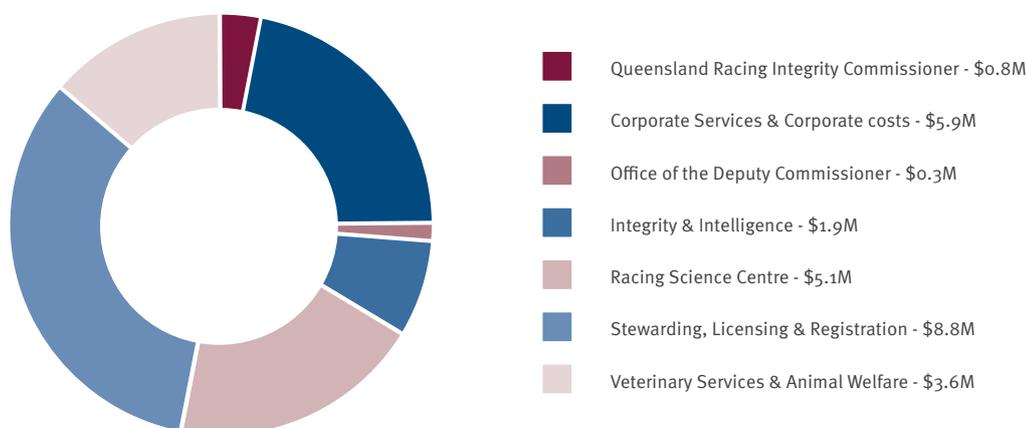


Figure 3 - QRIC Grant Funding - Internal Budget Allocation



## Second year financial highlights

The primary focus of our Corporate Finance team in 2017/18 has been:

- Implementation of the Promaster online corporate card and expense management system which has streamlined the corporate card acquittal and expense claim process.
- Enhancing the payment options for people accessing our services and automating our receipting processes, including the integration of customer and payment information from RandLE to the finance system.
- Implementation of debt management processes which saw a 76 per cent reduction from 2016/17 for debts overdue more than 90 days.
- Continued improvements in financial reporting, budget preparation and forecasting.
- Commencement of the implementation of the automated Accounts Payable Solution, Converg, which will achieve efficiencies and accuracy in accounts payable and purchase order processing and

eliminate the requirement to complete manual forms to facilitate purchases and payment. The system has in-built financial and procurement delegations, which will strengthen our financial internal controls. Rollout of the system will progressively occur across the Commission from the end of August 2018.

- Development of a controls self-assessment process to review the operating effectiveness of and compliance with, the internal control activities within the Commission.

## Revenue collected on behalf of the State

Any revenue collected from administering the rules of racing, animal welfare and licensing of animals and racing industry participants is returned to the State on a quarterly basis via our administering department.

As the Commission does not control the revenue, the transactions associated with the revenue is reported separately in the financial statements, under Note 22 – Agency Transactions.

Revenue Collected	2017-18 \$'000	2016-17 \$'000
Licence & Registration Fees	1,065	1,143
Fines and Penalties	314	387
GAP Donations	-	100
Sale of Goods and Services	91	90
<b>Total Revenue Collected</b>	<b>1,470</b>	<b>1,720</b>

## Financial Performance

The Commission’s financial performance is detailed in the Financial Statements in the Statement of Comprehensive Income. The Statement of Comprehensive Income compares revenues received against expenses incurred over a 12-month period.

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	2017-18 \$'000	2016-17 \$'000
Total Revenue	26,450	26,177
Total Expenditure	26,400	24,990
<b>Operating Surplus for the year</b>	<b>50</b>	<b>1,187</b>

The Commission achieved budget savings in supplies and services expenditure of almost \$0.50 million. The savings were primarily in travel-related costs; marketing and promotions; stationery and office supplies; laboratory and testing expenses; animal care expenses; general property costs; asset repairs and maintenance costs and sponsorship payments.

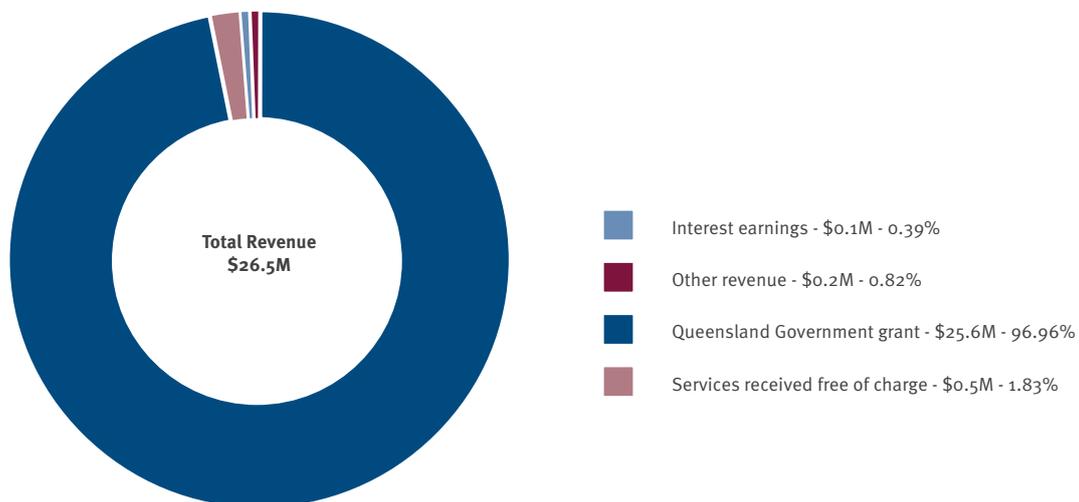
In addition, the Commission recorded \$0.30 million revenue which was not initially budgeted, bringing the total

under-spend for 2017/18 to \$0.80 million. The Commission received Treasury approval to defer \$0.75 million grant funding to 2018/19.

Consequently, an operating surplus of \$0.05 million was recorded for 2017/18 financial year.

The 2016/17 operating surplus was mainly due to an accounting adjustment relating to the cash waiver of unfunded employee entitlements).

**Figure 4 – QRIC Total Revenue 2017/18**



## Revenue

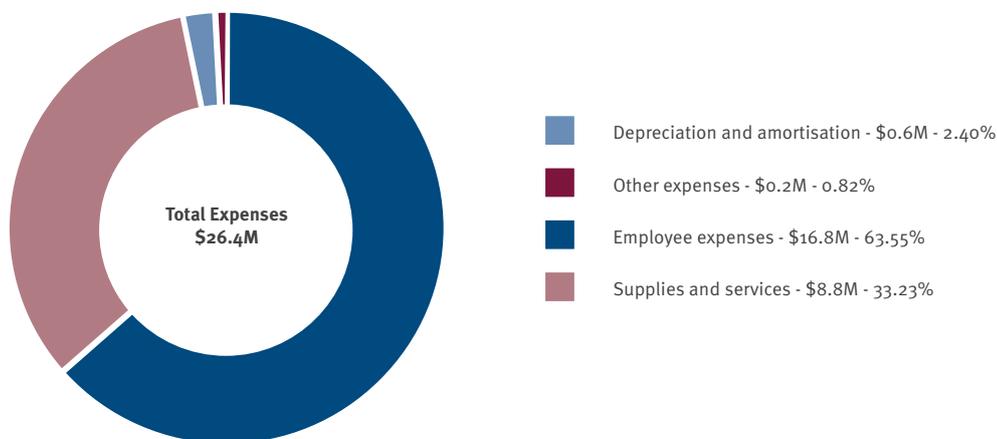
Total revenue for the period was \$26.5 million compared to \$26.2 million in the 2016-17 financial year. Grant funding increased by \$1.3 million or 5.48 per cent from the previous financial year (2016/17 - \$24.3 million) primarily due to EB and CPI increases that have been built into the grant-funding model.

