



QUEENSLAND RACING INTEGRITY COMMISSION

Engagement | Education | Enforcement



Annual Report

2018 – 2019

This annual report provides information about the Queensland Racing Integrity Commission financial and nonfinancial performance for 2018-19. It has been prepared in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and the Annual report requirements for Queensland Government agencies.

Enquiries and further information

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Content from this annual report should be attributed as: The Queensland Racing Integrity Commission Annual Report 2018-19.

ISSN:

Online: 2208-5130

Print: 2208-5122

Information security

This document has been classified using the *Queensland Government Information Security Classification Framework* (QGISC) as PUBLIC and will be managed according to the requirements of the QGISC. See www.qgcio.qld.gov.au.

On our cover

Picture 1: Chief Greyhound Steward, Alex Kitching

Picture 2: L-R Chief Harness Steward David Farquharson and Steward Kym Daly.

Picture 3: Thoroughbred Stewarding staff based at the Townsville Office: L-R Senior Steward Paul Gillard, Chief Thoroughbred Steward Peter Chadwick (Brisbane), Cadet Steward Brooke Connell, Casual Steward and Starter Peter Warren, Casual Steward Clayton Warren and Steward Peter Lane.

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Letter of Compliance/ Certification of financial statements

10 September 2019

The Honourable Stirling Hinchliffe MP
Minister for Local Government
Minister for Racing and Minister for Multicultural Affairs
PO Box 15009
CITY EAST Qld 4002

Dear Minister,

I am pleased to submit, for presentation to Parliament, the Annual Report 2018-19 and Financial Statements for the Queensland Racing Integrity Commission.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019*, which came into effect on 1 September 2019, and the *Racing Integrity Act 2016*
- the detailed requirements set out in the Annual report requirements for Queensland Government agencies.

See page 79 for a checklist outlining the annual reporting requirements.

Yours sincerely,



Mr Ross Barnett APM
Racing Integrity Commissioner
Queensland Racing Integrity Commission



Commissioner's report

It is with much pleasure that I present the third annual report of the Queensland Racing Integrity Commission. The past year has seen a progressive maturing of our organisational capability under the capable guidance of the executive leadership team.

The maturing and progressive enhancement of the Commission has provided me with a platform to reposition the organisation and strengthen our relationship with the industry and our government partners. This is being achieved through a committed focus on, and balance between, principles of *Engagement, Education, and Enforcement* to underpin our future planning, strategy development and daily activities. This model provides Commission staff with a mandate to move away from a traditional primary focus on enforcement-driven strategies to achieve greater voluntary compliance through a more proactive and preventative approach. The greater enduring focus on engagement was reflected in numerous industry forums held throughout the year by the Deputy Commissioner and myself and continues daily through the interactions of our frontline staff with participants across the State.

Operationally the Commission's investigative resources were again fully engaged responding to a wide range of integrity and animal welfare breaches across Queensland. Some investigations were lengthy and complex, however our commitment to ensure the integrity of the industry is at the forefront of our operations, delivered a clear message that we have both the intent and capability to investigate serious misconduct regardless of the reputation of anyone involved.

The industry has also raised concerns regarding the review processes under which the Commission operates. These and other matters will be considered during a formal review of the Racing Integrity Act to be conducted in the coming year.

The results achieved this year by the Racing Crime Squad has again demonstrated the value of our partnership with the Queensland Police Service. Charges laid and convictions achieved for a wide array of criminal offences, demonstrate the importance of the additional investigative capability they bring to our efforts to enhance the integrity standards across the three codes of racing.

Our stewards play a crucial frontline role in setting and maintaining integrity standards and during the year we implemented a new framework in respect to their recruitment, remuneration, professional development and performance management arrangements. The results, which include a remuneration framework and a career pathway linked to professional development and defined standards, help to best position the Commission as an employer of choice in a competitive market.

Racing animal welfare remains our top priority and this year the dedicated Greyhound Adoption Program (GAP) team increased our public engagement activities to highlight the benefits of adoption to

a wider audience. These activities, together with enhanced admission screening protocols, have seen an increase of over 20% in adoptions through our GAP facilities in Brisbane and Townsville.

This year saw the development of a Racing Animal Welfare Grants Program which will support projects that: a) actively promote awareness of appropriate retirement options for racing animals; b) stimulate demand for retired racehorses to maximise rehoming and retraining opportunities; c) maximise career opportunities for all racing animals; and d) promote industry uptake of advances in racing animal training, health and welfare with grants of up to \$10,000. This program replaces our existing suite of sponsorships of organisations and events across the State and will help to amplify our work and improve animal welfare outcomes to a greater extent than we could on our own.

The expansion of license categories developed during the year and available through the RandLE (Registration and Licensing Environment) online customer relationship portal, together with reform of licence categories, have ensured that the licensing process is quicker and more convenient for participants.

This year also saw the rollout of new and replacement equipment at the Racing Science Centre as part of the Government's commitment to increase capability through the acquisition of instruments that allow for testing of a wider array of prohibited substances. Detecting prohibited substances across the three codes is core business for the Commission and maintaining highly effective testing equipment is essential to support our deterrence and detection strategies.

During the year we had to respond to a range of diverse and unusual challenges, including the serious injuries sustained by a very young child at an incident at a Redcliffe Harness meeting; the dislocation of our Townsville staff and damage to premises caused by flooding and the negative publicity over a number of race day errors, tested the resilience of the staff involved. The response to these issues demonstrated the professionalism, character and compassion which exists across the Commission.

In conclusion, I thank the Racing Queensland Board, CEO, staff and the members of their Advisory Committees, for their co-operation on a range of matters during the year. I look forward to working with them in the coming year to support their ambitions for growth across the codes.

This report reflects the collective efforts of all Commission staff throughout Queensland. I gratefully acknowledge the commitment, professionalism and fairness with which they have carried out their duties. The extent to which racing has been conducted safely and fairly during the year is a reflection of their dedication.

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/browse/inforce>) 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* (the Racing Integrity Act) 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 or betting under the Racing Integrity Act or the *Racing Act 2002* (the Racing Act)
- to safeguard the welfare of all animals involved in racing under the Racing Integrity 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) (<https://www.parliament.qld.gov.au/Documents/TableOffice/TabledPapers/2015/5515T488.pdf>).

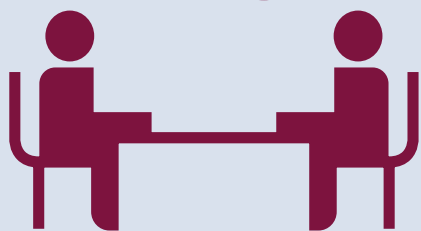
The majority of our staff are located at either the operational offices in Albion or the corporate office in the Brisbane CBD.

A number of regionally based staff provide stewarding and Greyhound Adoption Program (GAP) services from other locations across Queensland.

Maintaining public confidence

56

stakeholder engagement
meetings hosted
or attended by the
Commissioner in 2018-19



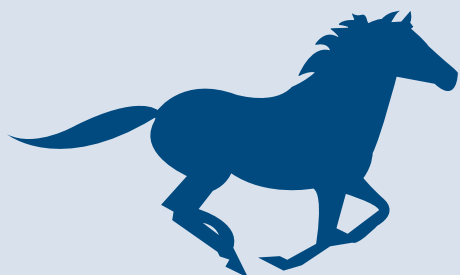
In 2018-19, **38 offenders** were
charged with

173 offences

by the Queensland Police Service
Racing Crime Squad



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



38.1%

of industry participants confident
or somewhat confident in the integrity
of the Queensland racing industry
for 2018-19

45.6%

of the community confident or
somewhat confident in the integrity of
the Queensland racing industry
for 2018-19



75

media releases published

29.6%

of industry participants believe that
industry integrity has improved a
lot/a little in 2018-19

63.8%

of the community believe that
industry integrity has improved a
lot/a little in 2018-19

748

reports made to the Commission via
Report Something channels 2018-19

11

files received
from Crime Stoppers



Ensuring industry integrity

208

current welfare and integrity investigations as at 30 June 2019



welfare and integrity investigations finalised since January 2018

In 2018-19

88 intelligence submissions were made to the Queensland Police Service Racing Crime Squad

90 human samples were taken by the Integrity Investigations Team

10

licence applications declined on grounds of ability or suitability



1,571

race meetings supervised

5,924 licensed participants, with a code breakdown of:

4,227



Thoroughbred

1,752

trainers, with a code breakdown of:

913



Harness

447

253

1,250



Greyhound

586

1,525

original decisions were made by Commission staff in 2018-19 and **102** of those matters were subject to an internal review

96%

of the original decisions made in 2018-19 stand as originally made

40

external review applications were made to the QCAT in 2018-19 and **27** matters have been finalised

Of the **102** internally reviewed decisions,

23

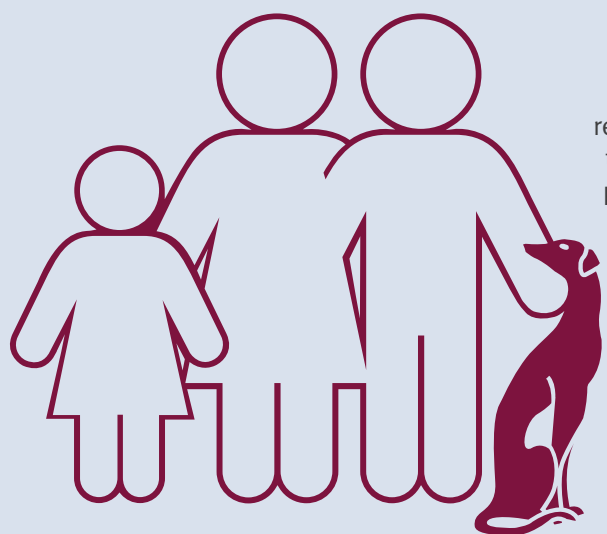
were amended or substituted by the Internal Adjudicator

Of the

27

matters finalised the QCAT;

- found in favour of the applicant in **6** matters
- amended the decision in **2** matters
- set aside the decision in **4** matters
- the remaining **15** matters were settled with the applicant and the review application withdrawn.



274

retired racing greyhounds rehomed through the Greyhound Adoption Program, **with a return rate of 0.5%** compared to

223

adopted in 2017-18



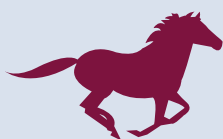
13,488

animal registration applications received in 2018-19, with **12,944** finalised by 30 June 2019

Safeguarding the welfare of racing animals

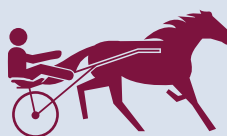
689

Kennel and Stable Inspections undertaken by stewards and the Integrity Investigations Team



417

Thoroughbred stable inspections



94

Harness stable inspections



178

Greyhound kennel inspections

19,985

animals samples tested for prohibited substances, with

78

animal samples (0.39 per cent) reported positive for prohibited substances



20

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.

Each year the Commission partners with a specialist social research company to conduct a survey of Queensland community and industry members and their attitudes towards racing. In April 2019, we commissioned our third annual survey.

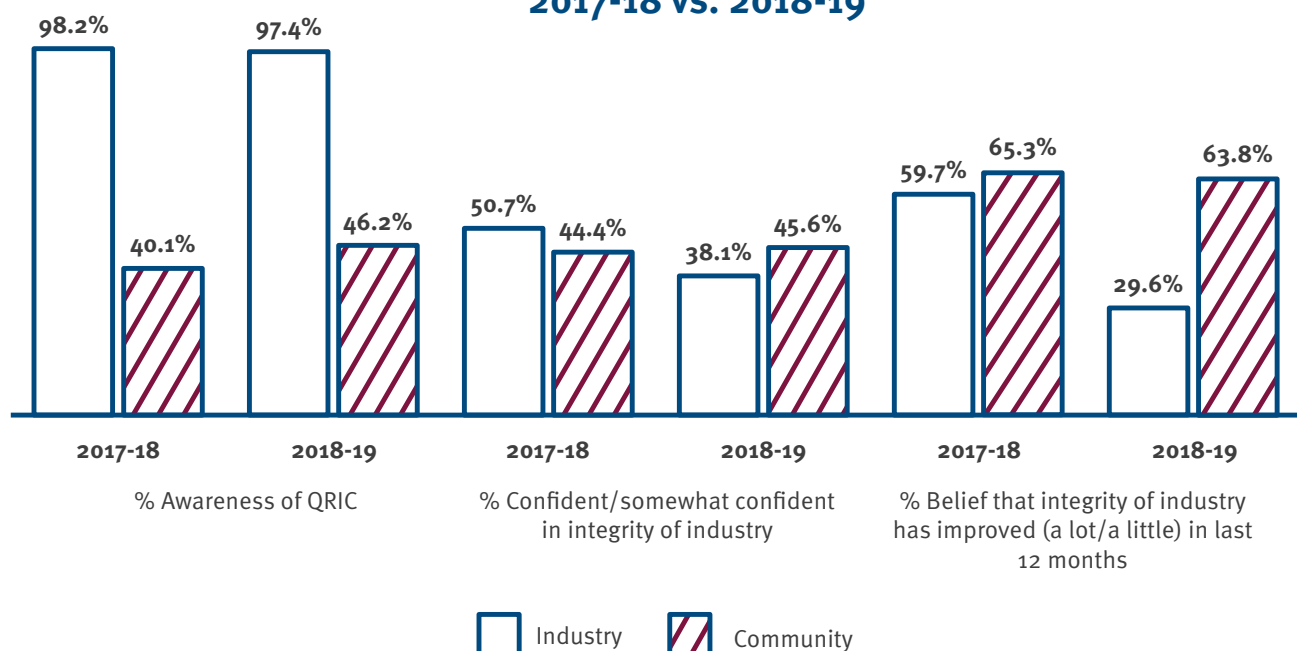
The 2018-19 survey saw a significant, 93 per cent increase in the number of racing participant respondents from 568 in 2017-18 to 1097 in 2018-19 whilst the number of community respondents remained unchanged at 900 participants.

Industry confidence in the integrity of Queensland thoroughbred racing decreased significantly this year with only 22 per cent of respondents believing integrity had improved in the last 12 months (from 48.4 per cent in 2017-18). The Commission recognises that the extensive media coverage this year of a significant investigation which resulted in lengthy inquiry and the review timelines most likely contributed to the low industry confidence result in the thoroughbred racing code. The Commission is confident that in the longer-term, industry confidence and awareness will increase as publicity of its successes and purpose are communicated via various stakeholder engagement sessions planned for 2019-20.

Comparatively, 64.8 per cent of industry respondents believed the integrity of the greyhound industry had improved in the same time period (although this also declined slightly compared to 2017-18 (73.2 per cent)).

Despite low industry confidence, community confidence remained similar with only a 1.5 per cent decrease overall. Perceptions of improvement were highest in Brisbane/Logan and surrounding areas with a 6.2 per cent increase from last year. Conversely, the Gold Coast and surrounding areas had a 10.7 per cent decrease in perceptions of improvement.

Survey of Queensland community and all codes racing industry participants: 2017-18 vs. 2018-19



Our vision and strategic objectives

The Commission's vision is for an ethical and safe racing industry in Queensland.

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

- safeguarding the welfare of animals involved in racing
- administering the Rules of Racing with integrity, independently, impartially, and consistently
- exercising best practice, skills and processes to detect, investigate, and prosecute compliance and integrity breaches
- enhancing public confidence in the integrity of Queensland's racing industry.

Our legislative and regulatory framework

The Racing Integrity Act 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, 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. Standards made under the Racing Integrity Act 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 (<https://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://qric.qld.gov.au/wp-content/uploads/2019/07/Standards-for-Licensing-Scheme-Thoroughbreds.pdf>).

- Standard for Licensing Scheme - Greyhounds (<https://qric.qld.gov.au/wp-content/uploads/2019/07/Standards-for-Licensing-Scheme-Greyhound.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>).

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, 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, including matters preliminary to race meetings, and apply corrective measures or penalty decisions to support compliance with 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 (QRCS) 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 (the Commissioner) holds the following coercive powers under the Racing Integrity Act:

- **Powers for audits and investigations**

The 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, the Commissioner may, by notice given to the person, require the person to attend a hearing to answer questions relevant to the audit or investigation.

