



QUEENSLAND RACING
INTEGRITY COMMISSION

Engagement | Education | Enforcement

Annual Report

2021–2022

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This annual report provides information about the Queensland Racing Integrity Commission's financial and non-financial performance for 2021–22. 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.

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Letter of compliance

19 September 2022

The Honourable Grace Grace MP
Minister for Education
Minister for Industrial Relations and
Minister for Racing
PO Box 15033
CITY EAST QLD 4002

Dear Minister,

I am pleased to submit for presentation to Parliament, the Annual Report 2021-22 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*, and the *Racing Integrity Act 2016*
- The detailed requirements set out in the Annual report requirements for Queensland Government agencies.

See [page 69](#) for a checklist outlining the annual reporting requirements.

Yours sincerely,



Mr Shane Gillard
Racing Integrity Commissioner
Queensland Racing Integrity Commission

General information

Commissioner's report

It is with pleasure that I present the sixth, and my first, Queensland Racing Integrity Commission annual report.

The last financial year has been characterised by rain and lots of it, right across the State. The wet weather caused havoc to racetracks throughout Queensland, resulting in a spike in race meeting abandonments and fewer meetings held compared with the previous year. Despite this, there were actually more races held this financial year – 14,234 or 168 more than last financial year – another busy year of officiating for stewards.

In Brisbane, flooding in February turned Albion Park Raceway into a swimming pool. After the water receded, industry participants pitched in to get the track up and running again. Commission staff amongst those rolling up their sleeves, helping to shovel mud, deliver care packages and check on people impacted by flooding.

This sort of effort and assistance from Commission staff is impressive and aligns to my idea of 'one industry' in Queensland racing.

Everyone in the Queensland racing industry shares a common interest as we all work towards ensuring the highest level of animal care, sound integrity, safety, strong industry growth and sustainability. It is important that the Commission establishes clear channels of communication across the breadth of the industry to ensure that everyone remains informed and aligned with industry objectives including emerging issues.

I am pleased to report that we are establishing the Commission's inaugural Stakeholder Reference Group which will see a range of key industry stakeholders come together to discuss issues and opportunities for the industry, and it is intended for the first meeting to take place early in the new financial year.

The key priority for each stakeholder group may be different, but our objectives that connect us all remain the same. As we all work together, we develop trust in each other's roles and functions to operate the racing industry in Queensland. This trust enhances public confidence in racing, and in the Commission as it ensures racing integrity while working with the industry, not against it.

Since being appointed as the Racing Integrity Commissioner in December 2021, one of my first priorities has been to ensure that everything is being done to provide for the best possible outcomes for racing animals. This has included a full review of the Commission's systems and processes that support animal care. We have initiated a national greyhound injury review forum. This is where on-track veterinarians from across Australia, including those with specialist orthopaedic surgical experience, will meet quarterly. They will ensure continuous improvement in the care of racing animals as well as drive and promote national harmony in their field.

Important progress has also been made to implement all the Commissions' allocated recommendations from the independent Inquiry into animal cruelty in the management of retired Thoroughbred and Standardbred horses in Queensland (Martin Inquiry). The Commission will continue to educate the industry about its animal care and retirement responsibilities into the future as we demonstrate the paramount importance of racing animal welfare in all three codes of racing.

This commitment was demonstrated at the Commission's Greyhound Adoption Program (GAP) celebration of National Greyhound Adoption Month; the Commission's GAP Open Day in April saw families considering a new four-legged family member visit the Commission's Southeast Queensland GAP facility at Churchable. This successful event saw around 80 people visit the facility for the first time. Commission staff took members of the public through the GAP facilities and explained what the greyhounds do to achieve green collar accreditation, as well as covering the adoption process. It was pleasing that 19 families adopted a greyhound during the promotional period.

Other Commission operational initiatives include working with our On Track Veterinarians (OTVs) to refresh the Standard Operating Procedures and in doing so, providing professional development to the OTVs on contemporary practices including emergency first aid and fracture care.