The Commission also receives services free of charge from Queensland Police Service (QPS) for our partnership with the QRCS. The QPS covered the cost of salaries for five QRCS police officers seconded to the Commission. The cost of these services increased by \$0.2 million or 52.37 per cent from 2016/17 due to an additional police officer seconded to the QRCS during 2017/18. An equal amount has also been recognised under employee expenditure.

The Commission earns interest on its cash holdings primarily from securely investing in a capital guaranteed cash fund held with Queensland Treasury Corporation. As the Reserve Bank kept the cash rate on hold during the financial year, interest earnings were consistent with 2016/17.

Other revenue consists of gains on sale of laboratory equipment, and the full replacement of a defective laboratory equipment under warranty. Other revenue decreased significantly in 2017/18 compared with the previous financial year, when the accounting adjustment to recognise the cash waiver for the cost of Racing Queensland employee leave entitlements transferred to the Queensland Government Central Schemes, as a result of the MOG transfer (2016/17 - \$1.4 million).

Figure 5 – QRIC Total Expenses 2017/18



## Expenditure

Total expenditure for 2017/18 was \$26.4 million compared to \$25 million in 2016/17, increasing by \$1.4 million or 5.64 per cent. Our largest expense is employee costs, representing 63.55 per cent of total expenditure or \$16.8 million.

Employee expenditure increased by \$1.7 million or 11.5 per cent from the previous financial year (2016/17- \$15.1 million) due to EB increases, vacant positions being progressively filled during 2017/18, and higher casual salary costs associated with the Greyhound Adoption Program.

The Commission spent \$8.8 million or 33.23 per cent of total expenditure on supplies and services during the financial year compared with \$9.4 million or 37.4 per cent

of total expenditure in the 2016/17 financial year. The decrease in supplies and services expenditure is primarily due to set-up costs paid in 2016/17 only.

The highest categories of supplies and services expenditure, accounting for almost 69 per cent of total supplies and services expenditure, include:

- consultants and contractors' expenditure, mainly for administrative staff hired through employment agencies and legal services - \$1.8 million
- corporate service arrangements with other government agencies for information technology, financial, payroll and business system support - \$1.2 million

- accommodation lease and property maintenance expenses - \$1.2 million
- animal care expenses mainly associated with the Greyhound Adoption Program and race day operations - \$0.9 million, and
- laboratory and testing expenses mainly in connection with testing samples from licensed racing animals to detect breaches of the rules of racing - \$0.9 million.

Depreciation costs primarily relate to RSC property, plant and equipment, whilst amortisation costs comprise write-offs for the new software systems implemented during the financial year. These costs increased by \$0.2 million or 54 per cent from the previous financial year (2016/17 - \$0.4 million), due to a higher value of capital acquisitions in 2017/18.

Other expenses includes payments to the QAO for audit fees, insurance premiums paid to the Queensland Government Insurance Fund; sponsorship payments associated with our equine rehoming program and a loss on disposal of a defective laboratory instrument that was replaced under warranty.

## Financial Position

The Commission's financial position is detailed on page 39 of 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 2018 with net assets totalling \$12.5 million, increasing by \$3.3 million or 36.21 per cent since 30 June 2017. The increase is primarily due to new capital acquisitions valued at \$3.7 million as follows:

- RSC infrastructure and testing instruments - \$2.7 million.
- RandLE Customer Relationship Management (CRM) system - \$0.9 million
- Comtrac Investigations Management system (ICMS)- \$0.1 million

The RSC assets were acquired in accordance with the RSC CASP. The CASP enables the upgrade and replacement of core drug testing technology and supports investment in new technology, to provide high quality testing services and to respond quickly to emerging drug threats. The CASP has approved funding of \$7.4 million over a four year period from 2017/18, made up of a capital grant of \$5.9 million and depreciation funding of \$1.5 million.

The Commission also made significant investment in strategic business systems for our licensing and racing integrity functions to replace inherited, paper based systems as part of overall business improvement activities. This expenditure was funded internally from other budget savings from across the Commission.

The RandLE system enables the Commission to collect, maintain and appropriately share information relating to licensees and registered racing animals in Queensland, and was implemented using a phased approach during the financial year.

The ICMS system enables the Commission to efficiently manage complaints, incidents and investigations relating to the racing industry in Queensland.

## Assets

As at 30 June 2018, the Commission held assets valued at \$16.1 million, represented by \$4.5 million in current assets and \$11.6 million in non-current assets. Current assets include \$3.5 million of cash held at bank mainly to settle amounts owed to suppliers as at 30 June 2018.

Non-current assets consists mainly of RSC assets. This includes the land and buildings at Albion where the RSC is housed. The land and buildings were revalued at 30 June 2018, by applying market based indexes provided by State Valuation Services (SVS). As at 30 June 2018, these land and buildings were valued at \$6.8 million.

Intangible assets comprise software assets for the business systems rolled out during the financial year. The systems were valued at \$1 million as at 30 June 2018.

## Liabilities

The Commission's liabilities include amounts owed to suppliers, employee entitlements owing and liabilities in relation to accommodation lease provisions. As at 30 June 2018, these liabilities were valued at \$3.6 million.

## Equity

The Commission's equity is detailed in 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 2018, the Commission's equity was valued at \$12.5 million, made up as follows:

Breakdown of Equity	2017-18 \$'000	2016-17 \$'000
Opening Balance	9,185	-
Operating result for the year	50	1,187
Increase in revaluation surplus	13	41
MOG Transfers	-	6,417
Equity injections	3,263	1,540
<b>Total Equity</b>	<b>12,511</b>	<b>9,185</b>

## 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. These controls include:

- Maintaining an updated Financial Management Practice Manual (FMPM)
- External and internal audits focussed on compliance with financial internal controls

- Monthly management reporting
- Continued implementation of finance support systems with in-built financial controls, e.g. financial delegations
- Obtaining management assurance reports about systems and controls from our external services providers

See Risk Management and Accountability for further detail on overall stewardship of audit activities and recommendations, risk management processes and compliance practices.

# Financial Statements

Statement of Comprehensive Income for the year ended 30 June 2018	Note	2018 Actual \$'000	2018 Original Budget \$'000	2018 Budget Variance* \$'000	2017 Actual \$'000
<b>Income from Continuing Operations</b>					
Grants and other contributions	2	26,130	26,377	(247)	24,632
Interest	8	104	-	104	123
Other revenue	3	191	-	191	1,422
<b>Total Revenue</b>		<b>26,425</b>	<b>26,377</b>	<b>48</b>	<b>26,177</b>
Gain on sale of property, plant and equipment		25	-	-	-
<b>Total Income from Continuing Operations</b>		<b>26,450</b>	<b>26,377</b>	<b>48</b>	<b>26,177</b>
<b>Expenses from Continuing Operations</b>					
Employee expenses	4	16,777	16,053	724	15,047
Supplies and services	5	8,773	8,870	(97)	9,356
Depreciation and amortisation	11	634	674	(40)	411
Impairment losses		-	20	(20)	-
Finance/borrowing costs	6	16	-	16	47
Other expenses	7	200	760	(560)	129
<b>Total Expenses from Continuing Operations</b>		<b>26,400</b>	<b>26,377</b>	<b>23</b>	<b>24,990</b>
<b>Operating Result for the Year</b>		<b>50</b>	<b>-</b>	<b>25</b>	<b>1,187</b>
<b>Other Comprehensive Income</b>					
Items that will not be reclassified to Operating Result					
Increase in asset revaluation surplus	16.2	13	-	-	41
<b>Total Other Comprehensive Income</b>		<b>13</b>	<b>-</b>	<b>-</b>	<b>41</b>
<b>Total Comprehensive Income</b>		<b>63</b>	<b>-</b>	<b>25</b>	<b>1,228</b>

\* An explanation of major variances is included at Note 23.1

The accompanying notes form part of these statements.