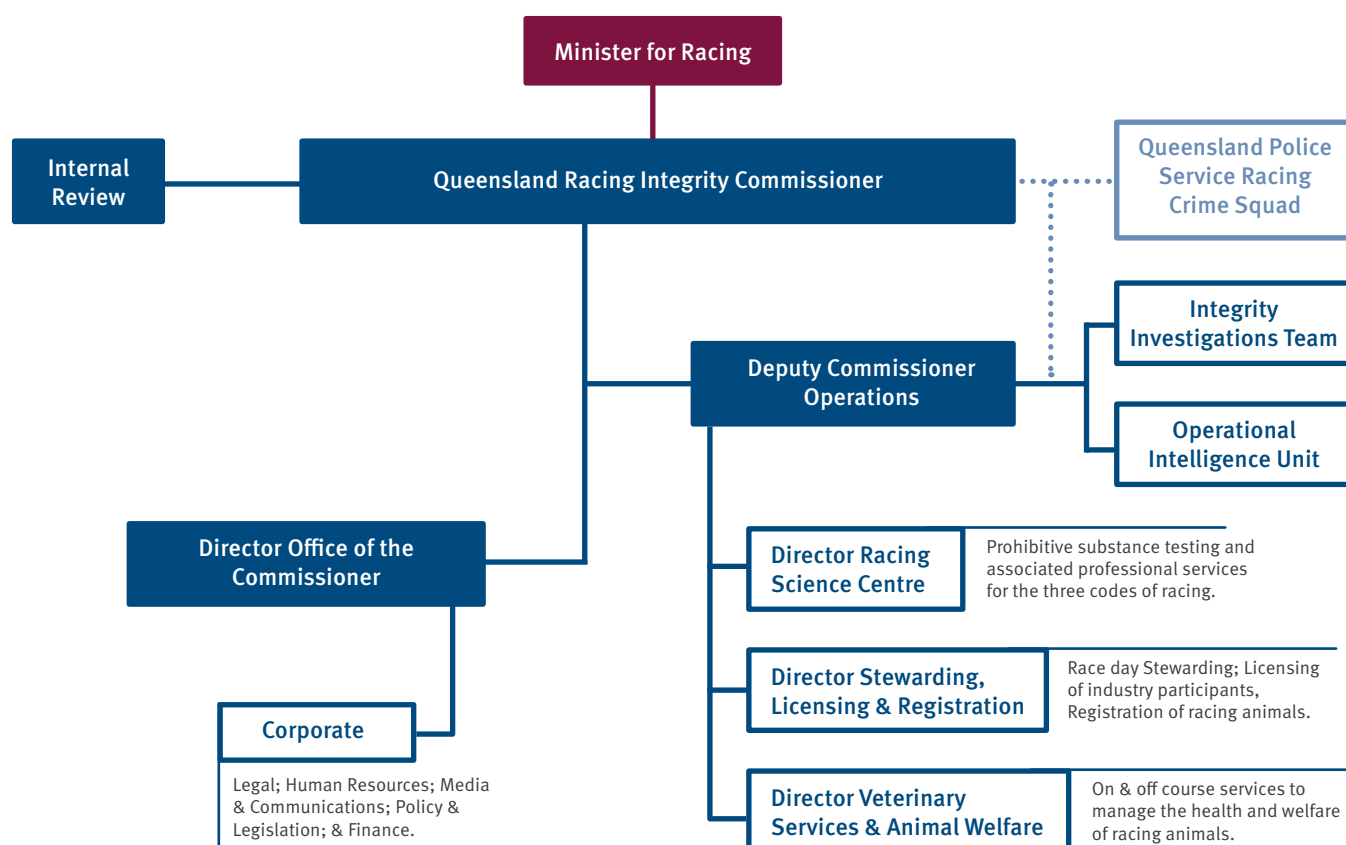
- **Power to require information, document or thing**

If the Commissioner reasonably believes a person has information or a document or thing relevant to an audit or investigation, the Commissioner may, by notice given to the person, 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, Animal Welfare and Veterinary Services.

As at 30 June 2019, 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 2018-19, the Executive Leadership Team met six 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. It contains external representatives from Racing Queensland, the RSPCA and Biosecurity Queensland. The Committee met three times during the reporting year.



L-R Simon Stephens, Paul Brown, Dr Martin Lenz, Ross Barnett APM, Mark Ainsworth APM, Ali Wade

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 once during 2018-19.

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

The Information Management Committee assists 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 2018-19.

Workplace Health and Safety Committee

The Workplace Health and Safety Committee was established, under Section 75 of the *Workplace Health and Safety Act 2011*, 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 meets quarterly. Membership includes staff representatives across the vocations employed by the Commission. The Committee has implemented an online incident reporting system and a range of initiatives to increase WHS awareness across the organisation.

Public Sector Ethics Act 1994

The Commission continues to require the highest standards of ethical behaviour from its staff. Performance development agreements are utilised to review conduct and performance against the Commission's standards.

Mandatory training for all staff occurs in Code of Conduct, workplace conduct, use of social media and workplace health and safety matters. Domestic violence awareness training has also recently been added to the suite of mandatory training.

Positive Workplace Behaviours and Reasonable Management Action training continues to support all staff in embedding a healthy workplace culture.

All staff are required to declare any real or perceived conflict of interests in the racing industry and review such declarations annually or as required due to a change in circumstances.

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 2018-19 and how we will further embed our values see *Workforce Planning and Performance*.

Our people

The Commission continues its track record of being service delivery focused and achieves this through allocation of 87 per cent of its total full-time employees (FTE) performing frontline work in animal welfare and racing integrity.

As at 30 June 2019, the Commission had a total of 158.87 FTEs, which equates to a head-count of 233. A total of 138.21 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 158.87 FTE positions allocated to our organisation, 147.87 were occupied as at 30 June 2019. As at 30 June 2019, we employed 103 casual staff (equating to 23.30 FTEs). Our casual workforce are dedicated completely to frontline service provision. The majority of casual staff support the permanent workforce in race day stewarding across Queensland or provide integrity services such as sample collections from racing animals for laboratory testing against prohibited substances. The remaining casual staff support the staff and work of the GAP.

Our permanent separation rate (as a percentage of our total FTE) for the year was 3.78 per cent which is a reduction of 3.4 per cent from 2017-18. The reduction in separations can be attributed to the maturation of the Commission as an organisation and movement from an organisation in its establishment phase to one of business as usual.

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. Stewarding staff who perform race day activities are engaged under the Racing Integrity Act and are employed on individual contracts.

Employment Type	Gender	Head count
Temporary Full time	Male	4
	Female	4
Temporary Part-Time	Male	1
	Female	2
Permanent Full time	Male	55
	Female	54
Permanent Part-time	Male	1
	Female	9
Casual	Male	63
	Female	40

The breakdown of actual staff numbers (headcount) by employment type and gender.

The Commission continues to seek the best candidates in relevant employment fields of expertise and advertises longer-term and permanent roles on the Queensland Government Smart Jobs website and appropriate industry forums, to attract potential candidates nationally and internationally for specialist technical roles.

The Queensland Public Sector principles relating to flexible working arrangements and a healthy work-life balance underpin the practices of the Commission, and supporting our staff is our priority.

We offer flexible working arrangements through the use of accrued time, part-time arrangements and working from home opportunities for appropriate roles.

Fatigue management remains a high priority for the Commission, given the requirement for staff to travel extensive distances to undertake racing, integrity and animal welfare functions across the State. Additional staff have been appointed in major regional centres such as Townsville and Rockhampton to mitigate this issue.

Our Fatigue Management Guidelines continue to be reviewed and where necessary strengthened to support staff who are required to undertake extensive travel.

Lifeworks is the service provider contracted to provide the Employee Assistance Program to employees who can access counselling and support services via face-to-face, telephone and online.

All staff are made aware of the services they can access through Lifeworks via the intranet, posters and emails. The Commission is committed to an employee's well-being and continues to offer positive workplace behaviours training and support to managers and supervisors to actively promote a workplace culture that embodies the principles of integrity, equity and appropriateness.

As required the Commission has undertaken formal investigations into inappropriate conduct by staff.

Strategic workforce planning and performance

Within its third year, the Commission commenced reviewing the strategic alignment of business units to its strategic objectives. A review of the Racing Science Centre was commissioned by an expert external company to evaluate the operating model against requirements. The Commissioner will be considering these findings with potential implementation commencing in 2019-20.

Senior staff have undertaken workforce planning training to provide them with tools to align staffing strategies, operational requirements and strategic outcomes. Each

directorates is working to identify staffing capability requirements through its performance management cycle to meet current and future challenges.

To assist staff to understand the Commission's expectations of them as an employee, 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. Additionally, the staff induction process includes mandatory training in the integrity obligations of employees and is available on-line for access by staff across the State as a complete package.

In support of the Commission's strategic objectives to administer the Rules of Racing with integrity and enhance public confidence in Queensland's racing industry, 2018-19 saw the finalisation and implementation of a Stewarding Remuneration Framework (the Framework).

The Framework establishes a competitive remuneration structure for Stewards and effectively positions the Commission as an attractive employer, comparative to other racing jurisdictions, to ensure that we can continue to attract and retain skilled and talented staff.

With an emphasis on leadership capability and cross-code skills development, the Framework introduces a performance-based career path for all stewards, thereby creating a mechanism for growing talent and elevating the stewarding function from a job to a vocation.

Staff were offered a signing-on incentive and most received a modest increase in remuneration as they transitioned to their new contractual arrangements.

Moving forward, we will link the Framework to nationally recognised qualifications, which will further enhance the value of a stewarding career within the Commission and further support the development of an agile, mobile workforce focused on integrity in racing.

To further promote the development of stewarding as a vocation, a cadet training program commenced, with the first program to be implemented in the first half of 2019-20. The program provides clear instructions for new staff in the stewarding vocation on foundational elements. Cadets are able to collect evidence aligned to a national unit of competence which can be used in the future for consideration towards recognition of prior learning within the Australian Qualifications Framework.

The performance development cycle continues as a regular workforce performance strategy. As Directors gain a stronger understanding of strategic workforce planning, the linkages to day to day operations and performance through the regular performance management process is positioning the Commission to be equipped with the right skills and the right people at the right time.

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 2018-19, 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
- the progress of implementing the findings of the internal audit of the Compliance Enforcement Strategy, ICT Governance Review, Licensing and Regulatory Compliance Review and Occupational Health and Safety Review
- the Queensland Audit Office's Audit Plan for the Commission
- our Internal Audit Reports.

Name	Position	Meetings Attended	Remuneration
Graham Carpenter	Chair (External)	4	\$1200 per meeting
Don Licastro	External Member	5	\$1000 per meeting
Mark Ainsworth APM	Deputy Commissioner Operations	5	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 Committees' risk registers.

During 2018-19, Pricewaterhouse Coopers have finalised the following audits and reviews:

- Internal Audit – Meal Allowance Transactions Review – Phase 1
- Internal Audit – Meal Allowance Transactions Review – Phase 2
- Internal Audit – Procurement Review
- Internal Audit – Governance of Veterinary Services Review
- Internal Audit – Compliance and Enforcement Review.

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 2018-19 audit plan, the QAO reviewed the Commission's financial internal controls and performed transactional testing for payroll and expenditure for the period 1 July 2018 to 30 June 2019. Based on the results of their testing, no significant deficiencies were identified, and QAO assessed the Commission's internal control environment as effective.

All financial reporting and audit deliverable milestones agreed with the QAO for 2018-19 were met by the Commission. The QAO has completed the 2018-19 financial audit of the Commission's financial accounts and issued an unmodified audit opinion. See Appendix 1 – Independent Auditor's report.

Throughout 2018-19, the Commission also worked with the Queensland Ombudsman's office to agree on required changes to our Standard for Licensing Scheme (Harness) in response to a customer complaint. The Commission has been progressively working through the Ombudsman's recommendations on this matter.

In late 2018, the Commission participated in a self-assessment of progress in implementing the *Right to Information Act 2009* (Qld) and *Information Privacy Act 2009* (Qld) coordinated by the Office of the Information Commissioner. The results of this assessment will be reported to the Commission's Information Management Committee and used to inform the continued maturation of our information access and privacy practices.

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 provides the Commission with a range of desktop, policy and support services, including administration of an electronic document and records management system that ensures 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. Accordingly, since the second year of establishment, the Commission has targeted investment in the development of a Customer Relationship Management tool (RandLE) to drive process improvements and efficiencies and equip the Commission to collect, maintain and appropriately share information relating to Queensland racing licensees. This initial investment has resulted in the development of an online customer portal and payment gateway and online licence application forms for all greyhound licensees (with the exception of kennel attendants, breeders and training track operators) and thoroughbred trainers, enabling industry participants to:

- apply for licences electronically via RandLE as an alternative to the traditional paper-based application process
- experience faster processing times for licence and registration applications
- supply required documentation via an upload process to reduce processing timeframes
- complete required statutory declarations online without the need for a Justice of the Peace or Commissioner for Declarations to witness the documents as provided for by the *Electronic Transactions (Queensland) Act 2003*
- pay licence transactions and fines via an online credit card facility
- view the status of their accounts.

Additional government funding provided for 2019-20 will support the finalisation of the licensing environment across all three codes of racing and the development of a greyhound registration module that better facilitates the whole-of-lifecycle management envisaged by the MacSporran Report.

Open data

Consultancies

The Commission engaged two consultancy services in 2018-19 at a total cost of \$54,613. The consultancy expenditure consists of \$49,613 paid to Workplace Edge for undertaking a review of the governance and operations of the Racing Science Centre and \$5,000 paid to Trustwave for guidance and advice in connection with payment card industry (PCI) compliance where the Commission accepts credit card payments from industry stakeholders.

Overseas travel

No overseas travel was undertaken by Commission staff in 2018-19.

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 and

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

Language services

The Commission did not procure any translation or interpreting services for 2018-19.

This information is also published on the Queensland Government's Open Data Portal www.data.qld.gov.au

Complaints data

The Commission encourages people who are dissatisfied with the Commission's products, services, staff or its handling of complaints to contact the Commission via its Report Something portal. Complaints are reviewed and managed by the Deputy Commissioner.

In the 2018-19 financial year, the Commission received 17 customer complaints. Of these:

- 14 resulted in follow-up or further action
- 3 required no further action.

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 2018-19

In 2018-19 our service area objectives were to protect racing animals, ensure high standards of racing integrity and safety, and enhance public confidence in the Queensland racing industry.

Services

- Veterinary and animal welfare services
- Compliance and enforcement (race day stewarding, licensing and registration, inspection and investigation)
- Sampling and analytical services.

Queensland Racing Integrity Commission	Notes	2018-19 Target/Est.	2018-19 Est. Actual	2019-20 Target/Est.
Service: Veterinary Services and Animal Welfare				
<i>Effectiveness measure</i>				
Percentage of rehomed greyhounds returned to Greyhound Adoption Program (GAP).	1	6%	0.5%	4%
Percentage of greyhounds accepted into GAP rehomed within four months.		90%	82%	90%
<i>Efficiency measure</i>				
Cost, per dog (per day) presented to GAP, of services delivered by GAP.	2,3,4	\$14.31	\$18.47	\$17.38
Service: Compliance and Enforcement				
<i>Effectiveness measure</i>				
Percentage of original decisions confirmed at Internal Review.	5	80%	72%	80%
<i>Efficiency measure</i>				
Cost, per licence, of receiving and assessing animal registrations, licence applications and issuing licence products.	6,7	\$51	\$101	\$100
Service: Sampling and Analytical Services				
<i>Effectiveness measure</i>				
Percentage of community members surveyed who:		65%	45.6%	65%
are somewhat or very confident in the integrity of the Queensland racing industry.	8,9,10			
Believe that the integrity of racing has improved a lot or a little over the past 12 months		New Measure	New Measure	65%
<i>Efficiency measure</i>				
Cost per sample of racing animals tested for prohibited substances	11	\$294	\$295	\$295

Notes:

- The lowering of the 2019-20 Target/Estimate is based on the positive trend over the last two financial years in decreasing the percentage of dogs returned. The 2018-19 Estimated Actual is substantially better than the 2018-19 Target/Estimate due to a number of factors including the introduction of pre-screening and the limiting of dogs on the program to a more appropriate number at any one time allowing for greater contact with staff and more one on one training and assessment.
- This measures the efficiency of the Commission's processes in assessing and rehoming retired racing greyhounds to ensure that the requirement for quality assessment is balanced against the desire for increased throughput.
- The 2018-19 Estimated Actual is higher than the 2018-19 Target/Estimate due to the introduction of pre-screening requirements resulting in a decrease in the number of dogs presented to the GAP. The GAP's higher standards have resulted in some owners submitting their retired greyhounds to other rehoming agencies. In 2018-19, a smaller number of more suitable dogs have been presented to GAP. This has, in turn, resulted in greatly decreased GAP euthanasia numbers in 2018-19, compared to previous years (ratio has decreased from 1:3 to 1:10) and a lower proportion of adopted dogs being returned to the program due to unsuitability. It should be noted that the 2018-19 Estimated Actual for GAP expenses in 2018-19 has decreased from actual expenditure in 2017-18.
- The 2019-20 Target/Estimate has been amended based on the actual number of dogs processed by the GAP in 2018-19 and the GAP budget estimate for 2019-20.
- This measure only records internal review decisions that confirm both charge and penalty. Decisions that confirm a charge, but amend a penalty are not included.