There is a new and specific focus on uplifting our capability across the breadth of the Commission's operations to streamline the way we work. We must ensure we are efficient and place our customers, who are the betting public and racing industry participants we work with every day, at the forefront of what we do.

General information *(continued)*

The Commission's commitment to animal welfare, is further demonstrated with the Racing Animal Welfare (RAW) funded project – 'Queensland Off-The-Track'. The University of Queensland received a grant last year to produce a website aimed at stimulating demand for retired racehorses and highlighting their adaptability and versatility. It provides education and support for racing industry participants and the domestic horse community to optimise racehorse aftercare and advocates for the lifelong traceability of retired racehorses beyond their first exit from racing. The fourth Queensland Racing Integrity Commission (QRIC) RAW Grants program has now been launched and we are looking forward to supporting more projects that align with our animal care objectives.

As the Commission enters its seventh year of operation, and doing so under new leadership, there has been an opportunity to reassess, re-evaluate and ensure that the organisation is set up in the best possible way to deliver its objectives. The Commission is undergoing a realignment of functions to enhance the overall service delivery capability. The focus is on leadership, skills and capabilities required to ensure that the Commission operates effectively and efficiently. This is being achieved through reporting line changes to enable improved communications and increased accountability at senior management level. There have been some new positions created to provide much needed specialist leadership in key functional areas including External Affairs, a Chief Veterinarian and a General Counsel. We have also appointed a new Deputy Commissioner, Natalie Conner, who commenced in January 2022.

Natalie and I have been attending as many racing events as we can, and we have been warmly welcomed by the industry. I would like to thank the Minister for Education, Minister for Industrial Relations and Minister for Racing, the Honourable Grace Grace MP, the Racing Queensland Board and its Chief Executive Officer Mr Brendan Parnell for their ongoing support and cooperation throughout the year. I would also like to acknowledge Mr Paul Brown (former acting Racing Integrity Commissioner) and Mr Darryl Johnson (former acting Deputy Commissioner), who, during the first half of the financial year, were leading the organisation. I would like to thank them both for their contribution in the formation of the Commission and their support as Natalie and myself transition into our current roles.

I would finally like to acknowledge the work of the committees and staff of individual race clubs across the three racing codes in Queensland and look forward to continuing to develop relationships and working with all industry stakeholders, to ensure we continue to meet the evolving needs of the Queensland racing industry and more broadly the Queensland community.

Mr. Shane Gillard
Racing Integrity Commissioner
Queensland Racing Integrity Commission

Note: Mr Shane Gillard was appointed as the Racing Integrity Commissioner on 2 December 2021. Mr Mark Ainsworth APM, was acting Racing Integrity Commissioner until 2 July 2021 and Mr Paul Brown PSM, was acting Racing Integrity Commissioner from 2 July 2021 until 2 December 2021 when Mr Shane Gillard was appointed.

General information *(continued)*

About the Queensland Racing Integrity Commission

The Queensland Racing Integrity Commission (the Commission) is an independent statutory body which oversees the integrity of racing in Queensland and safeguards the welfare of racing animals.

The Commission was established by the *Racing Integrity Act 2016* (the Racing Integrity Act) and began operation on 1 July 2016.

The Commission is a unit of public administration under the *Crime and Corruption Act 2001* and a statutory body under the *Financial Accountability Act 2009* and the *Statutory Bodies Financial Arrangements Act 1982*.

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.

The Commission provides animal welfare, sample testing, licensing and registration, race day stewarding and compliance and enforcement services to the industry.

The Commission continues to implement, as core services, a number of long-term recommendations arising from the Queensland Greyhound Racing Industry Commission of Inquiry (MacSporran Report) and recommendations which arose from the Martin Inquiry.

The Commission's progress against implementation of the MacSporran Report and Martin Inquiry recommendations is outlined on [page 9](#).