Statement of Financial Position as at 30 June 2018	Note	2018 Actual \$'000	2018 Original Budget \$'000	2018 Budget Variance* \$'000	2017 Actual \$'000
<b>Current Assets</b>					
Cash and cash equivalents	8	3,500	3,149	351	2,823
Receivables	9	525	492	33	449
Other current assets	10	429	175	254	264
<b>Total Current Assets</b>		<b>4,454</b>	<b>3,816</b>	<b>638</b>	<b>3,536</b>
<b>Non-Current Assets</b>					
Property, Plant and equipment	11.1	10,563	10,304	259	8,440
Intangible assets	11.2	1,002	-	1,002	79
Other non-current assets	10	76	48	28	41
<b>Total Non-Current Assets</b>		<b>11,641</b>	<b>10,352</b>	<b>1,289</b>	<b>8,560</b>
<b>Total Assets</b>		<b>16,095</b>	<b>14,168</b>	<b>1,927</b>	<b>12,096</b>
<b>Current Liabilities</b>					
Payables	12	2,766	1,067	1,699	2,145
Accrued employee benefits	13	705	534	171	680
Other current liabilities		-	108	(108)	-
<b>Total Current Liabilities</b>		<b>3,471</b>	<b>1,709</b>	<b>1,762</b>	<b>2,825</b>
<b>Non Current Liabilities</b>					
Provisions	15	88	-	88	72
Other non-current liabilities	14	25	-	25	14
<b>Total Non-Current Liabilities</b>		<b>113</b>	<b>-</b>	<b>113</b>	<b>86</b>
<b>Total Liabilities</b>		<b>3,584</b>	<b>1,709</b>	<b>1,875</b>	<b>2,911</b>
<b>Net Assets</b>		<b>12,511</b>	<b>12,459</b>	<b>52</b>	<b>9,185</b>
<b>Equity</b>					
Contributed equity		11,220	10,383	837	7,957
Accumulated surplus		1,237	2,076	(839)	1,187
Asset revaluation surplus		54	-	54	41
<b>Total Equity</b>		<b>12,511</b>	<b>12,459</b>	<b>52</b>	<b>9,185</b>

\* An explanation of major variances is included at Note 23.2

The accompanying notes form part of these statements.

Statement of Changes in Equity for the year ended 30 June 2018	Note	CONTRIBUTED EQUITY \$'000	ACCUMULATED SURPLUS \$'000	ASSET REVALUATION SURPLUS \$'000	TOTAL \$'000
<b>Balance as at 1 July 2016</b>		-	-	-	-
<b>Operating Result</b>					
Operating result from continuing operations		-	1,187	-	1,187
<b>Other Comprehensive Income</b>					
Increase in asset revaluation surplus	16.2	-	-	41	41
<b>Total Comprehensive Income for the Year</b>		-	<b>1,187</b>	<b>41</b>	<b>1,228</b>
<b>Transactions with Owners as Owners</b>					
Capital contribution by owners	16.1	1,540	-	-	1,540
Transfers in from other Queensland Government Entities		6,417	-	-	6,417
<b>Net Transactions with Owners as Owners</b>		<b>7,957</b>	-	-	<b>7,957</b>
<b>Balance at 30 June 2017</b>		<b>7,957</b>	<b>1,187</b>	<b>41</b>	<b>9,185</b>
<b>Operating Result</b>					
Operating result from continuing operations		-	50	-	50
<b>Other Comprehensive Income</b>					
Increase in asset revaluation surplus	16.2	-	-	13	13
<b>Total Comprehensive Income for the Year</b>		-	<b>50</b>	<b>13</b>	<b>63</b>
<b>Transactions with Owners as Owners</b>					
Capital contribution by owners	16.1	3,263	-	-	3,263
Transfers in from other Queensland Government Entities		-	-	-	-
<b>Net Transactions with Owners as Owners</b>		<b>3,263</b>	-	-	<b>3,263</b>
<b>Balance at 30 June 2018</b>		<b>11,220</b>	<b>1,237</b>	<b>54</b>	<b>12,511</b>

Statement of Cash Flows as at 30 June 2018	Note	2018 Actual \$'000	2018 Original Budget \$'000	2018 Budget Variance* \$'000	2017 Actual \$'000
<b>Cash flows from Operating Activities</b>					
<b>Inflows:</b>					
User charges and fees	22	1,518	1,730	(212)	2,739
Grants and other contributions		25,647	26,377	(730)	24,315
GST input tax credits from ATO		1,250	-	1,250	797
GST collected from customers		13	-	13	36
Interest receipts		103	-	103	114
Other revenue		20	-	20	100
<b>Outflows:</b>					
Employee expenses		(16,218)	(16,053)	(165)	(14,366)
Supplies and services		(8,353)	(8,940)	587	(8,047)
Finance/borrowing Costs		-	-	-	(47)
GST paid to suppliers		(1,379)	-	(1,379)	(998)
GST remitted to ATO		(17)	-	(17)	(32)
User charges and fees remitted to Government	22	(1,518)	(1,730)	212	(1,720)
Other expenses		(121)	(765)	644	(118)
<b>Net cash provided by operating activities</b>		<b>945</b>	<b>619</b>	<b>326</b>	<b>2,773</b>
<b>Cash Flows from Investing Activities</b>					
<b>Inflows:</b>					
Sales of property, plant and equipment		25	-	25	-
<b>Outflows:</b>					
Payments for intangibles		(966)	-	(966)	(79)
Payments for property, plant and equipment		(2,590)	(2,283)	(307)	(1,275)
<b>Net cash provided used in investing activities</b>		<b>(3,531)</b>	<b>(2,283)</b>	<b>(1,248)</b>	<b>(1,354)</b>
<b>Cash flows from Financing Activities</b>					
<b>Inflows:</b>					
Equity injections		3,263	2,283	980	1,540
<b>Net cash provided by financing activities</b>		<b>3,263</b>	<b>2,283</b>	<b>980</b>	<b>1,540</b>
Net increase in cash and cash equivalents		677	619	58	2,959
Net cash transferred from MOG changes		-	-	-	(136)
Cash and cash equivalents - opening balance		2,823	2,530	293	-
<b>Cash and Cash Equivalents - closing balance</b>	<b>8</b>	<b>3,500</b>	<b>3,149</b>	<b>351</b>	<b>2,823</b>

\* An explanation of major variances is included at Note 23.3. The accompanying notes form part of these statements.

Reconciliation of Operating Result to Net Cash Provided by Operating Activities	2018 \$'000	2017 \$'000
Operating surplus	50	1,187
<b>Non-Cash items included in operating result:</b>		
Depreciation and amortisation expense	634	411
Cash waiver of employee entitlements recognised as revenue	-	(1,322)
Assets received below fair value	(190)	
Finance costs	16	-
Net gains on disposal of property, plant and equipment	(25)	-
Net loss on disposal of property, plant and equipment	79	-
<b>Change in assets and liabilities:</b>		
Increase in GST input tax credits receivable	(129)	-
Decrease in LSL reimbursement receivables	41	-
Increase in interest receivable	(1)	-
Decrease in other receivables	17	612
Increase in prepayments/other assets	(200)	(148)
Increase in accounts payable	621	1,456
Increase in accrued employee benefits	25	563
Decrease in GST payable	(4)	-
Increase in deferred lease liability	11	14
<b>Net cash provided by operating activities</b>	<b>945</b>	<b>2,773</b>

<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>	Other revenue
<b>Note 4</b>	Employee expenses
<b>Note 5</b>	Supplies and services
<b>Note 6</b>	Finance/Borrowing costs
<b>Note 7</b>	Other expenses
<b>Note 8</b>	Cash and cash equivalents
<b>Note 9</b>	Receivables
<b>Note 10</b>	Other assets
<b>Note 11</b>	Property, plant and equipment and intangible assets
	11.1 Property, plant and equipment and depreciation expense
	11.2 Intangibles and amortisation expense
<b>Note 12</b>	Payables
<b>Note 13</b>	Accrued employee benefits
<b>Note 14</b>	Other non-current liabilities
<b>Note 15</b>	Provisions
<b>Note 16</b>	Contributed equity
	16.1 Contributions by owners
	16.2 Asset revaluation surplus
<b>Note 17</b>	Contingencies
<b>Note 18</b>	Commitments for expenditure
<b>Note 19</b>	Financial instruments
<b>Note 20</b>	Key management personnel (KMP) disclosures
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## 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 2017.