6. This measure is calculated using the direct cost which include employee expenses (FTE), costs associated with animal branding, registration and naming, other general administration costs and costs relating to the RandLE system such as project management, software licensing and other related IT expenditure and depreciation costs. As benefits of the RandLE system are realised in future years, the staff allocated to processing licence and registration transactions will reduce allowing those resources to be redirected to audit and compliance activities.
7. The 2018-19 Target/Estimate was \$51 and has been revised to \$100 for 2019-20. The increase is due to costs associated with the Registration and Licensing Environment (R&LE) system, which are now budgeted as a direct cost of the licensing and registration function, and the introduction of three-year licensing, which will result in a decreased number of licence renewals being processed annually.
8. These measures provide an indication of community confidence in the racing industry and are sourced from an annual survey of community members conducted by an external provider.
9. This is a new sub-measure introduced for the 2019-20 Service Delivery Statement. The 2019-20 Target/Estimate of 65 per cent is based on the outcomes of community survey results from 2016-17 and 2017-18.
10. The 2018-19 Estimated Actual reflects the outcome of the 2018-19 community and industry survey conducted in April 2019.
11. The 2019-20 Target/Estimate is based on estimated direct expenses budgeted of running the Racing Science Centre (RSC) – employee expenses for 32.8 FTEs which include the sample collection officers, facilities maintenance, laboratory equipment and IT maintenance costs, sample collection and laboratory consumables and depreciation costs for laboratory and RSC building improvement write-offs and the estimated 2018-19 unit volume for each service being 19,600 samples. The increase in costs for this service is due to the implementation of the RSC Capital Program via depreciation write-offs.

Staffing

Queensland Racing Integrity Commission	Notes	2018-19 Budget	2018-19 Est. Actual	2019-20 Budget
Queensland Racing Integrity Commission	1,2	153	158	159

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. The FTE increase primarily relates to previous outsourced work now performed in-house.

Progress against our strategic objectives

Objective 1: Safeguarding the welfare of animals involved in racing

Performance Indicators

- Number of information reports made to the Commission about integrity and animal welfare issues
- Percentage of re-homed greyhounds returned to the Greyhound Adoption Program
- Percentage of greyhounds accepted into the Greyhound Adoption Program re-homed within four months

Results

- 178 kennel inspections conducted by Stewards and the Integrity Investigations Team
- 511 stable inspections conducted by Stewards and the Integrity Investigations Team
- 20 Animal Welfare Directions issued
- 462 welfare and integrity investigations finalised
- 274 retired racing greyhounds rehomed through the Greyhound Adoption Program (GAP)
- 0.5% return rate for re-homed greyhounds returning back to the GAP
- 80% of greyhounds were re-homed within four months of entry into the Program

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

- Percentage of original decisions confirmed at internal review
- Percentage of original decisions confirmed at the Queensland Civil and Administrative Appeals Tribunal
- Industry participants and community engagement, satisfaction and confidence in the Commission

- 1,571 race meetings supervised
- 1,525 original decisions made by race-day Stewards
- 77% of original decisions subject to internal review confirmed (79 decisions confirmed out of 102 original decisions subject to internal review)
- 58% of industry participants perceive the Commission as somewhat, quite or very firm but fair

Objective 3: 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
- Percentage of original decisions confirmed at the Queensland Civil and Administrative Appeals Tribunal
- Number of successful legal challenges to double certified reports on analysis

- 78 animal samples (0.39%) reported positive for prohibited substances from 19,985 animal samples tested for prohibited substances
- 38 offenders charged with 173 offences by the Queensland Police Service Racing Crime Squad
- 1,525 original decisions made by race-day Stewards
- 77% of original decisions subject to internal review confirmed (79 decisions confirmed out of 102 original decisions subject to Internal Review)
- 7.4% of original decisions subject to external review were confirmed at the Queensland Civil and Administrative Appeals Tribunal
- Zero successful legal challenges to double certified reports on analysis
- 88 intelligence submissions made to the Queensland Police Service Racing Crime Squad
- 11 reports made to Crime Stoppers referred to the Commission for investigation.

Objective 4: Enhance public confidence in the integrity of Queensland's racing industry

- Percentage of community members who:
 - are somewhat or very confident in the integrity of the Queensland racing industry; and
 - believe that the integrity of racing has improved a lot or a little over the past 12 months.
- Industry participants and community engagement, satisfaction and confidence in the Commission
- Number of engagement sessions held and attended by the Commissioner and Deputy Commissioner
- 38.1% of industry participants are at least somewhat confident in the integrity of the Queensland racing industry
- 63.8% of the community believe that the integrity of the Queensland racing industry has improved in the last 12 months
- 10 licence applications were declined on the grounds of ability or suitability
- 75 media releases issued advising stakeholders of welfare and integrity issues and Commission achievements
- 56 stakeholder engagement meetings hosted or attended by the Racing Integrity Commissioner
- 73 stakeholder engagement meetings hosted or attended by the Racing Integrity Deputy Commissioner
- 748 reports were made through the Commission's 'Report Something' channels

Regulatory performance framework report

Our legal authority to regulate Queensland's racing industry comes from the Racing Integrity Act. Our main functions are to register animals and license participants that are suitable to be licensed for a code of racing, investigate complaints about matters relevant to a code of racing, investigate breaches of the Racing Integrity Act or the Racing Act, oversee the integrity of race meetings, manage the testing

of samples for prohibited substances and safeguard the welfare of racing animals in Queensland.

As a regulatory body, our goal is to nurture voluntary industry compliance with the relevant rules and laws, through quality engagement with and education of industry participants, rather than high levels of prosecution and punishment.

We will continue to engage and educate industry about the Commission's work to help reduce the regulatory burden on stakeholders, regulated parties and ourselves.

Regulator model practices	Evidence
#1: Ensure regulatory activity is proportionate to risk and minimises unnecessary burden	In its first year of operation, the Commission published the Queensland racing industry's first Compliance and Enforcement Strategy, which is based on five guiding principles. Foremost among these principles is a commitment to adopting a risk-based approach, which ensures the Commission prioritises its resources and effort on those areas of non-compliance that pose the greatest risk of harm to the welfare of racing animals or integrity of the racing industry. The strategy is supported by Appropriate and Proportionate Enforcement Policy which outlines the value of balancing proactive compliance strategies and reactive enforcement action and ensuring all responses are determined by the level of harm and culpability presented. Additionally, in 2018-19, the Commission commenced implementation of a 3-year licensing model, which will allow most licence holders to renew their licences every three years instead of annually. This new model is supported by a move away from paper-based processes and the introduction of on-line licence application and renewal functionality. Both business enhancements greatly minimise the administrative burden on racing industry licence holders.

Regulator model practices	Evidence
#2: Consult and engage meaningfully with stakeholders	In January 2019, the Commission adopted the three key operating principles as the basis for our future planning, strategy development and daily activity. Engagement, Education and Enforcement, known as the 3Es, are deliberately presented and communicated in this order to emphasise the value the Commission places on working with industry and other stakeholders to build a better industry. The Racing Integrity Commissioner and Deputy Commissioner held six dedicated industry <i>education engagement</i> sessions throughout Queensland in 2018-19. These sessions are to educate industry on the role of the Commission, including funding structure, operational priorities, the Report Something hotline, internal and external review processes, as well as providing a forum for questions and feedback which inform future education strategies. Presentations are also provided by the relevant Chief Stewards specific to their code of racing. Sessions have been held in Cairns, Townsville, Bundaberg, Mt Isa, Ipswich and Capalaba. In 2018-19 the Racing Integrity Commissioner and Deputy Commissioner collectively attended more than 120 industry events in order to meet with stakeholders and understand their issues and priorities first hand. In 2018-19, the Commission also engaged with stakeholders through: • The publication of 75 media releases • The release of 34 campaign emails to industry on industry related topics • The Greyhound Adoption Program's expanding social media network, which now has more than 10,000 followers • The Commission's sponsorship of 11 Equine Welfare Program events • Information published in Race, Pace and Chase (Thoroughbred, Harness and Greyhound industry magazines).
#3: Provide appropriate information and support to assist compliance	In support of our strategic shift to the 3Es, the Commission has developed an Education Strategy, which seeks to nurture voluntary compliance and drive cultural change by providing appropriate awareness and explanatory materials to industry participants and communicating our expectations about their practices and conduct. Through a calendar of formal education campaigns, and the already established networks our staff have with industry participants, the Commission will ensure participants have the information they need to comply with our regulatory framework. Existing education and awareness materials published on the Commission's website include content on: • Biosecurity requirements • Prohibited substances • Greyhound socialisation and rehoming • Identifying and treating heat stress.
#4: Be transparent and accountable in actions	The Commission provides transparency into its enforcement activities by publishing Stewards' Reports and Internal Review outcomes on our website. Furthermore we publish proactive industry announcements and media releases, providing detail of significant policy decisions and enforcement outcomes.
#5: Commit to continuous improvement	Our commitment to continuous improvement is evident in the suite of business strategies that underpin the Compliance and Enforcement Framework, and comprise: • Animal Welfare Strategy • Sampling and Analytical Services Strategy • Intelligence Capability Strategy • Licensing Strategy. Highlights of our business change agenda include; the optimisation of our Greyhound Adoption Program and introduction of pre-screening, which has seen a dramatic reduction in the time dogs spend on the program and the number of dogs that need to be euthanased because they are not suitable for rehoming; the development of our RandL customer relationship management system, which is iteratively streamlining our processes and replacing paper-based application with a contemporary user portal and online application and renewal capability; and the establishment of a small internal intelligence function which ensures our enforcement effort is intelligence-led and we are equipped to leverage our relationships with key industry partners. Additionally, our Corporate Services team manage a rolling program of supporting improvement activities that are captured in the Workforce Development Strategic Plan, Communications and Engagement Strategy and Education Strategy. Collectively, these strategies map out a four-year program of work that is building internal capability and supporting the more efficient and effective delivery of our strategic objectives.

Implementation 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 2019, seven recommendations and 55 Government-initiated activities had been completed. Of the remaining eight recommendations, the Commission is predominantly responsible for completing three, and two 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. Racing Queensland are predominantly responsible for completing the remaining three recommendations.

The Commission's 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. Various phases of RandLE have already been implemented and delivered, however, this tool requires further development to satisfy completing recommendations four, seven and 14. More information on RandLE is captured in the Feature Article on the following page.

The Commission and Racing Queensland co-chair a joint MacSporran Working Group to govern the continued implementation of the MacSporran recommendations. The Joint MacSporran Working Group met three times in 2018-19 and is co-chaired by the Racing Integrity Commissioner.

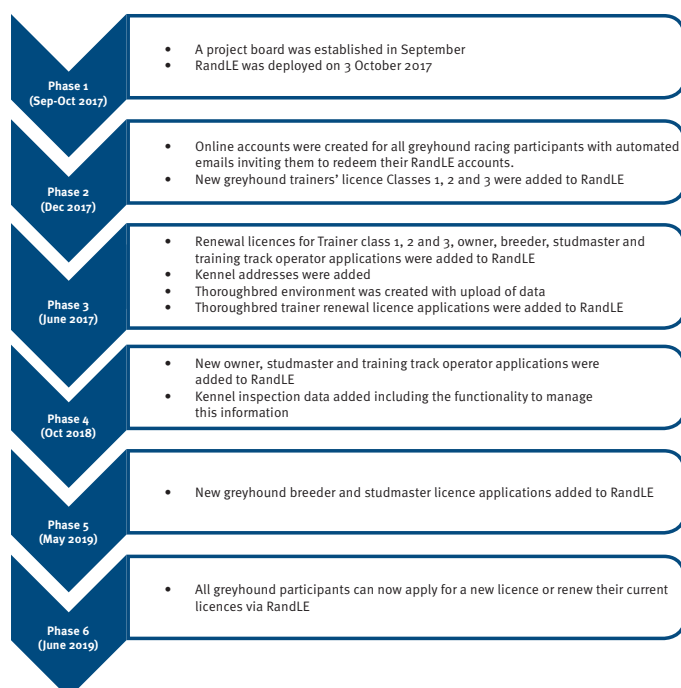


IT solution to MacSporran recommendations come to life in RandLE

From our establishment on 1 July 2016, the Commission has been focused on implementing a number of MacSporran's 15 recommendations to strengthen and improve the integrity and public confidence of racing in Queensland. One of the main levers in addressing integrity in the industry was to develop and implement a tracking tool for greyhounds to provide a clearer picture on their lifecycle (from birth to leaving the racing industry) as the number of pups whelped compared to the number of pups registered to race indicated an indeterminate number of greyhounds which couldn't be accounted for. This tool was to be designed so that it included major life events such as whelping, registration, micro chipping, injury details, relocation and retirement.

The development of the RandLE (Registration and Licensing Environment) customer relationship management tool was to assist in finalising three of the outstanding eight recommendations and go part-way in finalising another recommendation. RandLE is the Commission's largest Information Technology project thus far and upon full implementation will not only deliver on greyhound lifecycle tracking but deliver efficiencies in the thoroughbred and harness codes, as well as, throughout the organisation. For example, in 2018-19, Phase three of RandLE's development provided racing participants with online payment options. Financial year 2018-19 also saw the Commission's Licensing and Registration Team reduce licence processing times by almost half from approximately 14 days to an average of 8.25 days across both the greyhound and thoroughbred codes. RandLE's flexibility allows additional data fields to be added over time to fulfil any future reporting requirements.

Scoping of this momentous IT project commenced in 2017, with various milestones achieved within each of the development phases and has brought many racing participants into an online world with quicker and more streamlined processing. Phase 2 of RandLE development saw 62 per cent of greyhound participants switch from paper based to online applications and phase 3 saw 75 per cent of thoroughbred participants switch from paper based to online applications.





Keeping racing integrity on track

The Commission is committed to engaging with industry participants and other providers of information to keep racing integrity on track by encouraging people to use the Report Something portal to report the mistreatment of racing animals or other wrongdoing within the racing industry. Sometimes, a small snippet of additional information may provide the last piece of the puzzle the Commission needs to take decisive action in a case as it works to uphold integrity in Queensland racing.

The Commission receives reports from a wide array of people including licensed participants, punters, investors, spectators and anyone generally interested in the welfare of racing animals and racing and betting integrity. Information is categorised and triaged to ensure the highest risks are investigated as a matter of priority. The activities of the Report Something team vary regularly and include, for example, quickly responding to an anonymous report about racing animals in poor condition; taking calls from industry participants with information that might lead to an inquiry about a breach of the rules of racing, or assessing information from a member of the public about the conduct of a licensed participant.

In 2018-19, 748 reports were received via Report Something channels and included information on:

- Breaches of the Rules of Racing, the Racing Integrity Act or the Racing Act by licensed participants including race-fixing and doping of racing animals
- Situations or instances where the action of a licensed industry participant seems to be inappropriate or lacking in integrity
- Threats to the life of an animal
- Welfare complaints of a racing animal
- Bookmaker conduct.

The Commission encourages the community and stakeholders to report the behaviour of a licensed participant that may be seen to pose a threat to the integrity of animal racing in Queensland. This information can be submitted to Report Something and can be made anonymously.

Reports can be made 24/7 to the Report Something portal using the on-line webform. The Commission also has a dedicated telephone line for those who prefer to speak in person. Emails and letters are also welcome. Contact details are available on the Report Something portal <https://qric.qld.gov.au/report-something/>

An example of how the Commission responded to an animal welfare allegation

- An industry participant emailed 'Report Something' with information and photographs alleging sub-standard conditions in a stable, including horses left with inadequate food and water and also in need of a farrier.
- The Report Something team confirmed the identity of the licensed person responsible for the horses and the stables.
- The Report Something team passed the case to the Integrity Investigations Team (IIT) for immediate action (due to the prioritisation of animal welfare matters).
- Investigators arrived at the property for an initial inspection that evening (within 2 hours of receiving the information), and follow-up inspections occurred on subsequent days.
- An Animal Welfare Direction was provided to the trainer.
- The Report Something team contacted the information provider and provided them feedback on their information as it enabled the Commission to take action to protect the welfare of racing animals.

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. The Commission's Animal Welfare Strategy 2016-20 (the Strategy), which is a core component of its Compliance and Enforcement Strategy specifically refers to key objectives to ensure all racing animals are well cared for before, during and after racing. 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, with external representation from Racing Queensland, the Queensland Branch of the Royal Society for the Prevention of Cruelty to Animals (RSPCA) and Biosecurity Queensland.

The Commission has developed a number of new animal welfare initiatives this year including:

The Racing Animal Welfare grants program which was launched in June 2019 to promote the racing animal welfare objectives as outlined in the Strategy. The grants will be awarded by a panel including an external representative from the RSPCA QLD.

Dogs-in-the-City promotional events. Our first event was held on 19 September 2018 in Brisbane's central business district and was a great opportunity for city workers to find out more about adopting a retired greyhound. There were five of these events held throughout the financial year.

Off-the-Track equine training days. The Equine Welfare Program provided funding for the Standardbred Association of Queensland to conduct a two day training clinic for off-the-track Standardbred horses and their riders.

The Commission's Equine Welfare Program administers and supports programs, initiatives and research leading



to the improvement in the welfare of Thoroughbred and Standardbred horses in the racing industry. In 2018-19, 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 wastage of horses when they retire from racing.

The Commission has established research partnerships with universities and supported on-going industry projects to strengthen integrity and racing animal welfare. In 2018-19, the Equine Welfare Program supported four University of Queensland research studies on:

- the prevalence of Ross River virus in horses
- the potential for enhanced diagnostic imaging to reduce catastrophic racehorse injuries
- enhanced heat stress monitoring and biosecurity improvements in race horses
- retirement profiling of southeast Queensland thoroughbred racehorses.

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:

- attending race meetings and engaging with Greyhound Racing Clubs in Townsville, Bundaberg and Southeast Queensland to form strong and positive relationships with industry to nurture voluntary compliance with welfare standards and to share welfare program information

- 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
- engaging with the research community across a range of disciplines (including veterinary science) to ensure we receive support in developing evidence-based policy
- liaising with state and national animal welfare organisations to encourage the timely sharing of information and operational intelligence with the Commission
- our partnership with the QRCS, which is supported by an information exchange arrangement for information sharing purposes.