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
- promoting the integrity of racing by ensuring consistent and fair administration of the rules of racing
- working collaboratively to engage and educate industry and stakeholders
- maintaining public confidence in the integrity of Queensland's racing industry.

Our legislative and regulatory framework

The Racing Integrity Act is administered by the Queensland Department of Agriculture and Fisheries (DAF) and is the primary legislation governing the Commission's business.

In addition, 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 and match-fixing.

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 can make Standards for each code 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 a Racing Bookmaker's licence under the Racing Integrity Act.
- Standard for Licensing Scheme – Thoroughbreds.
- Standard for Licensing Scheme – Greyhounds.
- Standard for Licensing Scheme – Harness.

General information (*continued*)

Our powers and specialist capabilities

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

Stewards have powers under the respective Rules of Racing to supervise race meetings, including activities preliminary to race meetings, and apply corrective measures or penalty decisions to support compliance with the relevant Rules of Racing.

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

Where necessary, the Commission will undertake joint operations with DAF, the Royal Society for the Prevention of Cruelty to Animals (RSPCA) or the Queensland Police Service (QPS) to ensure offences against animal welfare and racing integrity are investigated and, where appropriate, prosecuted. The Commission's partnership with the Queensland Racing Crime Squad (QRCS), QPS, provides a specialist, high-level investigative and intelligence capability tasked with investigating and responding to serious animal cruelty and major and organised crime across all three codes of racing.

The Racing Integrity Commissioner has the statutory power under the Racing Integrity Act to require attendance and giving of evidence and to require the provision of information, documents, or things.

Ministerial directions

The Minister may give the Commission a written direction about the performance of its functions or the exercise of its powers if the Minister is satisfied it is in the best interests of the Queensland racing industry.

Under section 13 of the Racing Integrity Act, the Commission must include in its annual report, prepared under the *Financial Accountability Act 2009*, section 63, details of any direction given by the Minister during the financial year to which the report relates.

In 2021–22, the Minister did not provide any directions to the Commission.

Operational focus – achievements and challenges

The Commission continues to evolve and incorporate business improvement activities into its processes and practices. As the Commission continues to mature, corporate management and governance functions are also evolving within the organisation.

In 2021–22, the following key actions were achieved by the Commission:

- The appointment of a permanent Commissioner and Deputy-Commissioner.
- Commencement of a functional realignment to improve the delivery of an ethical and safe racing industry.
- Establishment of a new Executive Leadership Team to provide specialist leadership in key functional areas and support and deliver on the Commission's 'one industry' vision.
- Enhanced the visibility of Greyhound lifecycle information in the Commission's digital licensing and registration system known as RandLE.
- Completed, or made business as usual, all the outstanding Martin Inquiry recommendations, both those the Commission has sole responsibility and those recommendations for which the Commission and Racing Queensland have joint responsibility.
- Launch of the University of Queensland Off the Track website – partnered with and funded by the Commission's RAW Grants Program.
- Established the Equine and the Greyhound Racing Injury Working Groups, which meet quarterly to review serious and catastrophic injuries to thoroughbred and standardbred horses and greyhounds on Queensland racetracks (includes membership from Racing Queensland and industry stakeholders).
- Supported DAF in the review of the Racing Integrity Act and the *Animal Care and Protection Act 2001*.
- Undertook a comprehensive review of the Commission's investigations and intelligence system 'Report Something'.
- Approved the first bookmaker offering their services online.
- Provided the inaugural report to the Racing Minister on Greyhound lifecycle data.