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 Flows which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

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

#### 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. 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** - Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period. Where comparative information has been restated, unless otherwise specified, such restatements are not material and would not require disclosure in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

**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.

#### d. 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.

**e. Basis of Measurement**

Historical cost is used as the measurement basis in this financial report except for the following:

- Land and buildings which are measured at fair value
- Provisions expected to be settled 12 or more months after reporting date which are measured at their present value

**Historical Cost** - Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

**Fair Value** - 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. Fair value is determined using one of the following three approaches:

- the *market approach* uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- the *cost approach* reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current replacement cost methodology.
- the *income approach* converts multiple future cash flow amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

Where fair value is used, the fair value approach is disclosed. Refer to Note 19 – Financial Instruments and Note 11 – Property, Plant and Equipment.

**Present Value** - Present value represents the present discounted value of the future net cash inflows that the item is expected to generate (in respect of assets) or the present discounted value of the future net cash outflows expected to settle (in respect of liabilities) in the normal course of business.

**f. 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 9 - Receivables).

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

Details of Transfer: The ministerial responsibility for racing integrity was transferred to the Minister for Local Government, Minister for Racing and Minister for Multicultural Affairs, whilst the responsibility for administering the Commission was transferred to the Director-General, Department of Agriculture and Fisheries (DAF).

Basis of Transfer: Administrative Arrangements Order (No.4) 2017

Date of Transfer: Effective from 21 December 2017

**h. 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 within 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:

- Property, Plant and Equipment and Intangible Assets (Note 11)
- Provisions (Note 15)

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

**Changes in Accounting Policy** - The Commission did not voluntarily change any of its accounting policies during the 2017-18 reporting period.

**Accounting Standards Early Adopted** – No Australian Accounting Standards have been early adopted for 2017-18.

**j. 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	
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 July 2018
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 for 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.

The Commission has reviewed the impact of AASB 9 on the classification and measurement of its financial assets. The categorisation and valuation of the amounts reported in Note 19 Financial Instruments will change as follows:

- there will be no change to either the classification or valuation of cash and equivalents
- contractual receivables will be classified and measured at amortised cost, similar to the current classification of receivables.
- financial liabilities listed in Note 19 will continue to be measured at amortised cost. Given the nature of the Commission's financial liabilities, the Commission does not expect a material change in the reported value of the financial liabilities.

Where applicable, these changed amounts will form the opening balance of those items on the date AASB 9 is adopted. The Commission will not restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19.

**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. Potential future impacts identifiable at the date of this report are as follows:

- Queensland Government grant funding is non-reciprocal and will therefore not qualify for deferral as there are no individual performance obligations attached to the grant. The grant will continue to be recognised as revenue upfront as soon as they are controlled (control is generally obtained at the time of receipt).
- A range of new disclosures will also be required by the standards in respect of the Commission's revenue.

### **AASB 16 Leases**

AASB 16 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 16 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.

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16. The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. Instead, they will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 allows a ‘cumulative approach’ rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the ‘cumulative approach’, it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application.

The Commission has analysed its existing operating lease commitments reported under Note 18 - Commitments for Expenditure, by type of lessor and type of lease to estimate the expected impacts on transition based on information available at 30 June 2018.

Approximately 95% (\$1.750 million) of the Commission’s operating lease commitments comprise arrangements with other Queensland Government agencies as lessor (i.e. internal-to-Government leases). The remaining 5% (\$0.060 million) of operating lease commitments are with lessors external to Government.

**Internal-to-Government leases** – The Commission’s leases with internal-to-Government lessors are primarily for office accommodation, including car parking.

At 30 June 2018, the Commission has operating lease commitments of \$1.383 million and annual payments of \$0.625 million per year for office accommodation. Considering their operation and impact across the whole-of-Government, the Commission is currently awaiting formal guidance from Queensland Treasury as to whether this arrangement should be accounted for on-balance sheet under AASB 16.

In the event these arrangements are to be accounted for on-balance sheet, the Commission estimates a right-of-use-asset and lease liability on transition of approximately \$0.960 million for office accommodation.

The Commission also has a number of cancellable motor vehicle leases with QFleet that are not presently included as part of the operating lease commitments note as they do not constitute a lease under AASB 117 and Accounting Interpretation 4. The Commission is also awaiting confirmation from Queensland Treasury that QFleet arrangements will continue to fall outside the requirements of AASB 16 for on-balance sheet accounting.

**External-to-Government leases** – Leases with external lessors comprise an arrangement for right-of-use of commercial property in the Lockyer Valley region for the Greyhound Adoption Program (GAP) and non-cancellable motor vehicle leases with a commercial fleet management specialist.

The Commission estimates, based on current operating lease commitments totalling \$0.058 million, there will be no material financial impact if these arrangements are not accounted for on-balance sheet.

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** are non-reciprocal in nature and 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).

**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.

Grants and Other contributions	2018 \$'000	2017 \$'000
Queensland Government grant <sup>1</sup>	25,647	24,315
Other Contributions - Services received below fair value <sup>2</sup>	483	317
<b>Total</b>	<b>26,130</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 the department responsible for administration of the Commission. The administering department forwards the operating funding to the Commission on a quarterly basis in the form of a grant (pre 2017 MOG – QT; post 2017 MOG – DAF).

<sup>2</sup> Relates to five (5) police officers (2017 – four (4) police officers) seconded from the Queensland Police Service (QPS) to form the QPS taskforce to enhance the investigatory element of the Commission's regulatory activities.

## 3. OTHER REVENUE

### Accounting Policy:

**Other revenue** is recognised when the revenue is 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.

User charges and fees collected from racing industry participants are not controlled by the Commission and are reported as agency transactions under Note 22.

**Assets acquired at no cost** – Per Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector* (NCAP), where assets are acquired at no cost or for nominal consideration, other than those acquired through MOG changes, initial recognition is as "assets received below fair value", an item of other revenue.

	2018 \$'000	2017 \$'000
Cash waiver of unfunded employee entitlements <sup>1</sup>	-	1,322
Assets received below fair value <sup>2</sup>	190	-
Other revenue	1	100
<b>Total</b>	<b>191</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 (QT) 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.

<sup>2</sup> Replacement of a Racing Science Centre (RSC) defective laboratory instrument under warranty at NIL cost.

## 4. EMPLOYEE EXPENSES

### Accounting Policy:

**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. See Note 13 - 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.

	2018	2017
Number of Full-Time Equivalent Employees	153	123.5

	2018 \$'000	2017 \$'000
<b>Employee Benefits</b>		
Wages and Salaries	12,876	11,576
Annual leave levy	1,056	979
Employer superannuation contributions	1,415	1,304
Long service leave levy	260	269
Other employee benefits	32	31
	<b>15,639</b>	<b>14,159</b>

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

	2018 \$'000	2017 \$'000
<b>Employee Related Expenses</b>		
Payroll tax	703	630
Workers' compensation premium	63	63
Other employee related expenses	372	195
	1,138	888
<b>Total</b>	<b>16,777</b>	<b>15,047</b>

Payroll tax and workers' compensation are not employee benefits and are recognised separately as employee related expenses.  
Key management personnel and remuneration disclosures are detailed in Note 20 Key Management Personnel (KMP) Disclosures.