Greyhound Adoption Program

The Greyhound Adoption Program (GAP) is the Commission's signature animal welfare initiative adopting out retired racing greyhounds to Queensland families.

Every dog that enters the program is health and behaviourally assessed, desexed, wormed, microchipped, and vaccinated. The GAP is well regarded by the community, with a growing foster care program and expanding social media networks with in excess of 10,000 supporters. In June 2019, the Commission's GAP took part in the Great Greyhound Global Walk, attracting 64 greyhounds and their adoptive families to the program's first international event, which promoted greyhounds as pets around the world.

In 2018-19, 274 greyhounds were rehomed through the GAP, building on the 223 greyhounds adopted through the program in 2017-18.

In 2018-19, the program euthanased 30 dogs as a result of behaviour/temperament and/or health issues, which is a 63 per cent decrease compared to the previous financial year (n=82). This significant decrease (occurring despite the increased intake of greyhounds into the program) is due to several factors including behavioural and health pre-screening, increased industry awareness of GAP intake criteria, standardised staff training, and an approach that is to provide greater individual care for the greyhounds in the program.

Educating owners and trainers on the importance of socialising greyhounds as pups and throughout their racing careers to assist in their transition to becoming a successful pet after racing has been generally accepted by the industry.

The completion of a new GAP portal on the Commission's website was established to provide owners/trainers and members of the public a one stop information point whereby relevant information and forms are found to simplify the adoption process. This site even provides photos of greyhounds up for adoption at both the Churchable and Townsville GAP sites.

On-going community engagement such as the 2018 Brisbane Royal National Show (EKKA), the National Greyhound Adoption Day, Industry engagement sessions and a greyhound fashion parade were only some of the events the GAP participated in to further market greyhounds as pets.

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 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 are known as original decisions. The Racing Integrity Act 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 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 2018-19, there were 1,525 original decisions made by the Commission. Of those decisions, 102 were subject to internal review. A total of 23 decisions were altered at internal review.

Individuals also have a right, under the Racing Integrity Act, 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 2018-19, 40 external review applications were made to QCAT, with 27 matters finalised. Of the matters finalised, six resulted in favour of the applicant (with two being amended and four set aside), six resulted in favour of the Commission with matters either upheld or dismissed, and 15 were settled between the Commission and the applicant. This demonstrates that the review mechanisms available to participants is genuine and effective.

QPS Racing Crime Squad

Our partnership with the QRCS continues to deliver outstanding integrity outcomes for the Queensland racing industry. In 2018-19, 38 offenders were charged with 173 offences. Since the inception of the Commission on 1 July 2016, the QRCS has charged 81 offenders with 260 offences.

The QRCS continues to investigate matters of serious animal cruelty, major and organised crime (including fraud and race fixing), and any other statutory offences relating to licensed persons across the three codes of racing in Queensland.

The most significant investigation conducted by the QRCS in 2018-19 was Operation Quebec Creed. In May 2018, Operation Quebec Creed was established to address allegations of match fixing conduct and associated illegal race day treatment practices. The investigation uncovered the involvement of two other industry participants, and their roles in the production, supply and dishonest application of unregulated horse products to licensed thoroughbred horses.

As a result of the investigation to date, three industry participants have been charged with fraud with the period of offending being between 30 November 2016 and 6 March 2019. The participants remain before the courts.

Of those prosecutions commenced by QRCS as a result of the initial greyhound live-baiting investigation, one remains before the courts. During 2018-19, 10 prosecutions relating to animal cruelty/breach of duty of care have been

commenced by the QRCS with eight finalised and four persons found guilty.

Procurement

To further our governance and planning maturity, the Commission prioritised implementing recommendations from internal auditors on the design and operating effectiveness of our procurement practices.

The Commission appointed a dedicated Principal Procurement Officer in December 2018 with the priority of this role being to implement a Procurement Policy, Procedure, Authorisation matrix and Framework that aligns to both the Whole of Government Policy and principles plus industry best practice. The implementation of the Procurement Policy and supporting tools addresses internal audit recommendations.

To increase the maturity of the procurement functions across the Commission, procurement training has been developed and will continue to be delivered to relevant staff in 2019-20.

To assist the procurement compliance function, the Commission implemented an automated workflow and system enforced controls for goods and services procured and identified Cost Centre Managers and key staff that are involved in procurement to undertake procurement education and training programs.

Strategic policy

In guiding and administering its regulatory obligations, the Commission developed the 2016-2020 Compliance and Enforcement Strategy which incorporates elements of better-practice strategy frameworks, strategic objectives, priority actions, measure of success and 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 framework is supported through six key strategies:

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

During the 2018-19 period, the Sampling and Analytical Services and Communications Strategies were finalised and activities under each strategy began implementation. The Licensing Strategy is in the final stages of completion and is a key priority for 2019-20.

Other strategic policy priorities include finalising the information and communications technology framework, bedding down our delegations and authorisations framework and improving general governance around the adoption of policies and procedures by operational staff.

Enhanced scientific testing capability

The Commission's analytical testing facility, the Racing Science Centre (RSC) is tasked with delivering a comprehensive range of prohibited substances testing, analysis and related professional services for licensed racing animals across Queensland under the Racing Integrity Act.

The Commission has developed and implemented its first integrated Sampling and Analytical Services Strategy (the Strategy) as a key strategy under the Commission's Strategic Plan and Compliance & Enforcement Framework. The Strategy governs the Commission's business model for the collection, testing, and reporting of prohibited substances and related intelligence uses of this information aimed at improving prohibitive substance regulation, the probability of detection and the prosecution of breaches of the Rules of Racing.

The Commission aims to test samples from 100 per cent of winning animals across all three codes of racing, as well as those animals identified for targeting via intelligence-led and risk-based sampling strategies.

In 2018-19, the RSC received 19,985 sealed samples for testing across all racing codes with 80 reportable prohibited substance findings in 78 samples. The breakdown of prohibited substances detected and reported includes cobalt, arsenic, alkalinizing agents, anti-inflammatory medications, illicit drugs and other scheduled and unscheduled substances.

In 2017-18, the Queensland Government approved \$7.753 million in capital funding over four years to implement a sustainable capital program for the RSC to upgrade core prohibitive substance testing technology and facility infrastructure to respond to currently regulated and emerging prohibitive substance threats under the Rules of Racing across the racing codes.

Over the last two financial years, this program has enabled the Commission to significantly strengthen its prohibited substance detection capabilities and operational efficiencies by:

- replacing five outdated high throughput instruments that are essential to core testing services with modern leading-edge technology that is fast and sensitive enabling higher throughput and more efficient use of sample volumes
- acquiring a second new instrument dedicated to testing samples for cobalt and arsenic as well as enabling speciation of both metals to assist Stewards in assessing evidence and prosecuting breaches
- acquiring a pH robot for automated sample preparation to increase testing throughput and save time for redeployment to higher order testing work and skills development
- completing or progressing six significant testing scope enhancements to increase the likelihood of detecting prohibited substances that breach the Rules of Racing
- refurbishing 30 year old electrical and gas infrastructure in the RSC laboratory to match the current demand from a larger instrument suite, achieve WH&S compliance for staff and position the RSC for future capability growth
- upgrading the laboratory information management system to expand its capability in support of the RSC's critical sample management control process and related performance reporting.

The program will focus on the continued upgrade testing instrumentation as well as the acquisition of new automated technology to improve the speed and efficiency of testing and provide a broader capability to detect and respond to unusual and emerging prohibitive substance threats.

In 2018-19, the RSC continued to participate in a national multi-year research and development project in collaboration with other racing laboratories, principal racing authorities and universities relating to the threat of designer steroids in greyhounds requiring several administration studies using the RSC's research dogs.

As a result of the laboratory infrastructure refurbishment and the instrument upgrade program, a range of high-tech analytical chemistry instruments have been donated to Queensland Universities to help train the next generation of racing scientists.

Ongoing case is Commission's largest thoroughbred probe

One of the Commission's largest investigations commenced on 7 April 2018 into the activities of a south-east Queensland thoroughbred trainer. This date was significant as it was one of the largest metropolitan race meetings in south-east Queensland which attracted local and metropolitan trainers alike.

From its commencement in July 2016, the Commission received information and intelligence relating to the activities of the trainer's stables.

The Commission commenced an investigation which centred upon whether the trainer and the trainer's staff were involved in any conduct that breached the Australian Rules of Racing.

A media release was distributed to all participants of the racing industry prior to the race day event notifying participants that the Commission would be present and active prior to, and on, the nominated race day in an attempt to ensure compliance with the Australian Rules of Racing by all racing participants.

As part of the Commission's investigation, the stables of the trainer were placed under surveillance by the Commission and stewards subsequently observed breaches of the Australian Rules of Racing by staff of the trainer that resulted in a protracted investigation.

On the morning of 7 April, 2018 the Commission's Integrity Investigation Team (IIT) observed suspicious activity (later

established as race day treatment) around the horses, some of which were scheduled to race later that day.

As a result of those observations and allegations of race day treatment, the Commission's seizure of CCTV footage, telephones and computers led to the recovery of a massive amount of data records and intelligence.

The Commission's investigations uncovered a range of alleged serious integrity breaches against the Australian Rules of Racing dating back to 2014.

As part of the investigation, the Commission examined numerous data records, conducted interviews, coercive hearings and numerous stewards' inquiries with the licensed participants, resulting in a number of charges being issued to the trainer and the trainer's staff.

This investigation resulted in suspensions, disqualifications and fines for the trainer and other members of the trainer's staff and the following charges were issued:

1. Three licensed participants were issued with multiple race day administration charges;
2. One licensed participant was charged with assisting in the administration of race day treatment; and
3. One licensed participant was charged with providing false evidence during the investigation.



In a parallel investigation, the Queensland Police Service Racing Crime Squad conducted an independent investigation, resulting in the preferment of criminal charges against the trainer relating to racing activities.

The hearings of a number of outstanding alleged breaches of the Australian Rules of Racing against the trainer are yet to be completed.

The Commission has agreed to adjourn its inquiry into a further seven alleged breaches of the Australian Rules of Racing until after the resolution of the criminal proceedings and a further stewards' inquiry into 14 alleged breaches of the Australian Rules of Racing is yet to be convened.

The investigation into the trainer and the trainer's stables has consumed a large amount of the Commission's resources as the IIT and thoroughbred stewards investigated more than 350,000 separate data records and worked to prosecute numerous charges.

The Commission has also been challenged by the trainer in the courts and tribunals, including a number of stay applications and Supreme Court injunctions, which have prolonged the prosecution of the matters.

Racing Integrity Commissioner Ross Barnett said the investigation into the trainer and the trainer's stables

demonstrated that no licensed participant was beyond prosecution.

"Whether you are a small country trainer or the biggest trainer you will be treated the same when the integrity of the industry is brought into question and no person is too big to investigate," he said.

"This investigation has met with strong support from across the Queensland thoroughbred racing industry, including from other trainers and club administrators."

"While it has raised several integrity concerns about racing, the investigation has been welcomed because it finally addressed the rumours that dogged the industry since the Commission commenced."

"The Commission has both the determination and the resources to investigate and prosecute matters that seriously undermine the confidence of the industry."

"Whilst the investigation into the trainer and the trainer's stables has consumed significant resources, the Commission has continued to maintain its capacity to deal with urgent animal welfare and other integrity issues that have arisen," Commissioner Barnett said.

Our challenges

Data quality

One of the challenges the Commission still faces in its journey towards governance maturity is the quality of data it collects, updates, interprets, maintains and stores. It is essential for good strategic and operational decision-making and planning to be able to access accurate and up-to-date data. The Commission is currently developing its own information and communications technology (ICT) framework which will provide the Commission with a more strategic direction of where information management resourcing should be directed to enhance compliance, data literacy and good administrative governance.

One major challenge for the Commission is the reliance on national systems, one for each code of racing, to hold and manage the licensee and animal data it collects via a third party agreement. This arrangement presents a number of operational challenges for the Commission, including incorrect or out-of-date licensee details retrieved from the national systems, which undermines the Commission's interactions with participants. To help combat this reliance on using outside information, the Commission has prioritised 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. This new tool will replace paper-based processes to a contemporary, digital system. By incorporating the appropriate reporting capability within RandLE, the system offers a virtual logbook capability that, unlike its physical counterpart, will be up to date, available to Commission staff and will reduce the administrative burden on industry participants.

Equally important to the collection and updating of data is being able to interpret and evaluate information and then communicate key insights effectively. Data literacy information sessions have been provided to relevant staff to assist in quality data input and performance reporting and a data dictionary will soon be finalised to articulate data requirement parameters for all staff to achieve consistency and clarity. In addition, an information asset register will be created to include a repository of all the Commission's data and information holdings to guide staff on where to access particular information.

In terms of storing data, the Commission uses eDOCs, an authorised recordkeeping system to create, store and retrieve digital documents and files. The habitual use of eDOCs by all staff is improving with recently appointed internal eDOCs Champions offering training and guidance. Our internal information systems and recordkeeping services are provided by Information and Technology Partners, a government shared service provider operated by the Department of Agriculture and Fisheries whom also provide Commission staff with eDOCs training sessions and refresher training.

Racing calendar increases

A more commercially focused race schedule which includes the conversion of non-TAB meetings to TAB racing (where viable) necessitates the Commission to provide the required additional resourcing to ensure the welfare and integrity standards of all race meetings where betting takes place.

The increase in the number of race meetings, and the number of races at race meetings, impacts the operations of the Commission in terms of roster commitments for stewards, veterinarians and sample collection officers. Additionally, in-line with the Commission's Sampling and Analytical Services Strategy where 100 per cent of winning animals are tested, the Racing Science Centre must collect and test more samples which could impact on portion sampling of intelligence-led 'random' or proactive testing as an industry-known general deterrent.

The Commission is also indirectly impacted in terms of the associated licensing, audit, inspection and steward inquiry activity required.

The Commission has been able to absorb the additional demands required with an increased racing calendar, however, human resourcing issues such as excessive leave balances, illness, fatigue management and training and development are all currently posing risks to the Commission. The Commission, in 2019-20 will look to develop a race day resourcing model that will provide a clearer look at resourcing and ability to perform certain functions and responsibilities.

Workplace health and safety

The Commission's responsibilities to workplace health and safety (WHS) include our own staff, as well as participants and animals involved in the racing industry. With approximately 87 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.

There are WHS challenges associated with our staff working at locations outside the Commission's purview such as at Racing Clubs. To assist with clarity of roles and responsibilities, the Workplace Health and Safety Committee consults with Racing Queensland (the overarching agency responsible for race clubs) to define the roles and responsibilities of the Commission, Racing Queensland and racing clubs in managing WHS risks. This document also includes an approach to identifying, reporting, and managing WHS risks, incidents and hazards. A process to ensure routine monitoring and follow-up of corrective actions has also been established.

In addition to risks posed by physical spaces managed by other entities, there are fatigue management risks inherent in a busy racing schedule which is arranged by Racing Queensland. Determining the timing and location for race events should be conducted with stewarding staff as driving distances and work hours take their toll on staff well-being.

Resourcing integrity investigations

The role of the Integrity Investigations Team (IIT) is to investigate offences, enforce the Rules of Racing and investigate animal welfare complaints in relation to prohibited substances, testing of human participants, carry out kennel and stable inspections and licence checks.

The IIT have delivered the following enforcement activities in 2018-19:

- 462 welfare and integrity investigations finalised since the introduction of the Commission's Investigation Case Management System.
- 215 race day investigations undertaken with the breakdown being: 190 – thoroughbred, 13 – harness, 12 greyhound.

- 350 Stable/kennel inspections which included 261 for thoroughbred stables, 34 for harness stables and 55 for greyhound kennels. This is a 230 per cent increase on 2017-18 with 150 stable/kennel inspections undertaken.
- 20 animal welfare directions issued.

IIT also led the Commission's largest investigation into a south-east Queensland thoroughbred trainer (see Feature Article 3). The surveillance, examination of various data records and the conducting of interviews provided the Commission evidence to commence a number of stewards' inquiries that resulted in suspensions, disqualifications and fines for the trainer and other members of the trainer's staff due to a range of integrity breaches against the Australian Rules of Racing.

The challenge that the Commission faces is to optimise its finite resources in meeting the escalating demands of the industry. The Commission must ensure that both its operational and corporate functions are resourced effectively to achieve the Commission's objectives without compromise from any one business unit.

The external review process

The external review of decisions by the QCAT provides an additional oversight measure in the Commission's decision-making process. 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. The Racing Integrity Act retained the existing provision for matters to be further reviewed by QCAT. Industry and the wider community have raised concerns in respect to the process, which includes:

- the time it takes to finalise matters
- the perceived lack of industry knowledge by the decision makers in the external review process
- the perception that applying for a stay of the penalty decision during the review process can be used as a 'loophole' for participants to continue to operate uninhibited during the review process.