General information *(continued)*

The following key actions are planned for 2022-23:

- Implementation of the Commission’s vision of ‘one industry’ through targeted engagement and communication with the Queensland racing industry.
- Ongoing implementation of the functional realignment.
- Organise and facilitate the inaugural Queensland Racing Integrity Commission Stakeholder Reference Group (SRG). The SRG provides an opportunity to discuss contemporary matters through an open forum with subject matter experts from within the Commission and the racing industry.
- Develop and implement the Commission’s Engagement Strategy which aims to enhance engagement and communication to educate and promote compliance with the Rules of Racing, Standards and improve conduct.
- Develop and implement the Commission’s Integrity Strategy which will prioritise intelligence-led decision making.
- Review the Commission’s Animal Welfare Strategy, to ensure it better reflects the Commission’s strong focus on animal care.
- Develop and implement the Commission’s Workforce Strategy which focuses on building and retaining capability and promotes a high performing ethical culture.
- Develop and implement the Commission’s Prohibited Control Substance Control Strategy which will enhance the Commission’s approach to be risk-based and intelligence-led.
- Continue to implement business improvements across the Commission including the Rostering Consolidation Project with a modernisation focus.
- Automate bookmaker’s fiscal advice to the Commission.

Functional Realignment

In February 2022, the Commission embarked on a functional realignment following a review of operations conducted by an external organisation in the previous year. The realignment has been grouped into three phases:

- Leadership
- Capability
- Ways of working.

The Commission has completed all activities under the Leadership phase of the realignment with a new executive leadership structure established. The majority of work under the Capability phase has been completed with the final Ways of working phase to commence in 2022-23.

The Commission’s functional realignment has been undertaken through an open and transparent approach with Commission staff.

The functional realignment is expected to be concluded by the end of quarter 2, 2022-23, however beyond this, the Commission will continue to identify and implement improvements to ensure the delivery of an ethical and safe racing industry in Queensland.

General information *(continued)*

Implementation of the Queensland Greyhound Racing Industry Commission of Inquiry (MacSporran Report)

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.

The Commission has maintained a strong focus on the continued delivery of the MacSporran Report recommendations over the last six years including through the investment of the Commission's digital licensing and registration system known as RandLE. RandLE is the Commission's largest information technology project so far and delivers not only on greyhound lifecycle tracking but also delivers efficiencies in the thoroughbred and harness codes of racing.

In 2020-21, the Commission undertook the Greyhound Lifecycle Review which showed there has been a reduction in overbreeding of greyhounds since the MacSporran Report was completed. In February 2022, the Government finalised recommendations 9 and 10 as a result of the Greyhound Lifecycle Review findings and the Commission's commitment to monitor greyhound lifecycle data and respond, should the problem re-emerge.

The Commission has now implemented, converted to business as usual or completed all the recommendations and activities for which it is responsible.

Implementation of the independent Inquiry into animal cruelty in the management of retired Thoroughbred and Standardbred horses in Queensland (Martin Inquiry)

In October 2019, the Queensland Government conducted an independent inquiry (known as the Martin Inquiry) into the management of retired racehorses, including the regulatory and oversight arrangements for abattoirs and knackerries and the transport of horses to those facilities.

The Martin Inquiry made a total of 55 recommendations relating to the management of retired racehorses and the operation of establishments accepting animals for slaughter. The Queensland Government fully supported, supported in-part, or supported in-principle all of the recommendations made. Of the 55 recommendations, DAF has joint or full responsibility for 27 recommendations; the Commission has full responsibility for six recommendations; and Racing Queensland (RQ) has full responsibility for 16 recommendations. The Commission and RQ have joint responsibility for six recommendations.

As at 30 June 2022, the Commission had completed all of those recommendations for which it is solely responsible. The Commission and RQ have also delivered, or converted to core services, the six recommendations for which they are jointly responsible.

Non-financial performance

Queensland Government’s objectives for the community

Our purpose is to work with the racing industry and community to protect racing animals, ensure high standards of integrity and safety, and enhance public confidence, in pursuit of our vision of an ethical and safe racing industry. The Commission contributes to advancing the Queensland Government’s priorities by meeting the following objectives for the community:

- **Safeguarding our health** – Promoting a responsive and safe workplace, where pandemic, biosecurity and other health advice is readily available and communicated to Commission employees and industry participants.
- **Growing our regions** – Provide frontline support for regional and remote communities to service an expanding racing calendar.
 - Of the 1,593 race meetings attended by the Commission across the three codes of racing in 2021–22, 227 race meetings were non-TAB meetings, which is largely applicable to regional and remote communities.
 - For many of the regional and remote areas, these race meetings are integral social and economic events for their communities. The Commission provides race day officials to these non-TAB race meetings.
 - Where possible, the Commission seeks to establish race day officials locally to support the industry participants in the area. The stewards now located at the Cairns Jockey Club, for example, have improved accessibility and better support Far North Queensland race meetings and participants.
- **Investing in skills** – Continuing to provide cadetships for stewards across the three codes of racing.
 - The Commission welcomed five new cadets to the Cadet Steward Program (the Program) in 2021–22.
 - In 2021–22, three cadets graduated from the Program and are employed by the Commission as stewards.
- **Backing our frontline services** – Provide quality frontline services for an ethical and safe racing industry.
 - 1,721 original stewarding decisions made for the three codes of racing.
 - 1,202 stable and kennel inspections, which includes non-race day and race day inspections.¹
 - 4,302 licence applications received and processed.
 - 15,881 animal registration applications received and processed.
 - 351 contacts received through the Commission’s ‘Report Something’ portal, which includes webform, email, telephone and face-to-face.
 - 21,823 samples were received by the Commission’s Racing Science Centre. The testing of the samples received resulted in 58 reportable prohibited substance findings in 56 samples (0.26%).
 - 78 welfare and integrity investigations were finalised.

¹ The 2020–21 Annual report incorrectly reported the number of race day inspections conducted by IIT in that year as 835; the correct number is 834. Additionally, the number of kennel and stable inspections conducted by IIT in that year was incorrectly reported as 937; the correct number is 181.

Non-financial performance *(continued)*

Progress against our strategic objectives

Objective 1. Safeguard the welfare of animals involved in racing

Performance indicators	Notes	2020-21 Result	2021-22 Result
Percentage of re-homed greyhounds returned to the GAP	1	1.75%	4.11%

Note:

1. Of the 267 greyhounds rehomed in 2021-22, 11 greyhounds were returned by their new owners to the GAP within a 28-day period and only 3 were returned between 29 and 120 days. GAP staff try their best to match families with the most suitable greyhound – taking into consideration a family’s composition, daily routines, and energy levels. In 2022-23, the Commission will review this measure to ensure it is consistent with other jurisdictions and is reflective of true returns.

The Commission also safeguards the welfare of animals involved in racing in the following ways:

- develops, publishes, and distributes education materials to Queensland industry participants within the three codes of racing to ensure they are aware of their obligations under the Rules of Racing. This included articles in industry publications, proactive media releases and industry notices to ensure racing industry participants are educated about their responsibilities.
- assesses licence applications and renewals against the Licensing Standard for each code of racing. The Commission also provides an ongoing assessment of licensed participants to ensure they are compliant with the Rules of Racing for each code of racing.
- the introduction of risk profile label for kennel and stable inspections in RandLE.
- 1,202 stable and kennel inspections were conducted, which includes non-race day and race day inspections.
- 78 welfare and integrity investigations were finalised.

Objective 2. Promoting the integrity of racing by ensuring consistent and fair administration of the rules of racing

Performance indicators	Notes	2020-21 Result	2021-22 Result
Increased percentage of original decisions accepted without challenge	1	92.40%	93.09%
Percentage of original decisions, challenged at Internal Review, confirmed	2	90.80%	83.60%
Increase percentage of external review (QCAT) matters finalised in favour of the Commission	3	88%	87.01%

Notes:

1. In 2021-22, there were 1,721 original decisions made by Commission stewards and 119 applications for internal review.
2. In 2021-22, there were 116 internal reviews finalised for which 19 original decisions were amended or substituted.
3. In 2021-22, 77 Queensland Civil and Administration Tribunal (QCAT) matters were finalised, of which 67 were made in favour of the Commission, settled or withdrawn.