## 5. SUPPLIES AND SERVICES

	2018 \$'000	2017 \$'000
Consultants and contractors <sup>1</sup>	1,792	1,618
Corporate service providers <sup>2</sup>	1,209	1,193
Animal care expenses	889	1,074
Laboratory and testing expenses	901	712
Operating lease rentals <sup>3</sup>	724	658
Property maintenance costs	518	516
Legal fees	435	854
Motor vehicle expenses	409	374
Travel costs	395	330
Plant and equipment maintenance	367	425
Operating and administration costs	313	385
Transcription services	239	216
Telecommunications	176	266
Low value assets expensed	211	554
Other	195	181
<b>Total</b>	<b>8,773</b>	<b>9,356</b>

<sup>1</sup> Contractor expenditure mainly comprises of payments for temporary staff employed through recruitment agencies to backfill staff vacancies and provide additional administrative support; project management and internal audit services. Consultancy expenditure consists of \$55,000 paid to Mercer Consulting for undertaking a review of steward's remuneration.

<sup>2</sup> Refer to Note 21 - Related Party Transactions.

<sup>3</sup> Expenditure relates to office accommodation for five office locations. Refer to Note 14 – Other non-current liabilities and Note 18 – Commitments for Expenditure.

## 6. FINANCE/BORROWING COSTS

	2018 \$'000	2017 \$'000
Loan - Queensland Treasury Corporation <sup>1</sup>	-	47
Finance cost for unwinding the discount on the make good provision	16	-
<b>Total</b>	<b>16</b>	<b>47</b>

<sup>1</sup> 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.

<sup>2</sup> Refer to Note 15 - Provisions

## 7. OTHER EXPENSES

	2018 \$'000	2017 \$'000
External audit fees <sup>1</sup>	41	40
Insurance premiums - QGIF <sup>2</sup>	49	50
Losses from disposal of property, plant and equipment <sup>3</sup>	79	-
Special payments	-	12
Sponsorship payments	18	16
Other expenses	13	11
<b>Total</b>	<b>200</b>	<b>129</b>

<sup>1</sup> Total audit fees quoted by the Queensland Audit Office relating to the 2017-18 financial statements is \$41,360 (2017:\$40,000).

<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> Relates to a defective laboratory instrument written off and fully replaced under warranty – Refer to Note 3 – Other Revenue.

## 8. 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 when it is earned.

	2018 \$'000	2017 \$'000
Imprest accounts	1	1
Cash at bank	3,499	2,822
<b>Total</b>	<b>3,500</b>	<b>2,823</b>

The Commission maintains a bank account with the Commonwealth Bank for its day-to-day operating transactions. Surplus funds are invested in a capital guaranteed cash fund held with the Queensland Treasury Corporation, with funds withdrawn as required to meet operating cash flow requirements.

The Commission earned \$104,433 interest revenue on these bank accounts during the financial year at interest rates between 2.1% and 2.51% (2017: \$123,106).

## 9. RECEIVABLES

### Accounting Policy:

**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.

Amounts owing for fines and other revenue collected from racing industry participants are not controlled by the Commission and are reported as agency transactions under Note 22. 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.

	2018 \$'000	2017 \$'000
<b>Statutory Receivables</b>		
GST receivable	330	201
GST payable	-	(4)
	<b>330</b>	<b>197</b>
<b>Contractual Receivables</b>		
Annual leave reimbursements	158	158
Long service leave reimbursements	-	41
Interest receivable	10	9
Other <sup>1</sup>	27	44
<b>Total</b>	<b>525</b>	<b>449</b>

<sup>1</sup> Refer to Note 22.3 – Cash Payments to Administering Agency

Credit risk management strategies are detailed in Note 19.

## 10. OTHER ASSETS

### Accounting Policy:

**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.

	2018 \$'000	2017 \$'000
<b>Current</b>		
Prepayments – supplies and services	429	264
<b>Total</b>	<b>429</b>	<b>264</b>
<b>Non Current</b>		
Prepayments – supplies and services	66	31
Rental Deposits	10	10
<b>Total</b>	<b>76</b>	<b>41</b>

## 11. PROPERTY, PLANT AND EQUIPMENT 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:

<b>Property, Plant and Equipment</b>	
Land	\$1
Plant and Equipment	\$5,000
Buildings	\$10,000
<b>Intangibles</b>	
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).

Assets transferred as a result of machinery-of-government changes are recognised at the carrying amount in the books of the other Queensland Government entity immediately prior to the transfer.

Assets acquired at no cost, other than from another Queensland Government entity, are recognised at their fair value at the date of acquisition.

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 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 does not materially differ from its 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.

**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. This measurement also takes into account a market participant's ability to generate economic benefits by the asset's best use or highest sale.

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.

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.

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

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

**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).

**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 (other than land assets), 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.

The depreciable amount of improvements to or on leasehold property is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where the exercise of the option is probable.

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
Plant and Equipment	3-15 years
Buildings	10-61 years
Intangible Assets	Useful Life
Software	5-20 years

The useful lives of property, plant and equipment and intangible assets were reviewed during the reporting period and adjusted where necessary.

**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.

## Basis of Fair Values for Land and Buildings

**Fair Value Measurement Hierarchy** - All fair value assets 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.

Land and buildings were transferred from Department of National Parks, Sports and Racing (NPSR) at their fair value as at 1 July 2016.

Land	
Effective date of last specific appraisal:	30 June 2015
Valuation approach:	Market Based Assessment
Inputs:	Publicly available data on sales of similar land in nearby locations during 2014 and 2015.
Subsequent valuation activity:	Reviewed annually since 1 July 2016 by applying market-based indices provided by SVS that are developed using market data and publicly available information on market transactions consistent with the last specific appraisal. These indices fall into a hierarchy level 2. There has been no movement in the land value since the last specific appraisal.

<b>Buildings</b>	
Effective date of last specific appraisal:	30 June 2015
Valuation approach:	Current replacement cost (due to no active market for such facilities)
Inputs:	The valuation of the buildings reflects the cost of establishment a replacement facility. Building cost information was sourced from quantity surveyors and includes all expenses associated with the facility such as professional services, application costs and building construction costs.
Subsequent valuation activity:	Reviewed annually since 1 July 2016 by applying market-based indices provided by SVS that are developed using market data and publicly available information on market transactions consistent with the last specific appraisal.  These indices fall into a hierarchy level 2.

SVS provided an assurance of their robustness, validity and appropriateness for application of the indices to the relevant assets, having tested the indices supplied for reasonableness by applying the indices to a sample of assets and comparing the results to similar assets that have been valued.

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.