As part of the Government's commitment to review the Racing Integrity Act, a discussion paper titled Racing Integrity Reforms, Review of the Racing Integrity Act was publically released on 26 June 2019 for comment and feedback. Following the public consultation period, the Government will consider the issues raised.

Financial performance summary

Our annual financial statements presents the Commission's financial performance and overall position as at 30 June 2019.

Funding

The Commission is primarily funded by the State in the form of government grants for the delivery of its services.

Operating 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.

In 2017-18, the Cabinet Budget Review Committee (CBRC) approved a capital grant of \$7.753 million over four years to

upgrade and replace Racing Science Centre core prohibitive substance testing technology and support the investment in new technology to provide high quality sampling and testing services and respond quickly to emerging prohibitive substance threats and changes in the rules of racing across racing codes.

Our administering department, the Department of Agriculture and Fisheries (DAF) receives the grant funding from the Consolidated Fund by way of administered appropriations and pays the grant to the Commission on a quarterly basis.

The Commission received \$29.7 million in grant funding during 2018-19 made up of an operating grant of \$27.1 million and a capital grant of \$2.7 million.

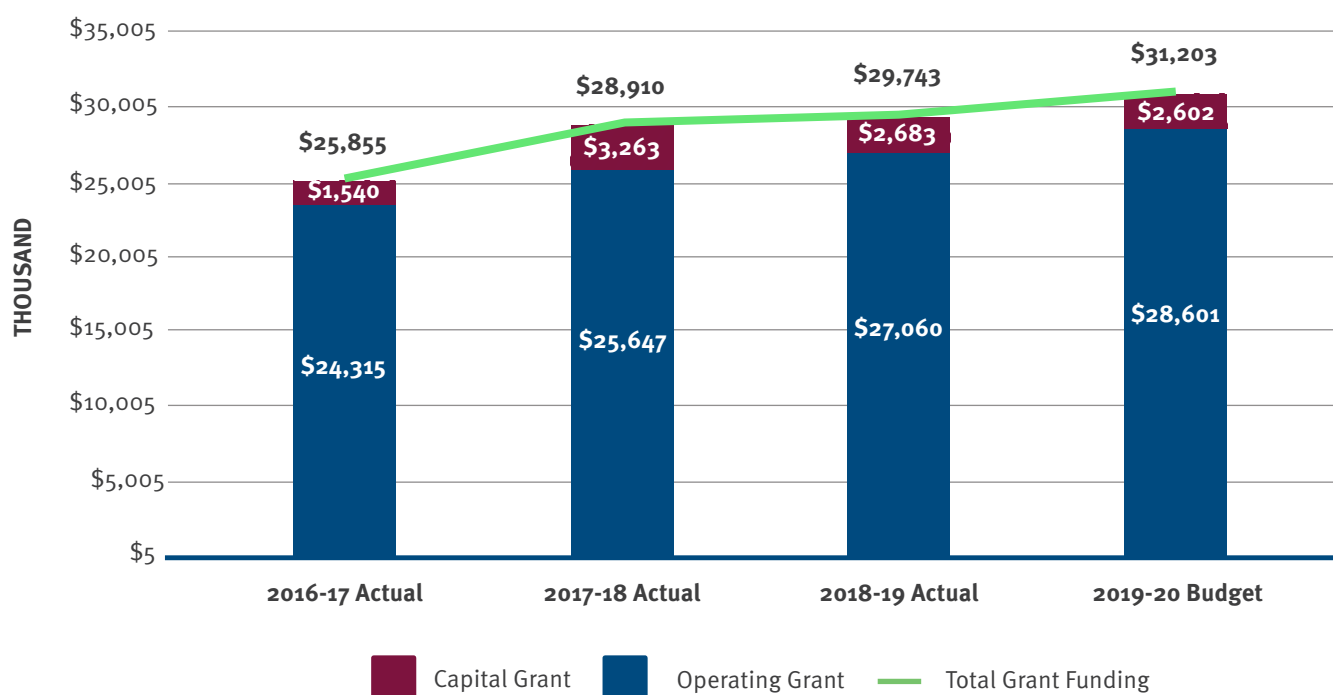


Figure 1: 4 year grant funding comparison

2018-19 Budget allocation

	Original Budget	Adjusted Budget	Budget Increase
	\$'000	\$'000	\$'000
Operating Budget	27,350	27,750	400
Capital Budget	2,123	2,683	560
Total Budget	29,473	30,433	960

The Commission's adjusted budget for 2018-19 was \$30.4 million and includes a \$750,000 grant funding deferral from the 2017-18 financial year. The deferred funds were used primarily to continue the development of the RandLE system.

What we spent our money on

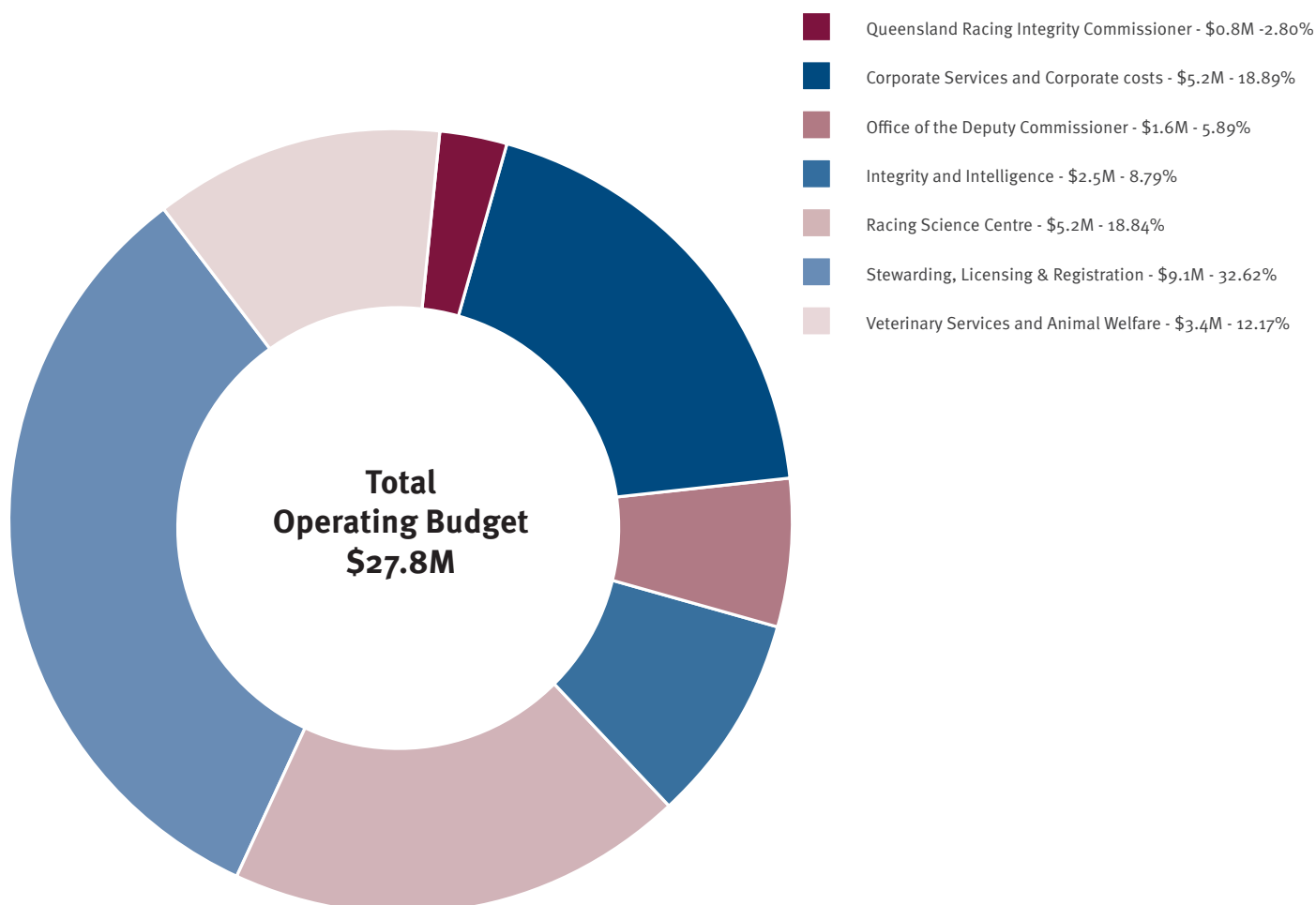


Figure 2: What we spend our money on (2018-19)

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 7.5 – Agency Transactions.

Since the 2017-18 financial year, the Commission has incrementally transitioned away from an annual licensing model to a three-year model that provides greater

standardisation, is more convenient for participants and allows for improved integrity standards. The new framework also benefits industry participants through licence cost reductions, which in turn impacts on the revenue collected and paid to Government.

See figure 3 below for revenue collected on behalf of the State:

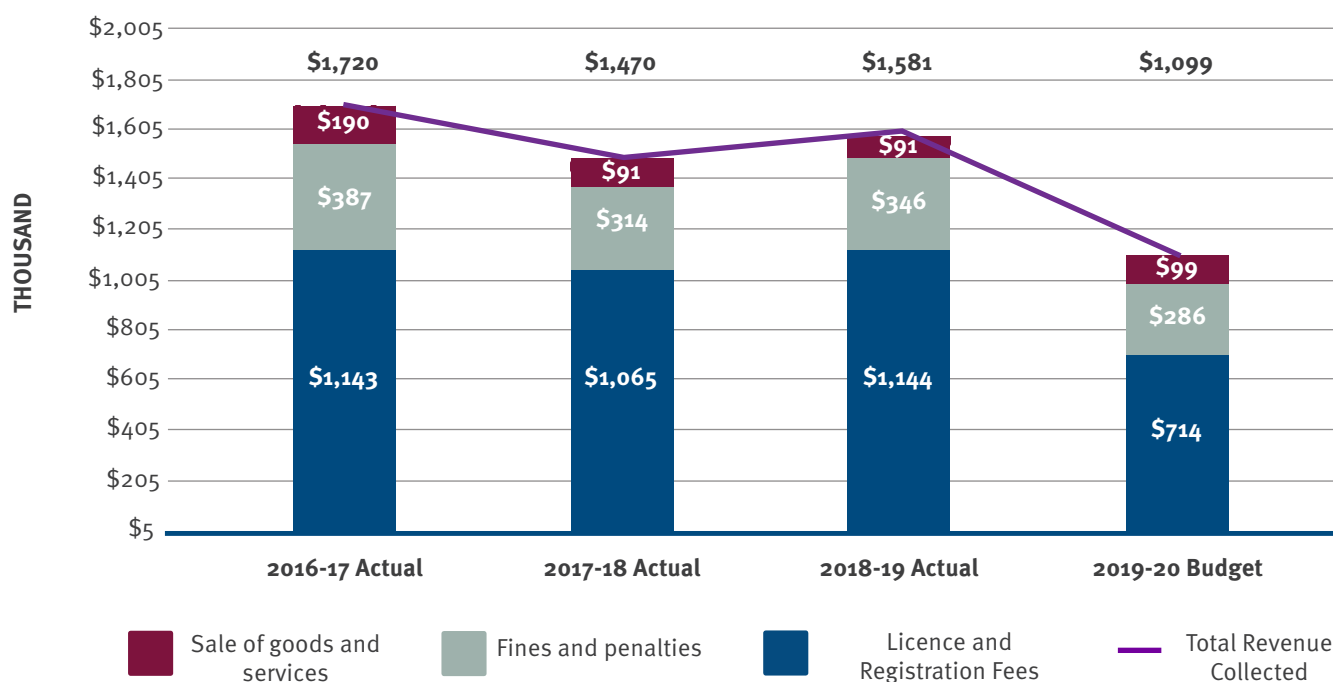


Figure 3: Revenue collected on behalf of the State

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.

4 Year Financial Result Comparison	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Budget
	\$'000	\$'000	\$'000	\$'000
Total Revenue	26,177	26,450	27,766	29,196
Total Expenditure	24,990	26,400	27,423	29,196
Operating Result for the year	1,187	50	343	-

The Commission achieved an operating surplus of \$343,000 for the 2018-19 financial year. The operating surplus is mainly due to lower than budgeted supplies and services and amortisation expenditure and an insurance claim compensation of \$92,000 received for the replacement of flood damaged equipment, furniture and other general items lost or damaged during the 2019 Townsville flooding.

The supplies and services expenditure savings were primarily in legal fees, laboratory and testing expenses; animal care expenses; and property maintenance expenses.

Revenue distribution 2018-19

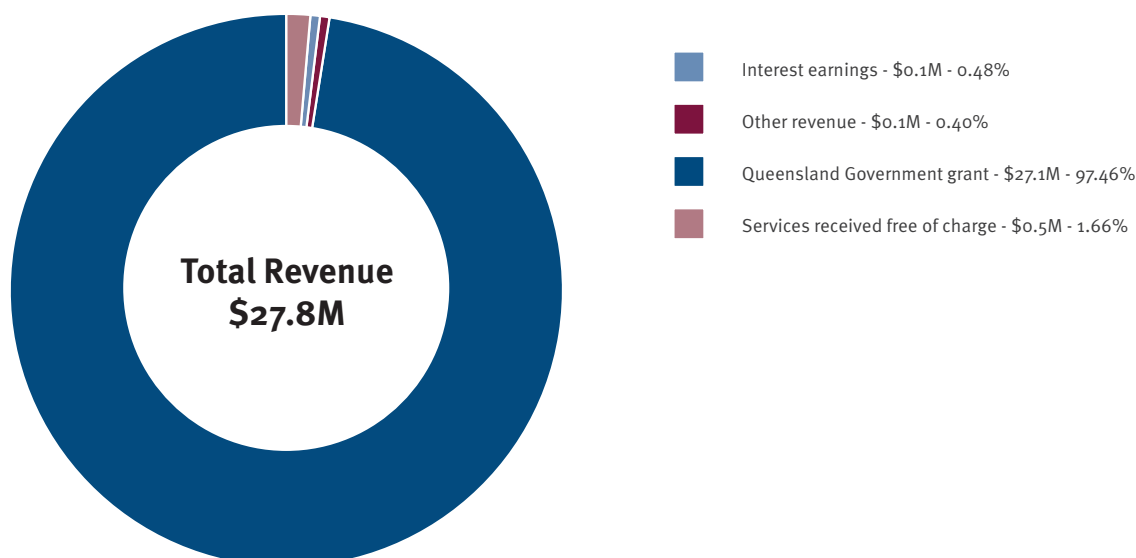


Figure 4: Revenue Distribution

Revenue

Total revenue for the period was \$27.8 million compared to \$26.4 million in the 2017-18 financial year. Grant funding increased by \$1.4 million or 5.51 per cent from the previous financial year (2017-18 - \$25.6 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, which serves to enhance the investigatory element of the Commission's regulatory activities.

This is an ongoing arrangement with the QPS covering the salary cost for QRCS police officers seconded to the Commission, whilst the Commission covers the salary

cost for civilian members of the team. The Commission recognises the free of charge services as both a revenue and expense item, with no bottom line impact to the operating budget.

The Commission earns interest on its cash holdings primarily from securely investing in a capital guaranteed cash fund held with Queensland Treasury Corporation (QTC). As at 30 June 2019, the 3-year rolling QTC cash fund return rate was 2.62 per cent.

Other revenue relates mainly to the insurance compensation payment as a result of the 2019 Townsville flooding event.

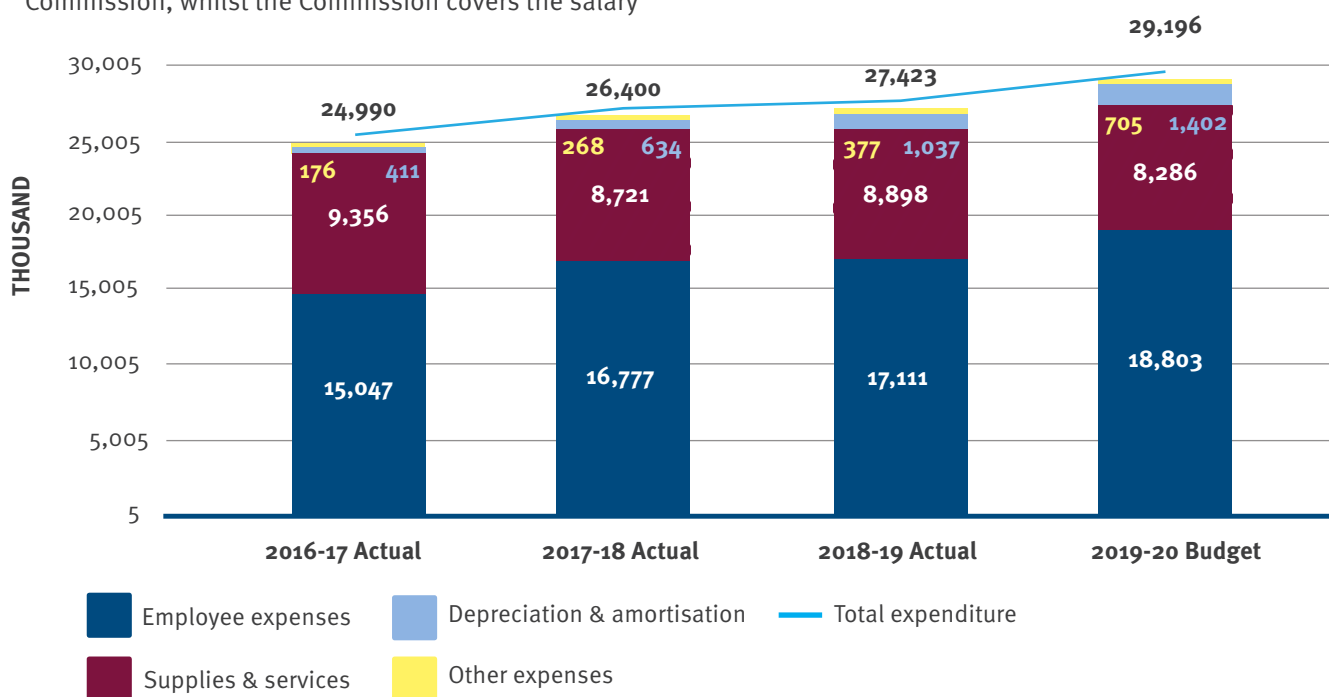


Figure 5: Four year expenditure comparison

Expenditure

Total expenditure for 2018-19 was \$27.4 million (compared to \$26.4 million in 2017-18), increasing by \$1 million or 3.88 per cent. Our largest expense is employee costs, representing 62.40 per cent of total expenditure or \$17.1 million and comprising 159 full time equivalent (FTE) positions. Financial year 2017-18 was 63.55 per cent or \$16.8 million and 153 FTE positions.