The Commission also promotes compliance and integrity to ensure consistent and fair administration of the Rules of Racing through the implementation of the Commission’s Regulatory Framework. The enabling strategies under the Framework are under development and expected to be finalised in 2022-23.

Non-financial performance *(continued)*

Objective 3. Work collaboratively to engage and educate industry and stakeholders	
Performance indicators	Notes
Increase stakeholder engagement meetings hosted or attended by the Commission	1
Adopt innovative technology and processes to identify drivers in animal welfare, and integrity threats and risks	2
Progress the implementation of the Martin Inquiry recommendations for which we are responsible	3

Notes:

- Throughout the 2021-22 financial year, the Commissioner and Deputy Commissioner met with key industry stakeholders including RQ, DAF, RSPCA, Animals Australia, racing club members and various industry participants and advocacy groups. The Commission has commenced work towards establishing a Queensland Racing Integrity Commission Stakeholder Reference Group (SRG). The SRG will provide further opportunities for stakeholders to discuss contemporary matters through an open consultative forum.
- In 2021-22, additional animal welfare indicators were implemented into the Commission's digital licensing and registration system known as RandLE.
- In 2021-22, the Commission completed all of those recommendations for which it is solely responsible, and all of those recommendations for which it is jointly responsible for with RQ.

Objective 4. Maintain public confidence			
Performance indicators	Notes	2020-21 Result	2021-22 Result
Decrease the euthanasia rates for animals on track and make this information publicly available	1	<ul style="list-style-type: none"> – 0.44 greyhound fatalities per 1,000 starts – 0 standardbred fatalities per 1,000 starts – 0.74 thoroughbred fatalities per 1,000 starts 	<ul style="list-style-type: none"> – 0.37 greyhound fatalities per 1,000 starts – 0.13 standardbred fatalities per 1,000 starts – 0.49 thoroughbred fatalities per 1,000 starts
Increase the percentage of members who: <ul style="list-style-type: none"> – 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 	2	<ul style="list-style-type: none"> – 59% of community members rated the overall level of racing integrity as okay – 62% of community members stated there had been improvement in the level of integrity of racing in the last 12 months 	<ul style="list-style-type: none"> – 78% of community members were somewhat confident or very confident that racing was ran with integrity over the past 12 months – 33% of community members stated there had been improvement in the level of integrity of racing in the last 12 months

Notes:

- Fatality definition includes any racing animal that has been reported in the relevant national system (OzChase, the Single National System or Harvey) as having been euthanased or died while at a Queensland race meeting for any reason. The Commission publishes race related injury reports for equine and greyhounds on its website www.qric.qld.gov.au/veterinary-services-animal-welfare/.
- Each year the Commission partners with an independent social research company to conduct a survey of Queensland community members and their attitudes towards racing. This year, the survey questions were modified and the rating scale used differs from previous years.

Non-financial performance *(continued)*

Progress against our Service Delivery Standards for 2021–22

Objective

The Commission's service area objectives were to protect racing animals, ensure high standards of racing integrity and safety, and maintain public confidence in the Queensland racing industry.

Services

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

Description

The Commission oversees the integrity and welfare standards of racing animals and participants in Queensland.

The Commission works in partnership with the industry to licence racing industry participants, oversee the integrity of racing activities, uphold the Rules of Racing, safeguard the welfare of racing animals and manage scientific testing and analysis.

Queensland Racing Integrity Commission service standards	Notes	2021-22 Target/Est.	2021-22 Actual
Percentage of rehomed greyhounds returned to the GAP		4%	4.11%
Cost, per dog (per day) presented to GAP, of services delivered by GAP		\$21	\$24
Percentage of original decisions, challenged at Internal Review, and confirmed		80%	83.60%
Cost, per licence, of receiving and assessing animal registrations, licence applications and issuing licence products	1	\$100	\$86.80
Percentage of community members surveyed who:			
– are somewhat or very confident in the integrity of the Queensland racing industry	2	65%	78%
– believe that the integrity of racing has improved a lot or a little over the past 12 months		65%	33%
Cost, per sample of racing animals tested for prohibited substances		\$327	\$302.29