## 11.1 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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Gross</b>	4,821	4,821	3,564	2,939	7,439	7,173	504	10	16,328	14,943
Less: Accumulated depreciation	-	-	(1,598)	(1,522)	(4,167)	(4,981)	-	-	(5,765)	(6,503)
<b>Carrying amount at 30 June</b>	<b>4,821</b>	<b>4,821</b>	<b>1,966</b>	<b>1,417</b>	<b>3,272</b>	<b>2,192</b>	<b>504</b>	<b>10</b>	<b>10,563</b>	<b>8,440</b>
<b>Represented by movements in carrying amount</b>										
Carrying amount at 1 July	4,821	-	1,417	-	2,192	-	10	-	8,440	-
Acquisitions	-	-	601	-	1,675	1,266	504	10	2,780	1,276
Transfers in from other Queensland Government entities	-	4,821	-	1,437	-	1,204	-	-	-	7,462
Revaluation increments	-	-	13	41	-	-	-	-	13	41
Disposals	-	-	-	-	(79)	-	-	-	(79)	-
Transfers	-	-	10	-	-	-	(10)	-	-	-
Restoration Cost adjustment	-	-	-	-	-	72	-	-	-	72
Depreciation	-	-	(75)	(61)	(516)	(350)	-	-	(591)	(411)
<b>Carrying amount at 30 June</b>	<b>4,821</b>	<b>4,821</b>	<b>1,966</b>	<b>1,417</b>	<b>3,272</b>	<b>2,192</b>	<b>504</b>	<b>10</b>	<b>10,563</b>	<b>8,440</b>

## 11.2 INTANGIBLES AND AMORTISATION EXPENSE

### Closing Balances and Reconciliation of Carrying Amount

	Software Purchased - At Cost		Software - Work in Progress At Cost		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Gross</b>	1,142	145	47	79	1,189	224
Less: Accumulated amortisation	(187)	(145)	-	-	(187)	(145)
<b>Carrying amount at 30 June</b>	<b>955</b>	<b>-</b>	<b>47</b>	<b>79</b>	<b>1,002</b>	<b>79</b>
<b>Represented by movements in carrying amount</b>						
Carrying amount at 1 July	-	-	79	-	79	-
Acquisitions	919	-	47	79	966	79
Transfers	79	-	(79)	-	-	-
Amortisation	(43)	-	-	-	(43)	-
<b>Carrying amount at 30 June</b>	<b>955</b>	<b>-</b>	<b>47</b>	<b>79</b>	<b>1,002</b>	<b>79</b>

Since its establishment, the Commission has made preliminary investment in basic but contemporary business systems to support its licensing and registration and racing integrity functions through an equity adjustment. Refer to Note 16.1 – Appropriations Recognised in Equity.

A budget of \$0.850 million was allocated in 2017-18 for the development of the Registration and Licensing Environment (RandLE) customer relationship management system, to facilitate licence applications and renewals through an online customer portal and payment gateway. The RandLE system will also support the MacSporran report recommendation for whole of life cycle tracking for greyhounds.

The system went live on 03 October 2017 with further functionality progressively available to participants in the subsequent months leading up to the end of the reporting period. The Commission spent \$0.808 million in capital expenditure for the RandLE system during the financial year.

In August 2017, the Commission launched the Comtrac Investigations and Case Management system (ICMS), thereby introducing a formal case management and intelligence based approach to racing integrity regulation in Queensland. A budget of \$0.130 million was allocated in 2017-18 for further customisation of the ICMS. The Commission spent \$110,876 in capital expenditure for the ICMS during the financial year (2016-17: \$78,960).

Both systems require further investment beyond 2017-18 to further expand functional capability.

## 12. 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.

	2018 \$'000	2017 \$'000
<b>Contractual Payables</b>		
Creditors	2,680	2,053
Other creditors	1	17
<b>Statutory Payables</b>		
Payroll tax payable	85	75
<b>Total</b>	<b>2,766</b>	<b>2,145</b>

### 13. ACCRUED EMPLOYEE BENEFITS

#### Accounting Policy:

**Accrued Employee Benefits** - 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.

	2018 \$'000	2017 \$'000
Wages outstanding	320	307
Superannuation payable	28	46
Long service leave levy payable	82	70
Annual leave levy payable	270	250
Other	5	7
<b>Total</b>	<b>705</b>	<b>680</b>

Refer to Note 4 – Employee Expenses

### 14. OTHER NON-CURRENT LIABILITIES

**Deferred lease liabilities** – 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. Non-cancellable lease commitments are disclosed in Note 18 – Commitments for Expenditure.

	2018 \$'000	2017 \$'000
Deferred Lease Liabilities	25	14
<b>Total</b>	<b>25</b>	<b>14</b>

## 15. 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

	2018 \$'000	2017 \$'000
Restoration Costs	88	72
<b>Total Movement</b>	<b>88</b>	<b>72</b>
Balance at 1 July	72	-
Provision made	-	72
Changes in discount rate/passage of time	16	-
<b>Balance at 30 June</b>	<b>88</b>	<b>72</b>

## 16. 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 Commission recognises non-reciprocal contributions by owners as contributed equity.

### 16.1. CONTRIBUTIONS BY OWNERS

	2018 \$'000	2017 \$'000
Transfers in from other Queensland Government entities <sup>1</sup>	-	6,417
Capital funding transfer from administering agency <sup>2</sup>	3,263	1,540
<b>Total</b>	<b>3,263</b>	<b>7,957</b>

<sup>1</sup> Public Service Department Arrangements Notice (No.2) 2016 – MOG transfer of assets and liabilities between wholly owned Queensland State Public Sector entities, to facilitate the establishment of the Commission as a new statutory authority and the realignment of functional responsibilities to separate the commercial and integrity and welfare functions of the racing industry.

<sup>2</sup> Consists of approved capital funding over four years to implement a sustainable capital works program for the RSC, which includes investment in core drug testing technology, building and software upgrades. Additionally, during 2017-18 the Commission received Treasury approval to transfer \$0.980 million operating grant funding to fund the capital component of the business systems supporting its licensing and registration and racing integrity functions (2017 - \$1.540 million for urgent RSC capital replacements).

## 16.2. ASSET REVALUATION SURPLUS

	2018 \$'000	2017 \$'000
Balance at 1 July	41	-
Revaluation Increment	13	41
<b>Balance at 30 June</b>	<b>54</b>	<b>41</b>

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

## 17. CONTINGENCIES

As at 30 June 2018, there were 17 cases (2017: 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.

## 18. 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>		Capital Expenditure		Other Expenditure		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Not later than 1 year	695	515	2,079	606	2,508	325	5,282	1,446
Later than 1 year but not later than 5 years	748	792	-	-	717	-	1,465	792
	<b>1,443</b>	<b>1,307</b>	<b>2,079</b>	<b>606</b>	<b>3,225</b>	<b>325</b>	<b>6,747</b>	<b>2,238</b>

<sup>1</sup> Operating leases are entered into as a means of acquiring access to motor vehicles, office accommodation, parking and storage facilities. Lease terms extend over a period of 1 to 5 years. The Commission has no option to purchase the leased item at the end of the lease, although the leases provide for renewal options at which time the lease terms are renegotiated. Lease payments are fixed, but with annual inflation escalation clauses upon which future year rentals are determined. No operating leases contain restrictions on financing or other leasing activities. Refer to Note 5 – Supplies and Services.

## 19. 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 assets 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	2018 \$'000	2017 \$'000
<b>Financial Assets</b>			
Cash and cash equivalents	8	3,500	2,823
Contractual receivables at amortised cost	9	182	252
<b>Total Financial Assets</b>		<b>3,682</b>	<b>3,075</b>
<b>Financial Liabilities</b>			
Contractual payables at amortised cost	12	2,681	2,070
<b>Total Financial Liabilities</b>		<b>2,681</b>	<b>2,070</b>

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

### (b) Financial Risk Management

The Commission's activities expose it to credit risk, liquidity risk and market risk. All financial risk management is implemented in accordance with Government and internal 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.

Primary responsibility for the management of financial risks rests with the Office of the Commissioner with oversight and monitoring by the Audit and Risk Management Committee.

### (c) Credit Risk Exposure

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 9).

The maximum exposure to credit risk at balance date is the gross carrying amount of each category of recognised financial asset inclusive of the allowance for impairment. The Commission manages credit risk by investing in secure assets and monitors exposure to credit risk on an ongoing basis.