Whilst employee expenditure increased by \$334,000 or 1.99 per cent from the previous financial year, the Commission achieved a budget under-spend of \$327,000 in employee expenses for 2018-19 mainly due to employing temp agency staff whose costs are reported under supplies and services expenditure. The budget under-spend in employee expenses was used to offset the increased expenditure in temp agency staffing costs.

The increase in employee expenses is partly due to the Commission adopting a new Stewarding Remuneration Framework for race day stewards effective from 1 September 2018. The framework provides a transparent and industry benchmarked remuneration package. Staff were paid an incentive payment of \$2,500 in recognition of the introduction of time limited, performance based employment contracts (Total incentive payment - \$47,500). Award increases during the year have also contributed to higher employee costs.

The Commission spent \$8.9 million or 33.03 per cent of total expenditure on supplies and services during the financial year compared with \$8.7 million or 33.03 per cent of total expenditure in the 2017-18 financial year.

The highest categories of supplies and services expenditure, accounting for almost 74 per cent of total supplies and services expenditure includes:

- consultants and contractors' expenditure, which includes expenditure for administrative staff hired through employment agencies; legal, transcription and internal audit services - \$2.4 million
- office accommodation and property maintenance expenses for five leased office spaces and the RSC land and buildings, which is owned by the Commission - \$1.2 million

- corporate service arrangements with other government agencies for information technology, financial, payroll and business system support - \$1.2 million
- plant and equipment maintenance expenses, which includes software licence and hosting fees and IT and technical equipment replacement and maintenance costs - \$937,000
- animal care expenses which include vet contractor services to support race operations and Greyhound Adoption Program (GAP) expenditure like dog food to maintain GAP animals - \$883,000.

Depreciation costs for 2018-19 were \$895,000 and primarily relate to the write-off of RSC property, plant and equipment acquisitions, whilst amortisation costs were \$142,000 and comprise write-offs for the Commission's software systems, including RandLE.

Depreciation and amortisation expenditure has steadily increased over the last three financial years due to RSC capital program acquisitions and the RandLE system development.

Other expenses includes payments to the Queensland Audit Office for audit fees, insurance premiums paid to the Queensland Government Insurance Fund; sponsorship payments associated with our equine welfare program and payment of court-ordered costs for QCAT decisions against the Commission.

Expenditure distribution 2018-19

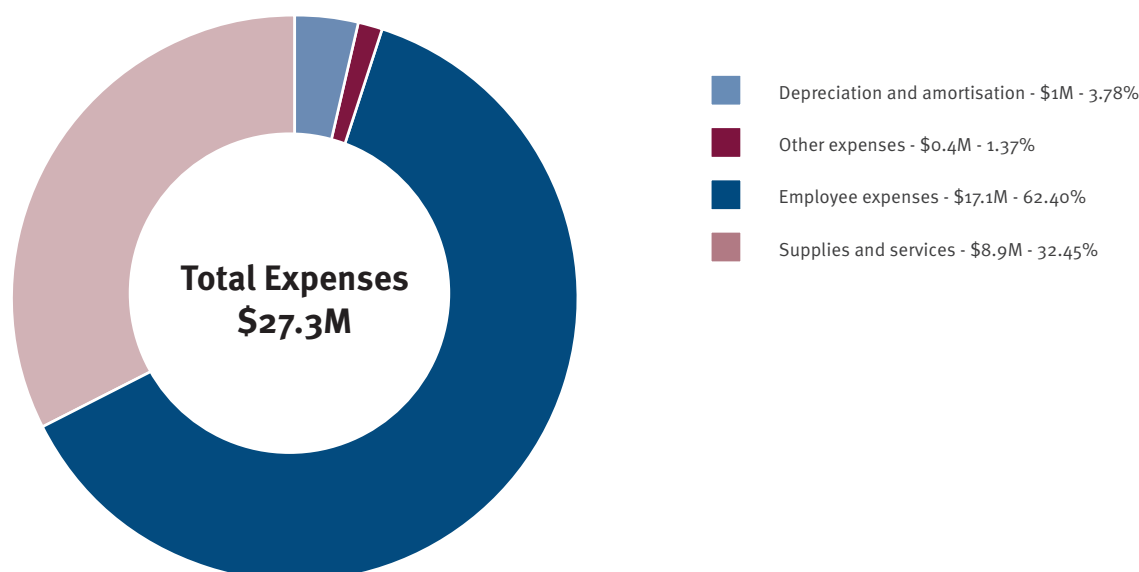


Figure 6: Expenditure distribution

Financial position

The Commission's financial position is detailed on page 43 of the Financial Statements in the Statement of Financial Position.

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

The Commission was in a strong net worth position as at 30 June 2019 with net assets totalling \$15.5 million, increasing by \$3 million or 24.27% from the previous financial year. The increase is primarily due to new capital acquisitions valued at \$3.1 million as follows:

- RSC infrastructure and testing instruments - \$2.4 million
- RandLE Customer Relationship Management (CRM) system - \$668,000.

As part of the continued rollout of the RSC capital program, the RSC laboratory underwent a major refurbishment to modernise infrastructure and facilitate further growth. The cost of the refurbishment was \$528,000.

During the 2018-19 financial year, the Commission continued its investment in RandLE, progressively rolling out new licensing application and renewal capability. To date, the Commission has spent \$1.5 million on the system upgrades, facilitated mainly through operating budget savings that have been converted to capital funding.

As at 30 June 2019, the Commission held assets valued at \$18.2 million, represented by \$4.6 million in current assets and \$13.6 million in non-current assets. Current assets include \$3.6 million of cash held at bank mainly to settle amounts owed to suppliers and accrued employee benefits. The balance of the cash represents depreciation and amortisations write-offs earmarked for future non-current asset replacements. Non-current assets consists mainly of Racing Science Centre assets. This includes the land and buildings at Albion where the Racing Science Centre is housed. The land and buildings were revalued at 30 June 2019, by applying market based indexes provided by State Valuation Services (SVS). As at 30 June 2019, these land and buildings were valued at \$7.2 million, increasing by 19.67 per cent from the previous financial year, due to the laboratory refurbishment (2017-18 -\$6.8 million).

Intangible assets comprise software assets for business systems to support operations and includes RandLE, the complaints management system (ICMS) and the laboratory management system (LIMS).

The systems were valued at \$1.7 million at 30 June 2019, increasing by 73.3 per cent from the previous financial year, due to system upgrades for RandLE and LIMS (2017-18 \$1 million).

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 2019, these liabilities were valued at \$2.7 million.

Assets

4 Year Equity	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Budget
	\$'000	\$'000	\$'000	\$'000
Opening Balance	-	9,185	12,511	15,548
Operating Result for the year	1,187	50	343	-
Increase in revaluation surplus	41	13	11	-
MOG transfers	6,417	-	-	-
Equity injections	1,540	3,263	2,683	2,602
Total Equity	9,185	12,511	15,548	18,150

Equity has steadily increased over the period mainly due to approved capital funding for the RSC capital program and RandLE system

Equity

The Commission's equity is detailed on page 44 of the Financial Statements in the Statement of Changes in Equity. Equity is the net worth of the Commission and is represented by total assets, less total liabilities in the Statement of Financial Position.

For the financial year ending 30 June 2019, the Commission's equity was valued at \$15.5 million.

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:

- Supporting staff in ongoing professional development, including opportunities to access over 70+ short courses through our partnership with the Australian Institute of Management
- targeted staff training programs in procurement, corporate card training and financial management for managers
- utilising online systems with in-built work flow and financial controls
- an annual external and internal audit program targeted at identified risk areas and focussed effort on implementing audit recommendations
- monthly management reporting, including variance reporting
- maintaining an updated Financial Management Practice Manual (FMPM)

implementing an internal control self-assessment process across the Commission to identify and mitigate financial risk

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

2018-19 financial highlights

The primary focus of our Corporate Finance Team for 2018-19 was:

- Implementation of the automated Accounts Payable Solution, Converga in August 2018, which has achieved efficiencies and cost savings in accounts payable and purchase order processing. The system has in-built financial and procurement delegations, which has served to strengthen our financial internal controls.
- Introduction of a single penalty notice process, whereby the penalty notice also serves as an invoice. This process has not only made the payment of penalty invoices simpler and easier, but achieved process efficiencies and cost savings.
- Continued engagement with business units to provide financial management support and identify and address budget related queries and issues
- Continued improvements in financial reporting, budget preparation and forecasting.

Chief Finance Officer (CFO) Statement

Section 77(b) of the *Financial Accountability Act 2009* (The Act) requires Accountable Officers to delegate the establishment and review of financial internal controls to the Chief Finance Officer (CFO). The Act further requires that the CFO provide the Accountable Officer with a statement about whether the financial internal controls of the department have operated efficiently, effectively and economically during the financial year.

The Financial and Performance Management Standard 2019 (The Standard) also prescribes that the statement must be provided before, or at the same time the CFO certifies the annual financial statements confirming the number of key issues associated with the department's financial management.

Whilst the Commission is a statutory authority, and therefore, exempt from the legislative requirement to provide the CFO statement, it has adopted best practice by providing the accountable officer with a CFO statement for the financial year ended 30 June 2019, attesting to the financial internal controls of the Commission operating efficiently, effectively and economically.

The CFO statement has been presented to the Commission's Audit and Risk Management Committee.

Financial Statements

QUEENSLAND RACING INTEGRITY COMMISSION

Statement of Comprehensive Income for the year ended 30 June 2019

	Note	2019 Actual \$'000	2019 Original Budget \$'000	2019 Budget Variance* \$'000	2018 Actual \$'000
OPERATING RESULT					
Income					
Grants and other contributions	2.1	27,522	27,218	304	26,130
Other revenue	2.2	244	127	117	295
Total Revenue		27,766	27,345	421	26,425
Gain on sale of property, plant and equipment		-	5	(5)	25
Total Income		27,766	27,350	416	26,450
Expenses					
Employee expenses	3.1	17,111	17,458	(347)	16,777
Supplies and services	3.2	8,898	8,404	494	8,721
Depreciation and amortisation	4.4 (i)&(ii)	1,037	1,085	(48)	634
Other expenses	3.3	377	403	(26)	268
Total Expenses		27,423	27,350	73	26,400
Operating Result for the year		343	-	343	50
Other Comprehensive Income					
<i>Items that will not be reclassified to Operating Result</i>					
Increase in asset revaluation surplus		11	-	11	13
Total Other Comprehensive Income		11	-	11	13
Total Comprehensive Income		354	-	354	63

*An explanation of major variances is included at Note 8.1

The accompanying notes form part of these statements

QUEENSLAND RACING INTEGRITY COMMISSION

Statement of Financial Position as at 30 June 2019

	Note	2019 Actual \$'000	2019 Original Budget \$'000	2019 Budget Variance* \$'000	2018 Actual \$'000
Current Assets					
Cash and cash equivalents	4.1	3,632	3,888	(256)	3,500
Receivables	4.2	597	375	222	525
Other current assets	4.3	387	334	53	429
Total Current Assets		4,616	4,597	19	4,454
Non-Current Assets					
Property, Plant and equipment	4.4 (i)	11,921	12,307	(386)	10,563
Intangible assets	4.4 (ii)	1,655	773	882	1,002
Other non-current assets	4.3	24	31	(7)	76
Total Non-Current Assets		13,600	13,111	489	11,641
Total Assets		18,216	17,708	508	16,095
Current Liabilities					
Payables	5.1	1,659	1,968	(309)	2,766
Accrued employee benefits	5.2	892	822	70	705
Total Current Liabilities		2,551	2,790	(239)	3,471
Non Current Liabilities					
Provisions for restoration costs		90	78	12	88
Deferred lease liabilities		27	24	3	25
Total Non-Current Liabilities		117	102	15	113
Total Liabilities		2,668	2,892	(224)	3,584
Net Assets		15,548	14,816	732	12,511
Equity					
Contributed equity		13,903	13,342	561	11,220
Accumulated surplus		1,580	1,413	167	1,237
Asset revaluation surplus		65	61	4	54
Total Equity		15,548	14,816	732	12,511

*An explanation of major variances is included at Note 8.2

The accompanying notes form part of these statements

QUEENSLAND RACING INTEGRITY COMMISSION

Statement of Changes in Equity for the year ended 30 June 2019

	Note	Contributed Equity \$'000	Accumulated Surplus \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance as at 1 July 2017		7,957	1,187	41	9,185
Operating Result					
Operating result		-	50	-	50
Other Comprehensive Income					
Increase in asset revaluation surplus	6.2	-	-	13	13
Transactions with Owners as Owners					
Capital contribution by owners	6.1	3,263	-	-	3,263
Balance at 30 June 2018		11,220	1,237	54	12,511
Operating Result					
Operating result		-	343	-	343
Other Comprehensive Income					
Increase in asset revaluation surplus	6.2	-	-	11	11
Transactions with Owners as Owners					
Capital contribution by owners	6.1	2,683	-	-	2,683
Balance at 30 June 2019		13,903	1,580	65	15,548

The accompanying notes form part of these statements

QUEENSLAND RACING INTEGRITY COMMISSION

Statement of Cash Flows for the year ended 30 June 2019

	Note	2019 Actual \$'000	2019 Original Budget \$'000	2019 Budget Variance* \$'000	2018 Actual \$'000
Cash flows from Operating Activities					
<i>Inflows:</i>					
User charges and fees		1,589	1,414	175	1,518
Grant funding		27,060	26,868	192	25,647
GST input tax credits from ATO		1,348	1,273	75	1,250
GST collected from customers		15	-	15	13
Interest receipts		135	120	15	103
Other revenue		25	2	23	20
<i>Outflows:</i>					
Employee expenses		(16,617)	(17,458)	841	(16,218)
Supplies and services		(9,944)	(8,447)	(1,497)	(8,353)
Finance/borrowing Costs		-	(10)	10	-
GST paid to suppliers		(1,197)	(923)	(274)	(1,379)
GST remitted to ATO		(13)	-	(13)	(17)
Payments to Government		(1,541)	(1,414)	(127)	(1,518)
Other expenses		(306)	(368)	62	(121)
Net cash provided by operating activities		554	1,057	(503)	945
Cash Flows from Investing Activities					
<i>Inflows:</i>					
Sales of property, plant and equipment		-	10	(10)	25
<i>Outflows:</i>					
Payments for intangibles		(795)	-	(795)	(966)
Payments for property, plant and equipment		(2,310)	(2,814)	504	(2,590)
Net cash used in investing activities		(3,105)	(2,804)	(301)	(3,531)
Cash flows from Financing Activities					
<i>Inflows:</i>					
Equity injections		2,683	2,123	560	3,263
Net cash provided by financing activities		2,683	2,123	560	3,263
Net increase in cash and cash equivalents		132	376	(244)	677
Cash and cash equivalents - opening balance		3,500	3,512	(12)	2,823
Cash and Cash Equivalents - closing balance	4.1	3,632	3,888	(256)	3,500

*An explanation of major variances is included at Note 8.3

The accompanying notes form part of these statements

QUEENSLAND RACING INTEGRITY COMMISSION

Statement of Cash Flows for the year ended 30 June 2019

Notes to the Statement of Cash Flows

Reconciliation of Operating Result to Net Cash Provided by Operating Activities

	2019 \$'000	2018 \$'000
Operating surplus	343	50
<i>Non-Cash items included in operating result:</i>		
Depreciation and amortisation expense	1,037	634
Impairment losses	-	-
Assets received below fair value	-	(190)
Finance costs	2	16
Net gains on disposal of property, plant and equipment	-	(25)
Net loss on disposal of property, plant and equipment	68	79
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in GST input tax credits receivable	151	(129)
(Increase)/decrease in annual leave reimbursement receivables	(110)	-
(Increase)/decrease in LSL reimbursement receivables	(57)	41
(Increase)/decrease in other receivables	(58)	16
(Increase)/decrease in prepayments/other assets	94	(200)
Increase/(decrease) in accounts payable	(1,107)	621
Increase/(decrease) in accrued employee benefits	187	25
Increase/(decrease) in GST payable	2	(4)
Increase/(decrease) in lease liability	2	11
Net cash provided by operating activities	554	945

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2019

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1. Basis of Financial Statement Preparation

1.1 General Information

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

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

The Commission is controlled by the State of Queensland, which is the ultimate parent. The corporate office and principal place of business of the Commission is Level 17, 53 Albert Street, Brisbane QLD 4000.