### (d) 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 12).

The Commission manages exposure to liquidity risk by ensuring that expenditure is within funding levels to meet employee and supplier obligations at all times and that minimum levels of cash is held within the bank account to match expected payments as they fall due.

## (e) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will decrease due to movements in market factors such as interest rates, foreign exchange rates, equity prices and commodity prices.

The Commission does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices. The Commission's exposure to interest rate risk is limited to cash deposits in interest bearing accounts – Refer Note 8 – Cash and Cash Equivalents. Interest rate risk is minimised through passive investment management to ensure the return of capital and at the same time generate a return commensurate with the risk taken.

## (f) Fair Value

The carrying amounts of receivables and payables, which represent the value of the original transactions less any allowance for impairment, are consistent with the fair values of these balances.

Assets carried at fair value are categorised under the following hierarchy levels:

- Cash and cash equivalents – Level 1 fair value hierarchy

There have been no transfers of assets between fair value hierarchy levels during the reporting period.

The Commission does not have any liabilities that are carried at fair value.

## 20. 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 2017-18. Key executive management personnel consist of positions as listed below which form part of the Executive Leadership Team (ELT).

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 Commissioner	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.

Position	Short-Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000
<b>1 July 2017 - 30 June 2018</b>					
Racing Integrity Commissioner	360	4	8	44	416
Deputy Commissioner <sup>1</sup>	163	-	4	12	179
Director, Office of the Commissioner <sup>2</sup>	57	4	1	8	70
Director, Racing Science Centre	143	-	3	17	163
Director, Stewarding, Licensing and Registration <sup>3</sup>	148	-	3	17	168
Director, Veterinary Services and Animal Welfare	143	-	3	17	163
<b>Total Remuneration 2018</b>	<b>1,014</b>	<b>8</b>	<b>22</b>	<b>115</b>	<b>1,159</b>
<b>1 July 2016 - 30 June 2017</b>					
Racing Integrity Commissioner	329	4	9	40	382
Deputy Commissioner <sup>4</sup>	-	-	-	-	-
Director, Office of the Commissioner	140	4	3	16	163
Director, Racing Science Centre	131	-	3	16	150
Director, Stewarding, Licensing and Registration <sup>5</sup>	-	-	-	-	-
Director, Veterinary Services and Animal Welfare	150	-	4	17	171
<b>Total Remuneration 2017</b>	<b>750</b>	<b>8</b>	<b>19</b>	<b>89</b>	<b>866</b>

<sup>1</sup> Mark Ainsworth APM was appointed as Deputy Commissioner on 21 May 2018. The Director, Office of the Commissioner acted in the role during the financial year until the appointment.

<sup>2</sup> Two corporate staff acted in the role whilst the Director backfilled the Deputy Commissioner position.

<sup>3</sup> Permanently appointed to the role on 1 January 2018.

<sup>4</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>5</sup> The position was substantively vacant throughout the financial year. Four operational staff acted in the role during the financial year.

## 21. 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 sources of funding from Government for its services is grant revenue and equity injections (Refer Note 2 - Grants and Other Contributions and Note 16 - Contributed Equity) both of which are provided in cash via the administering department. Queensland Treasury was responsible for administering the Commission until the responsibility was transferred to DAF as part of the MOG transfer from 26 March 2018. Refer to Note 1.2 (g).

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 that is negotiated annually. See Corporate service charges under Note 5 - Supplies and Services.

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

## 22. AGENCY TRANSACTIONS

The Commission is responsible for administering the rules of racing and licensing of animals and racing industry participants.

As the Commission acts in the capacity of an agent and does not control the user charges and fee revenue collected from these activities, the revenue, associated receivables and expenditure payments to Government are classified as agency transactions and reported separately under this note, rather than in the Commission's Statement of Comprehensive Income and Statement of Financial Position.

Cash receipts and payments associated with these agency transactions is reported in the Commission's statement of cash flows as the transactions are processed through the Commission's operating bank account.

### 22.1 USER CHARGES AND FEES COLLECTED AND REMITTED TO GOVERNMENT

#### Accounting Policy:

**Licensing and registration fees** are accounted as revenue at the time of receipt.

**Fines and penalties revenue** is recognised at the time of the infringement event through the issue of a penalty notice and supporting invoice. Accrued fine revenue is recognised if the infringement event has occurred but not yet invoiced.

**Sale of goods and services revenue** is recognised when the revenue is earned and can be measured reliability 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 raised but not yet invoiced.

	2018 Actual \$'000	2018 Original Budget \$'000	2018 Budget Variance* \$'000	2017 Actual \$'000
<b>User charges and fees</b>				
Licence and registration fees	1,065	1,266	(201)	1,143
Fines and penalties	314	400	(86)	387
Greyhound Adoption Program donations	-	-	-	100
Sale of goods and services	91	84	7	90
<b>User charges and fees</b>	<b>1,470</b>	<b>1,750</b>	<b>(280)</b>	<b>1,720</b>
<b>Expenses</b>				
User charges and fees remitted to government	1,470	1,750	(280)	1,720

\*An explanation of major variances is included at Note 23.4

## 22.2 RECEIVABLES

### Accounting Policy:

**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.

Receivables are recognised at the amounts due at the time of sale, service delivery or infringement event i.e. the agreed purchase/contract price or offence code. Unless approved payment arrangements are in place, settlement of these amounts is required within 30 days from invoice date. No interest is charged and no security is obtained.

	2018 Actual \$'000	2018 Original Budget \$'000	2018 Budget Variance* \$'000	2017 Actual \$'000
Fines and penalties receivable	111	277	(166)	221
Other user charges receivables	11	15	(4)	45
<b>Total</b>	<b>122</b>	<b>292</b>	<b>(170)</b>	<b>266</b>

\*An explanation of major variances is included at Note 23.4

### Credit Risk Exposure of Receivables

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

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

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

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

### Ageing of Past Due but not impaired Receivables

	2018 \$'000	2017 \$'000
<b>Overdue:</b>		
30 to 60 days	16	25
60 to 90 days	11	19
Greater than 90	38	161
<b>Total Overdue</b>	<b>65</b>	<b>205</b>

The Commission actively pursues a range of debt recovery actions for overdue debtors, including the ability to immediately suspend a licence issued if the licence holder fails to pay a debt; offering payment arrangements and declining a licence renewal until the outstanding debt is settled.

## 22.3 CASH PAYMENTS TO ADMINISTERING AGENCY

### Accounting Policy:

**Cash payments to administering agency** - All user charges and fee revenue collected by the Commission is remitted to Government on a quarterly basis via the administering department.

	2018 \$'000	2017 \$'000
User charges and fees remitted to government	1,470	1,720
Less: Administered Receivables	122	266
<b>Cash owing at 30 June</b>	<b>1,348</b>	<b>1,454</b>
<b>Less: Cash payments during the year</b>		
Queensland Treasury administered account	1,064	1,479
Department of Agriculture and Fisheries administered account	310	-
	1,374	1,479
<b>Total overpayment</b>	<b>26</b>	<b>25</b>

The overpayment will be offset from the next remittance due to DAF in early October 2018.

## 23. BUDGETARY REPORTING DISCLOSURES

The Commission's explanation of major budget variances between the actual 2017-18 financial results and the original budget presented to Parliament is in accordance with FFR 5C Budgetary Reporting Disclosures.

## 23.1 EXPLANATION OF MAJOR VARIANCES – STATEMENT OF COMPREHENSIVE INCOME

<b>Grants and Other Contributions:</b>	The actual amount is lower than budgeted primarily due to transferring operating grant funds to capital funding for the investment in contemporary software systems to support licensing and registration and investigations management. Refer to Note 16.1 – Contributions by owners.
<b>Interest:</b>	The Commission received Treasury approval to retain the interest earned on cash reserves as own-source revenue.
<b>Other Revenue:</b>	The variance in other revenue is due to recognising the full replacement of a defective laboratory instrument under warranty at NIL cost.
<b>Employee Expenses:</b>	Employee expenses were higher than budgeted mainly due to higher expenditure on casual salaries and penalty payments for the Greyhound Adoption Program (GAP).
<b>Other Expenses:</b>	The original budget included \$0.500 million quarantined under a Commission Reserve Fund. These funds were distributed to high priority areas during the financial year at the discretion of the Commissioner.

## 23.2 EXPLANATION OF MAJOR VARIANCES – STATEMENT OF FINANCIAL POSITION

<b>Other Assets:</b>	The variance is mainly due to higher prepaid maintenance contracts for RSC's new laboratory equipment.
<b>Intangible Assets:</b>	The variance relates to investment in strategic business system improvements for our licensing and registration and racing integrity functions. The expenditure was funded internally from budget savings across the Commission through an equity injection. Refer to Note 11.2 Intangibles and Amortisation Expenses and Note 16.1 Appropriations recognised in Equity.
<b>Payables:</b>	The increase in payables is primarily due to outstanding supplier payments for capital acquisitions at the end of the financial year.
<b>Equity:</b>	The variance in contributed equity and accumulated surplus relates to the transfer of operating funds to capital via a non-appropriated equity adjustment.

## 23.3 EXPLANATION OF MAJOR VARIANCES – STATEMENT OF CASH FLOWS

<b>Grants and Other Contributions:</b>	The decrease in cash inflows is due to approval received from Treasury to defer 2017-18 budget savings in supplies and services expenditure to 2018-19. The deferred funds have been earmarked for strategic business improvement initiatives per the Commission's 2018-19 operational plan.
<b>GST Input Tax Credits from ATO:</b>	The variance in cash inflows relates to recognising the BAS refunds received from the ATO.
<b>GST Paid to Suppliers:</b>	The variance in cash outflows relates to recognising the GST input tax credits on goods and services procured by the Commission.
<b>Payments for Intangibles:</b>	The variance in cash outflows is due to the investment in business systems for licensing and registration and integrity functions, not previously budgeted.
<b>Payments for PPE:</b>	The variance in cash outflows is due to some RSC capital replacements planned in 2016-17 but only purchased in 2017-18.

## 23.4 EXPLANATION OF MAJOR VARIANCES – AGENCY TRANSACTIONS

<b>User Charges and Fee Revenue:</b>	The decrease is primarily the result of a lower number of licenced racing participants and animal registrations than budgeted.
<b>Receivables:</b>	The decrease in receivables is the result of focussed debt collection strategies during the financial year.

# Appendix 1 – Management Certificate for the Queensland Racing Integrity Commission

## Management Certificate for the 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 2017 to 30 June 2018 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 Monien  
Finance Manager

  
Ross Barnett  
Racing Integrity Commissioner

Date: 27 August 2018

Date: 27 August 2018

# Appendix 2 – Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

To the 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.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2018, 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.

The financial report comprises the statement of financial position as at 30 June 2018, 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.

#### 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.

#### Other information

Other information comprises the information included in the entity's annual report for the year ended 30 June 2018 but does not include the financial report and my auditor's report thereon.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.



**Responsibilities of the Racing Integrity Commissioner 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 Racing Integrity Commissioner’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 2018:

- 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.

A handwritten signature in blue ink that reads "P. Christensen".

28 August 2018

Paul Christensen  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

# Appendix 3 – Glossary

Term	Definition
Queensland Racing Integrity Commission (the Commission/ the QRIC)	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.
Report Something	The QRIC’s own information sharing process, allowing anyone with information about the racing industry and/or its participants to report it to the QRIC via phone, email, in-person, or via webform.
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> .
Steward	Officers employed under the <i>Racing Integrity Act 2016</i> and under the respective Rules of Racing can supervise particular matters at race meetings.
Arsenic	Arsenic is a chemical element which occurs in many minerals and trace amounts may be present in the environment. It is a prohibited substance and is regulated in respective rules of racing by way of thresholds in urine and blood samples.
Cobalt	A trace element that is naturally occurring in the environment and is present in water, animal feed and some dietary supplements. It is also part of the structure of vitamin B12 (cobalamin). Cobalt can be misused in an effort to improve the performance of a racing animal by better regulating blood cell production. It is therefore regulated in respective rules of racing by way of thresholds in urine and blood samples.
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.
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.

# Appendix 4 – Compliance Checklist

Term		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> <li>A letter of compliance from the accountable officer or statutory body to the relevant Minister/s</li> </ul>	ARRs – section 7	1
Accessibility	<ul style="list-style-type: none"> <li>Table of contents</li> </ul>	ARRs – section 9.1	iii; iv
	<ul style="list-style-type: none"> <li>Glossary</li> </ul>		Appendix 3
	<ul style="list-style-type: none"> <li>Public availability</li> </ul>	ARRs – section 9.2	ii
	<ul style="list-style-type: none"> <li>Interpreter service statement</li> </ul>	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	N/A
	<ul style="list-style-type: none"> <li>Copyright notice</li> </ul>	<i>Copyright Act 1968</i> ARRs – section 9.4	ii
General information	<ul style="list-style-type: none"> <li>Information Licensing</li> </ul>	<i>QGEA – Information Licensing</i> ARRs – section 9.5	ii
	<ul style="list-style-type: none"> <li>Introductory Information</li> </ul>	ARRs – section 10.1	7
Non-financial performance	<ul style="list-style-type: none"> <li>Agency role and main functions</li> </ul>	ARRs – section 10.2	7 - 11
	<ul style="list-style-type: none"> <li>Machinery of Government changes</li> </ul>	ARRs – section 31 and 32	8
	<ul style="list-style-type: none"> <li>Operating environment</li> </ul>	ARRs – section 10.3	7 - 10
	<ul style="list-style-type: none"> <li>Government's objectives for the community</li> </ul>	ARRs – section 11.1	17
Non-financial performance	<ul style="list-style-type: none"> <li>Other whole-of-government plans / specific initiatives</li> </ul>	ARRs – section 11.2	20
	<ul style="list-style-type: none"> <li>Agency objectives and performance indicators</li> </ul>	ARRs – section 11.3	19
	<ul style="list-style-type: none"> <li>Agency service areas and service standards</li> </ul>	ARRs – section 11.4	17 - 18
	<ul style="list-style-type: none"> <li>Summary of financial performance</li> </ul>	ARRs – section 12.1	38 - 67
Financial performance			

Term		Basis for requirement	Annual report reference
Governance – management and structure	• Organisational structure	ARRs – section 13.1	10
	• Executive management	ARRs – section 13.2	11
	• Government bodies (statutory bodies and other entities)	ARRs – section 13.3	N/A
	• <i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	12
	• Queensland public service values	ARRs – section 13.5	12
Governance – risk management and accountability	• Risk management	ARRs – section 14.1	15
	• Audit committee	ARRs – section 14.2	15
	• Internal audit	ARRs – section 14.3	15
	• External scrutiny	ARRs – section 14.4	16
	• Information systems and recordkeeping	ARRs – section 14.5	16
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1	14
	• 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	13
Open Data	• Statement advising publication of information	ARRs – section 16	17
	• Consultancies	ARRs – section 33.1	<a href="https://data.qld.gov.au">https://data.qld.gov.au</a>
	• Overseas travel	ARRs – section 33.2	<a href="https://data.qld.gov.au">https://data.qld.gov.au</a>
	• Queensland Language Services Policy	ARRs – section 33.3	N/A
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1	Appendix 1
	• Independent Auditor’s Report	FAA – section 62 FPMS – section 50 ARRs – section 17.2	Appendix 2

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*