1.2 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

1.3 Summary of Significant Accounting Policies

Significant accounting policies are shown in the notes to which they relate, except as follows:

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 2018.

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 1.3(f).

1. Basis of Financial Statement Preparation (cont'd)

1.3 Summary of Significant Accounting Policies (cont'd)

b. 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, the Commission records assets 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. Similarly, 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 the Commission would receive if it sold an asset or would pay to transfer a liability in an orderly transaction between market participants 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 7.1 Financial Instruments and Note 4.4(i) Property, Plant and Equipment and Depreciation Expense.

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.

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.

1. Basis of Financial Statement Preparation (cont'd)

1.3 Summary of Significant Accounting Policies (cont'd)

d. 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:

- Note 4.4 Property, Plant and Equipment and Intangible Assets
- Note 7.5 (ii) Agency Receivables

e. Taxation

The Commission is a state body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). GST credits receivable from, and GST payable to the Australian Tax Office (ATO) are recognised in the Statement of Financial Position (refer to Note 4.2 Receivables).

f. First year application of new accounting standards

AASB 9 *Financial Instruments* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* became applicable to the Commission from 1 July 2018. Comparative information for 2017-18 has not been restated and continues to be reported under AASB 139 *Financial Instruments: Recognition and Measurement*.

The main impact of these new standards is that they changed the requirements for the classification, measurement, impairment and disclosures associated with financial assets. AASB 9 introduced different criteria for whether financial assets can be measured at amortised cost or fair value.

AASB 9 also required the loss allowance for impairment of receivables to be measured using a forward-looking expected credit loss approach, replacing AASB139's incurred loss approach.

On adoption of AASB 9's new impairment model, the Commission recognised additional impairment losses of \$20,000 on its agency receivables. There is no impact on the Commission's opening accumulated surplus as agency transactions are not reported in the Commission's Statement of Comprehensive Income. See Note 7.5 (ii) Agency Receivables.

The Commission did not voluntarily change any of its accounting policies during the 2018-19 reporting period and did not early adopt any Australian Accounting Standards.

g. 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.

1. Basis of Financial Statement Preparation (cont'd)

1.3 Summary of Significant Accounting Policies (cont'd)

h. 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 below.

These standards became effective on 1 January 2019 and will first apply to the Commission for its financial statements for 2019-20. An analysis of the impact of these standards was undertaken during 2018-19 and the main future impacts identified at the date of this report are as follows:

AASB 1058 *Income of Not-for-Profit Entities*; AASB 15 *Revenue from Contracts with Customers and Amendments to Australian Accounting Standards arising from AASB 15*

Queensland Government grant funding - \$27.060 million

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).

Agency Transactions - \$1.151 million

The Commission also assessed the accounting impact of the revenue it collects on behalf of the State (See Agency Transactions - Note 7.5) and expects no change to current revenue recognition.

Licence and registration fees are currently recognised on receipt. In accordance with Queensland Treasury's proposed directive following amendments to AASB 15 (arising from AASB 2018-4 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Sector Licensors*), the revenue will be recognised under AASB 15 when the performance obligations are fulfilled. As the sole performance obligation is the issue of the licence to the racing participant and considering that licences fees are non-refundable, revenue will continue to be recognised on receipt, when the licence is issued.

Fines and penalties will continue to be recognised when the service has been rendered and the fine is issued.

Sale of goods and services will continue to be recognised when the goods are delivered or the services have been rendered.

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 the majority of operating leases (as defined by AASB 117) will be reported on the statement of financial position under AASB 16. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) that will give rise to a depreciation expense; and an associated liability and interest expense (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

The Commission analysed its existing operating lease commitments reported under Note 3.2 Supplies and Services and Note 7.3 Commitments for Expenditure during 2018-19 and has identified the following impacts which are outlined below.

1. Basis of Financial Statement Preparation (cont'd)

1.3 Summary of Significant Accounting Policies (cont'd)

h. Future impact of accounting standards not yet effective (cont'd)

Internal-to-Government leases for office accommodation and motor vehicles – The Commission holds two (2) sub-leases for office accommodation from the Department of Housing and Public Works (DHPW) through the Queensland Government Accommodation Office (QGAO) and leases the majority of its motor vehicles through the DHPW's QFleet program.

Queensland Treasury has advised that, effective 1 July 2019, amendments to the framework agreements that govern QGAO and QFleet will result in these arrangements being exempt from lease accounting under AASB16. This is due to DHPW having substantive substitution rights over non-specialised, commercial office accommodation and vehicles provided under the scheme. Therefore, from 2019-20 onwards, costs for these services will continue to be expensed as supplies and services when incurred.

Existing vehicle leases with QFleet are not included as part of the operating lease commitments as they are under uniform agreements that are cancellable at any time.

External-to-Government leases – Leases with external lessors comprise of two (2) commercial property leases, motor vehicle lease arrangements with a commercial fleet management specialist which is due to expire within the next 12 months and an operating lease for low value office equipment.

The Commission has quantified the transitional impact of all qualifying lease arrangements that will be recognised on-balance sheet under AASB 16 as follows:

Statement of financial position impact on 1 July 2019

- \$151,000 increase in lease liabilities
- \$173,000 increase in right-of-use assets
- \$22,000 increase in opening accumulated surplus

Statement of comprehensive income impact expected for the 2019-20 financial year, as compared to 2018-19:

- \$54,000 increase in depreciation and amortisation expense
- \$3,000 increase in interest expense
- \$51,000 decrease in supplies and services expense
- This results in a net increase of \$6,000 in total expenses

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. Revenue

The Commission's primary source of funding is a government grant by the State for the delivery of its outputs, paid via the Department of Agriculture and Fisheries (DAF), who is responsible for the administration of the Commission.

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 DAF. As the Commission does not control the revenue, the transactions associated with the revenue are reported separately under Note 7.5 as agency transactions.

2.1 Grants and Other Contributions

Government Grants - are non-reciprocal in nature and do not require any goods or services to be provided in return. Therefore, revenue is recognised when 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.

	2019 \$'000	2018 \$'000
Queensland Government grant ¹	27,060	25,647
Services received below fair value ²	462	483
Total	27,522	26,130

¹The grant is paid to the Commission on a quarterly basis in advance by DAF, who receives the grant from the Consolidated Fund by way of administered appropriations.

²The services received below fair value relates to our partnership with the Queensland Police Service's Queensland Racing Crime Squad (QRCS), which serves to enhance the investigatory element of the Commission's regulatory activities. This is an ongoing arrangement and comprises of the salary and superannuation cost of four (4) seconded police officers to QRCS, which is based at the Commission. Per the terms of the agreement, the Commission bears the cost of civilian officers, overtime, allowances and other supplies and services expenditure necessary to run the QRCS. See Note 3.1 Employee Expenses.

2.2 Other Revenue

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.

	2019 \$'000	2018 \$'000
Assets received below fair value	-	190
Interest ¹	133	104
Insurance compensation ²	92	-
Other revenue	19	1
Total	244	295

¹Refer to Note 4.1 Cash and Cash Equivalents

²As a result of the 2019 flooding in Townsville, the Commission received compensation for the replacement of flood damaged equipment, furniture and other general items for its Townsville office.

3. Expenses

3.1 Employee Expenses

	2019 \$'000	2018 \$'000
Employee Benefits		
Wages and Salaries ¹	12,937	12,615
Annual leave levy	1,037	1,056
Sick leave expense	280	261
Long service leave levy	275	260
Employer superannuation contributions	1,549	1,415
Fringe benefits tax	44	32
Employee Related Expenses		
Payroll tax	733	703
Workers' compensation premium	66	63
Staff training and development expenses	118	116
Other employee related expenses	72	256
Total	17,111	16,777

The Commission adopted a new Stewarding Remuneration Framework for race day stewards effective from 1 September 2018. The framework provides a transparent and industry benchmarked remuneration package. Staff were paid an incentive payment of \$2,500 in recognition of the introduction of time limited, performance based employment contracts. The total incentive payment of \$47,500 is included under wages and salaries.

¹Includes QRCS secondment expenses of \$708,162 (2018: \$594,526). Refer to Note 2.1 Grants and Other Contributions.

	2019	2018
Number of Full-Time Equivalent Employees at 30 June	159	153

(i) Employee Benefits

Employee superannuation contributions, annual leave and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees and is not included in an employee's total remuneration package. Therefore, they are not employee benefits and are recognised separately as employee related expenses.

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.

3.1 Employee Expenses (cont'd)

(i) Employee Benefits (cont'd)

Annual Leave and Long Service Leave - Under the Queensland Government's Annual Leave Central Scheme (ALCS) 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, and payable to QSuper on a quarterly basis. 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 5.2 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.

(ii) Key Management Personnel (KMP) Disclosures

Details of KMP are disclosed in accordance with Section 3C.3 of the Financial Reporting Requirements for Queensland Government Agencies. Key management personnel consist of positions that form part of the Executive Leadership Team (ELT). This group had authority and responsibility for planning, directing and controlling the activities of the Commission during 2018-19 as follows:

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.
Directors	Responsible for participating collaboratively in the overall management of the Commission - in particular to achieve the objectives set by the Commissioner in their area of responsibility.

Further information on these positions can be found in the annual report under the Our Organisation section.

KMP Remuneration

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:

3.1 Employee Expenses (cont'd)

(ii) Key Management Personnel (KMP) Disclosures (cont'd)

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.

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	Non-Monetary Benefits			
1 July 2018 - 30 June 2019	\$'000	\$'000	\$'000	\$'000	\$'000
Racing Integrity Commissioner ¹	347	4	7	49	407
Deputy Commissioner	221	-	5	28	254
Director, Office of the Commission	145	4	3	18	170
Director, Racing Science Centre	149	-	3	18	170
Director, Stewarding, Licensing & Registration	148	-	3	18	169
Director, Veterinary Services & Animal Welfare	127	-	3	18	148
Total Remuneration 2019	1,137	8	24	149	1,318
1 July 2017 - 30 June 2018					
Racing Integrity Commissioner	360	4	8	44	416
Deputy Commissioner	163	-	4	12	179
Director, Office of the Commission	57	4	1	8	70
Director, Racing Science Centre	143	-	3	17	163
Director, Stewarding, Licensing & Registration	148	-	3	17	168
Director, Veterinary Services & Animal Welfare	143	-	3	17	163
Total Remuneration 2018	1,014	8	22	115	1,159

¹Contract renewed for an additional 3 years until 30 April 2022.

3.2 Supplies and Services

Expenses are recognised in the Statement of Comprehensive Income in the period in which the Commission receives the goods or service.

Operating lease rentals – operating lease payments are representative of the pattern of benefits derived from the leased assets. Where rent increases are fixed across the term of the lease, lease payments 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.

Operating lease 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, and discounted to reflect the present value of the obligation using a rate that reflects current market assessment and risks specific to the liability.

	2019 \$'000	2018 \$'000
Consultants and contractors ¹	2,392	2,592
Office accommodation expenses ²	1,178	1,242
Corporate service providers ³	1,194	1,209
Plant and equipment maintenance	937	595
Animal care expenses	883	909
Laboratory and testing expenses	747	800
Travel expenses	546	395
Operating and administration costs	440	444
Motor vehicle expenses	411	409
Other	170	126
Total	8,898	8,721

¹Contractor expenditure comprises mainly of payments for temporary staff employed through recruitment agencies to backfill staff vacancies and provide additional administrative support; legal costs associated with external review applications of Stewards decisions under the Rules of Racing; project management and internal audit services.

Also included is an amount of \$49,613 paid to a consultant to undertake a review of the Racing Science Centre (2017-18: \$55,000 for undertaking a review of steward's remuneration).

²Office accommodation expenses includes operating lease rental payments for five (5) office locations and includes 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.

There are clauses in the lease agreements 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. Hence, where material, a provision for restoration costs has been recorded and included in the cost of plant and equipment.

³Refer to Note 7.4 Related Party Transactions.

3.3 Other Expenses

	2019 \$'000	2018 \$'000
External audit fees ¹	42	41
Insurance premiums - QGIF ²	52	49
Losses from disposal of property, plant and equipment	68	79
Court-ordered costs ³	142	49
Other expenses	73	50
Total	377	268

¹Total audit fees quoted by the Queensland Audit Office relating to the 2018-19 financial statement is \$42,000 (2018:\$41,360).

²The 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.

The Commission made a claim for the replacement of flood damaged equipment, furniture and other general items for its Townsville office during the 2019 Townsville floods. The revenue from the settlement amount of the claim is disclosed under Note 2.2 Other Revenue.

³Relates to 5 matters against the Commission (2018: 3 matters)

4. Assets

4.1 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 receipted but not banked at 30 June as well as deposits at call with financial institutions. Interest revenue is recognised when it is earned.

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 (QTC), with funds withdrawn as required to meet operating cash flow requirements. The Commission earned \$133,067 interest revenue on these bank accounts during the financial year at interest rates between 1.5% and 2.39% (2018: \$104,433).

	2019 \$'000	2018 \$'000
Imprest accounts ¹	-	1
Cash at bank	3,632	3,499
Total	3,632	3,500

¹Imprest accounts were closed during the financial year as they were no longer required.

4.2 Receivables

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

They are recognised when an invoice is issued, at the amount due at the time of sale or service delivery i.e. the agreed purchase/contract price. Terms are a maximum of 30 days, no interest is charged and no security is obtained.

Annual leave and long service leave reimbursements are claimed from QSuper on quarterly basis.

Agency Receivables - 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 7.5 (ii) as Agency Receivables. Impairment losses are also disclosed under this note.

No loss or impairment allowance is recorded for the Commission's receivables as they are mainly from Queensland Government or Australian Government agencies. Credit risk management strategies are detailed in Note 7.1 Financial Instruments.

	2019 \$'000	2018 \$'000
Statutory Receivables		
GST receivable	179	330
GST payable	(2)	-
	177	330
Contractual Receivables		
Annual leave reimbursements	268	158
Long service leave reimbursements	57	-
QGIF insurance claim receivable	82	-
Other	13	37
	420	195
Total	597	525

4.3 Other Assets

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.

	2019 \$'000	2018 \$'000
Current Assets		
Prepayments – supplies and services	387	429
Total	387	429
Non-Current Assets		
Prepayments – supplies and services	13	66
Rental Deposits	11	10
Total	24	76

4.4 Property, Plant and Equipment and Intangible Assets

(a) Recognition and Acquisition

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

Class	Description	Threshold
PPE	Land	\$1
PPE	Plant and Equipment	\$5,000
PPE	Buildings	\$10,000
Intangibles	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 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.

(b) Measurement

Measurement using historical cost - Plant and equipment is measured using the historical cost model after they are recognised as required by Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector* (NCAP); which means that assets are carried at their acquisition cost less accumulated depreciation and any accumulated impairment losses. The carrying amount for such plant and equipment 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.

4.4 Property, Plant and Equipment and Intangible Assets (cont'd)

(b) Measurement (cont'd)

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 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.

(c) 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:

Class	Description	Useful Life
PPE	Plant and Equipment	3-20 years
PPE	Buildings	10-61 years
Intangibles	Software Purchased	5-22 years

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

4.4 Property, Plant and Equipment and Intangible Assets (cont'd)

(d) Impairment

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

All property, plant and equipment assets are assessed for indicators of impairment on an annual basis or, where the asset is measured at fair value, for indicators of a change in fair value since the last valuation was completed. Where there are indicators of a material change, the asset is revalued at the reporting date.

If an indicator of possible impairment exists, the Commission determines the asset's recoverable amount which is equal to the higher of the fair value less costs of disposal and the asset's value.

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.

(e) Basis of Fair Values for Land and Buildings

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 substantively 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 substantively derived from unobservable inputs.

4.4 Property, Plant and Equipment and Intangible Assets (cont'd)

(e) Basis of Fair Values for Land and Buildings (cont'd)

Land and buildings were transferred from the former 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 market movements are determined having regard to the review of land values undertaken for the local government area and issued by the Valuer-General, Department of Natural Resources and Mines. These indices fall into a hierarchy level 2. There has been no movement in the land value since the last specific appraisal.

Buildings	
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 of 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 supplied by SVS that are developed using market data and publicly available information on market transactions consistent with the last specific appraisal. The Commission's buildings are classified as non-residential. QLD Treasury OESR Implicit Price Deflator index has been determined as the most appropriate index to use for the valuation. 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. A comprehensive revaluation of land and buildings is scheduled to occur in the 2019-20 reporting period.

4.4 (i) 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	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Gross	4,821	4,821	4,040	3,564	8,200	7,439	375	504	17,436	16,328
Less: Accumulated depreciation	-	-	(1,687)	(1,598)	(3,828)	(4,167)	-	-	(5,515)	(5,765)
Carrying amount at 30 June	4,821	4,821	2,353	1,966	4,372	3,272	375	504	11,921	10,563
Represented by movements in carrying amount:										
Carrying amount at 1 July	4,821	4,821	1,966	1,417	3,272	2,192	504	10	10,563	8,440
Acquisitions ¹	-	-	448	601	1,487	1,675	375	504	2,310	2,780
Revaluation increments	-	-	11	13	-	-	-	-	11	13
Disposals	-	-	-	-	(68)	(79)	-	-	(68)	(79)
Transfers	-	-	16	10	488	-	(504)	(10)	-	-
Depreciation	-	-	(88)	(75)	(807)	(516)	-	-	(895)	(591)
Carrying amount at 30 June	4,821	4,821	2,353	1,966	4,372	3,272	375	504	11,921	10,563

¹ During the 2018-19 year, the RSC laboratory underwent a major refurbishment to modernise infrastructure and facilitate further growth, including the continued rollout of the capital program to replace aging laboratory equipment. The upgrades and new instrumentation will provide significant testing enhancements to enable the Commission to respond effectively to current and emerging drug threats.

4.4 (ii) Intangibles and Amortisation Expense

Closing Balances and Reconciliation of Carrying Amount

	Software Purchased - At Cost		Software - Work in Progress At Cost		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Gross	1,985	1,142	-	47	1,985	1,189
Less: Accumulated amortisation	(330)	(187)	-	-	(330)	(187)
Carrying amount at 30 June	1,655	955	-	47	1,655	1,002
Represented by movements in carrying amount:						
Carrying amount at 1 July	955	-	47	79	1,002	79
Acquisitions	795	919	-	47	795	966
Transfers	47	79	(47)	(79)	-	-
Amortisation	(142)	(43)	-	-	(142)	(43)
Carrying amount at 30 June	1,655	955	0	47	1,655	1,002

The Commission's software includes the Registration and Licensing Environment (RandLE) customer relationship management system which went live on 03 October 2017. RandLE now facilitates most licence applications and renewals through an online customer portal and payment gateway system and will also support the Queensland Greyhound Racing Industry Commission of Inquiry (MacSporran Report) recommendation for whole of life cycle tracking for greyhounds

To date, the Commission has spent \$1.474 million in capital expenditure (2018: \$0.806 million; 2019: \$0.668 million) towards the development of the RandLE system, facilitated mainly through operating budget savings that have been converted to capital funding. See Note 6.1 Equity Adjustments - Contribution by Owners.

5. Liabilities

5.1 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.

	2019 \$'000	2018 \$'000
Contractual Payables		
Creditors	1,539	2,681
Payable to administered agency ¹	22	-
	1,561	2,681
Statutory Payables		
Payroll tax payable	98	85
Total	1,659	2,766

¹Refer to Note 7.5 (iii) Agency Payments.

5.2 Accrued Employee Benefits

Liabilities for short-term employee benefits due at the end of the reporting period are measured at their nominal amounts.

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*.

	2019 \$'000	2018 \$'000
Salaries and wages	448	320
Superannuation payable	48	28
Long service leave levy payable	80	82
Annual leave levy payable	308	270
FBT payable	8	5
Total	892	705

Refer to Note 3.1 Employee Expenses.

6. Equity Adjustments

6.1 Contributions by Owners

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.

	2019 \$'000	2018 \$'000
Approved funding for RSC capital works program ¹	2,123	2,283
Transfer of operating funds to capital ²	560	980
Total	2,683	3,263

¹Approved 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.

²Conversion of operating grant funding to capital funding for further development of the RandLE system. The Government has provided a capital grant of \$1.623 million in 2019-20 to finalise the development of the system and deliver the remaining MacSporran report recommendations. Refer to Note 4.4 (ii) Intangible Assets and Amortisation Expense.

6.2 Asset Revaluation Surplus

	2019 \$'000	2018 \$'000
Balance at 1 July	54	41
Revaluation Increment	11	13
Balance at 30 June	65	54

7. Other Financial Statement Disclosures

7.1 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	2019 \$'000	2018 \$'000
Financial Assets			
Cash and cash equivalents	4.1	3,632	3,500
Contractual receivables at amortised cost	4.2	420	195
Total Financial Assets		4,052	3,695
Financial Liabilities			
Contractual payables at amortised cost	5.1	1,561	2,681
Total Financial Liabilities		1,561	2,681

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.

7.1 Financial Instruments (Cont'd)

(b) Financial Risk Management

Risk Exposure	Definition	Exposure	Measurement Method	Risk Management Strategies
Credit Risk	Credit risk exposure refers to the situation where the Commission may incur financial loss as a result of another party to a financial instrument failing to meet their obligation.	The Commission is exposed to credit risk in respect of its Agency Receivables. The maximum exposure to credit risk at balance date is the gross carrying amount of fines and penalties receivable inclusive of the allowance for impairment. Refer to Note 7.5 (ii) Agency Receivables for credit risk disclosures.	Ageing analysis	The Commission manages credit risk through the use of a credit management strategy, which includes the ability to immediately suspend a licence issued, if the licence holder fails to pay a debt, and declining a licence renewal until the outstanding debt is settled. Exposure to credit risk is monitored on an on-going basis.
Liquidity Risk	Liquidity risk refers to the situation where the Commission may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The Commission is exposed to liquidity risk in respect of its contractual payables reported under Note 5.1 Payables.	Maturity Analysis	The Commission manages exposure to liquidity risk by ensuring sufficient funds are available to meet employee and supplier obligations at all times. This is achieved by ensuring minimum levels of cash are held within the bank account to match the expected duration of the various employee and supplier liabilities.
Market Risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. <i>Interest rate risk</i> is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The Commission does not trade in foreign currency and is not materially exposed to commodity price changes or other markets. Exposure to interest rate risk is limited to cash investments held in the QTC cash fund. Refer to Note 4.1 Cash and Cash Equivalents.	Interest rate sensitivity analysis	The Commission does not undertake any hedging in relation to interest rate risk. Interest rate risk is minimised through a passive investment management strategy to ensure the return of capital and at the same time, generate a return commensurate with the risk taken.

7.1 Financial Instruments (Cont'd)

(c) Fair Value

The carrying amounts of receivables and payables, which represent the value of 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.

7.2 Contingencies

As at 30 June 2019, there were 38 cases (2018: 17 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. Also see Note 3.3 Other Expenses.

7.3 Commitments for Expenditure

	Operating Leases ¹		Capital Expenditure		Other Expenditure		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Not later than 1 year	468	606	1,365	1,890	2,200	2,280	4,033	4,776
Later than 1 year but not later than 5 years	320	680	-	-	1,435	652	1,755	1,332
	788	1,286	1,365	1,890	3,635	2,932	5,788	6,108

¹ See Office Accommodation expenses note in Note 3.2 Supplies and Services.

7.4 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 2.1 Grants and Other Contributions and Note 6.1 Equity Adjustments - Contributions by Owners, both of which are provided in cash via our administering department DAF.

The Commission engages the Corporate Administration Agency for financial, payroll and business system support services, the Queensland Shared Service Agency for telecommunication services and DAF 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 provider expenditure under Note 3.2 Supplies and Services.

The Commission also receives services free of charge from the QPS for police staff seconded to the Commission. The Commission also has a peppercorn agreement in place with Racing Queensland for access to the national racing systems.

Refer to Note 2.1 Grants and Other Contributions.

7.5 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.

Agency transactions are reported at a whole-of-government (WOG) level through the WOG Tridata reporting system.

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.

7.5 (i) User Charges and Fees Collected

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. 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 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 raised but not yet invoiced.

7.5 Agency Transactions (cont'd)

7.5 (i) User Charges and Fees Collected

	Note	2019 Actual \$'000	2019 Original Budget \$'000	2019 Budget Variance \$'000	2018 Actual \$'000
User charges and fee revenue					
Licence and registration fees		1,144	1,028	116	1,065
Fines and penalties		346	315	31	314
Sale of goods and services		91	96	(5)	91
User charges and fees	8.4	<u>1,581</u>	<u>1,439</u>	<u>142</u>	<u>1,470</u>
Less: Expenses					
Bad Debts written off		8	5	3	-
Impairment losses	8.4	80	20	60	-
Commission paid		1	-	1	-
Payments to Consolidated Revenue		<u>1,492</u>	<u>1,414</u>	<u>78</u>	<u>1,470</u>
Total Expenses		<u>1,581</u>	<u>1,439</u>	<u>142</u>	<u>1,470</u>

7.5 (ii) Agency Receivables

Measurement - 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.

Impairment – The allowance for debtors reflects the lifetime expected credit losses and incorporates reasonable and forward-looking information like economic charges and relevant industry data.

	Note	2019 Actual \$'000	2019 Original Budget \$'000	2019 Budget Variance \$'000	2018 Actual \$'000
Fines and penalties receivable		169	291	(122)	77
Other user charges receivables		25	-	25	45
Less: Allowance for impairment loss		<u>(80)</u>	<u>(20)</u>	<u>(60)</u>	<u>-</u>
Total	8.4	<u>114</u>	<u>271</u>	<u>(157)</u>	<u>122</u>

Credit Risk Exposure of Receivables

The Commission considers debts that are over 30 days past due to have a significantly increased credit risk. Refer to Financial Instruments Note 7.1(b) Financial Risk Management.

The Commission measures the expected credit loss on agency receivables by individual debtor. The calculations reflect observed default rates using historical data from the last 3 years preceding 30 June 2019, and loss rates are calculated separately for groupings of customers with similar payment history patterns taking into account their current licence status.

7.5 Agency Transactions (cont'd)

7.5 (ii) Agency Receivables (cont'd)

	2019		2018	
	Gross Receivables \$'000	Expected Credit Losses \$'000	Gross Receivables \$'000	Impairment Allowance \$'000
Ageing				
Current	21	-	30	-
1 to 30 days overdue ¹	107	53	27	-
31 to 60 days overdue	26	4	16	-
61 to 90 days overdue	9	3	11	-
Greater than 90 days overdue	31	20	38	-
Total	194	80	122	-

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 debt is settled. Where the Commission has no reasonable expectation of recovering the amount owed by a debtor, the debt is written off.

¹The increase in expected credit losses for this group of debt primarily relates to an individual debt that was assessed as uncollectable at reporting date.

7.5 (iii) Agency Payments

All user charges and fee revenue collected by the Commission is remitted to the Consolidated Fund on a quarterly basis via our administering department, DAF.

	2019 Actual \$'000	2019 Original Budget \$'000	2019 Budget Variance \$'000	2018 Actual \$'000
			2019 \$'000	2018 \$'000
Payments to Consolidated Revenue	1,492	1,414	78	1,470
Less: Accounts Receivable	(114)	(271)	157	(122)
Cash owing at 30 June	1,378	1,143	235	1,348
Cash payments during the year				
Queensland Treasury administered account	-			1,064
DAF administered account	1,356	1,170	186	310
	1,356	1,170	186	1,374
Total (payable)/receivable	(22)	27	(49)	26

7.6 Events after Balance Date

There were no events after balance date that require disclosure in the financial statements.

8. Budgetary Reporting Disclosures

The Commission's explanation of major budget variances between the actual 2018-19 financial results and the original budget presented to Parliament is in accordance with FFR 5C Budgetary Reporting Disclosures.

8.1 Explanation of Major Variances – Statement of Comprehensive Income

Grants and Other Contributions: The actual amount is higher than budgeted due to grant funding deferral from the 2017-18 financial year and higher actual QPS secondment services received free of charge. The funding deferral amounted to \$750,000, of which \$192,000 was retained as an operating grant, whilst the remaining \$560,000 was allocated as a capital grant for the RandLE project. Refer to Note 6.1 Equity Adjustments – Contributions by Owners.

Other Revenue: The variance in other revenue is due to QGIF insurance recoveries for the flood damage to our Townsville office during the February 2019 flood event in Townsville.

Employee Expenses: Employee expenses were lower than budgeted primarily due to staff vacancies which were filled by temp agency staff, the cost of which is reflected under supplies and services expenditure

Supplies and Services Expenses: The increase is primarily due to higher than budgeted equipment and furniture purchases (non-asset), and temp agency contractor fees for backfilling staff vacancies.

Operating Result for the year: The surplus consists of budget savings in corporate service provider costs, office accommodation expenses, animal care and laboratory testing expenses and depreciation and amortisation costs as a result of useful life adjustments.

8.2 Explanation of Major Variances – Statement of Financial Position

Cash and Cash Equivalents: The decrease in cash at bank is primarily due to higher supplier payments at the end of the financial year.

Property, Plant and Equipment: The decrease is primarily due to lower than budgeted expenditure for the 2018-19 RSC capital program, coupled with higher than planned asset disposals.

Intangible Assets: The variance relates to continued investment in RandLE. The expenditure was funded through the 2017-18 grant funding deferral of \$560,000 and the RSC capital program contingency. Refer to Note 4.4(ii) Intangibles and Amortisation Expense and Note 6.1 Equity Adjustments – Contributions by Owners.

Payables: The decrease is primarily due to more cash payments to suppliers at the end of the financial year.

Equity: The variance in equity relates to the transfer of \$560,000 operating grant funds to capital via a non-appropriated equity adjustment from 2017-18 grant funding deferral. The increase in the accumulated surplus as a result of the 2018-19 operating result is also contributing to the variance.

8. Budgetary Reporting Disclosures (cont'd)

8.3 Explanation of Major Variances – Statement of Cash Flows

<u>User charges and Fees:</u>	The increase in user charges and fees is due to higher anticipated license and registration fees collected at year end.
<u>Grant Funding:</u>	The increase in cash inflows is due to the 2017-18 grant funding deferral which was paid to the Commission during the 2018-19 financial year.
<u>Employee Expenses:</u>	The decrease in employee cash payments is primarily due to using temp agency staff to backfill staff vacancies.
<u>Supplies and Services:</u>	The increase in supplier payments is primarily due to payments for court ordered costs, and contractor costs, including temp agency staff.
<u>Payments for Intangibles:</u>	The variance in cash outflows is due to the continued investment in RandLE, not previously budgeted.
<u>Payments for PPE:</u>	The variance in cash outflows is due to allocating the RSC capital contingency of \$300,000 to the RandLE project. The 2018-19 RSC capital program budget savings is also contributing to the variance.

8.4 Explanation of Major Variances – Agency Transactions

<u>User Charges and Fee Revenue:</u>	The increase in user charges revenue is primarily due to higher license and registration fees collected in the last quarter of the financial year, due to the annual licence renewal period.
<u>Impairment Losses:</u>	The increase in impairment losses is due to the application of the AASB 9 <i>Financial Instruments</i> for the first time in 2018-19, which required impairment losses to be calculated using an expected loss model. Under the expected loss model, expected losses must be estimated for all debtors, including those that currently have no indicators of impairment.
<u>Accounts Receivable:</u>	The decrease in accounts receivable is due to the Commission's pro-active debt management strategies.

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), section 43 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 financial year ended 30 June 2019 and of the financial position of the entity at the end of that period; and

We acknowledge responsibility under s.8 and s.15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Radhika Munien (CPA)
Finance Manager



Ross Barnett (APM)
Racing Integrity Commissioner

Date: 26 August 2019

Date: 26 August 2019

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 2019, 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 2019, 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.

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 2019:

- 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.

Melissa Fletcher
as delegate of the Auditor-General

27 August 2019

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	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	1
Accessibility	Table of contents	ARRs – section 9.1	iii-iv
	Glossary		Appendix 3
	Public availability	ARRs – section 9.2	ii
	Interpreter service statement	Queensland Government Language Services Policy ARRs – section 9.3	ii
	Copyright notice	Copyright Act 1968 ARRs – section 9.4	ii
	Information Licensing	QGEA – Information Licensing ARRs – section 9.5	ii
General information	Introductory Information	ARRs – section 10.1	3
	Agency role and main functions	ARRs – section 10.2	3,8
	Machinery of Government changes	ARRs – section 10.2, 31 and 32	N/A
	Operating environment	ARRs – section 10.3	18-21,23, 26-29, 32-33
Non-financial performance	Government's objectives for the community	ARRs – section 11.1	17
	Other whole-of-government plans / specific initiatives	ARRs – section 11.2	23
	Agency objectives and performance indicators	ARRs – section 11.3	20
	Agency service areas and service standards	ARRs – section 11.4	17-18
Financial performance	Summary of financial performance	ARRs – section 12.1	34 - 74

Public availability		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
	• Strategic workforce planning and performance	ARRs – section 15.1	14
Governance – human resources	• Early retirement, redundancy and retrenchment	Directive No.4/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	13
Open Data	• Statement advising publication of information	ARRs – section 16	17
	• Consultancies	ARRs – section 33.1	https://data.qld.gov.au
	• Overseas travel	ARRs – section 33.2	https://data.qld.gov.au
	• Queensland Language Services Policy	ARRs – section 33.3	https://data.qld.gov.au
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 (effective up to and including 31 August 2019)

FPMS—Financial and Performance Management Standard 2019 (commenced 1 September 2019)

ARRs *Annual report requirements for Queensland Government agencies*