Notes:

1. The variance between the 2021-22 Target/Estimate and the 2021-22 Actual is due to changes, which have already been implemented by transitioning most licensing categories to the three-year online process. This has led to a reduction in the volume of licence applications and renewals processed, as well as allowing licensees to manage and update their own account information.
2. The variance between the 2021-22 Target/Estimate and the 2021-22 Actual is attributed to the Community Perception Survey being conducted by a different independent social research company from previous years. The survey questions were modified and the rating scale was different from previous surveys. Of the 971 Queensland community members surveyed, 87% believed the integrity of racing remain unchanged or had improved in the past 12 months.

Financial performance

Our annual financial statements present the Commission’s financial performance and overall position as at 30 June 2022 and can be found on pages 26–62. The financial statements include a comparison of actual financial results with the budget estimates published in the 2021–22 State Budget Papers. An explanation of major budget variances for revenue and expenditure is included under Note 8 – Budgetary Reporting Disclosures.

This financial overview provides information about the Commission’s funding and revenue collected on behalf of the State, a summary of the Commission’s financial performance and position, and comments on significant movements in comparative and actual results.

Financial overview

State Grant Funding

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

As part of the Queensland Government 2021–22 State Budget outcomes, the Government has provided an additional \$4.2 million over four years and \$1.1 million ongoing. This funding is to support the expanding Queensland racing calendar while driving animal welfare and integrity improvements across the three codes of racing.

The Government has also provided additional funding supplementation to meet staff enterprise bargaining (EB) increases.

Total grant funding received for 2021–22 was \$31.57 million consisting of an operating grant of \$30.95 million, and a capital grant of \$0.62 million to support our investment in core laboratory equipment and technology at the Racing Science Centre (RSC) to enable the provision of high quality and contemporary drug testing services.

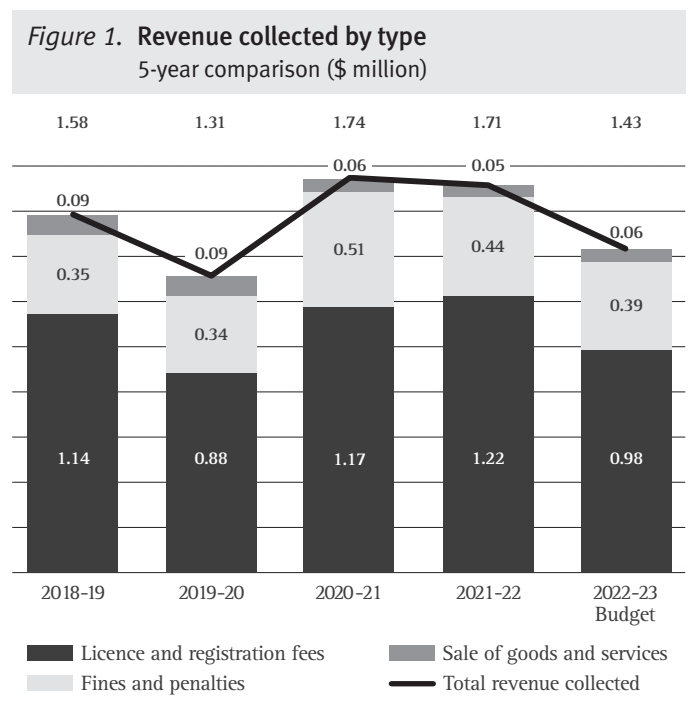
Total budgeted state grant funding for 2022–23 is \$32.81 million, comprising of an operating grant of \$32.29 million and a capital grant of \$0.52 million.

Revenue collected on behalf of the State

Any revenue collected from administering the Rules of Racing, animal welfare, licensing of racing participants and animal registrations is returned to the State on a quarterly basis via our administering department, DAF. 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.

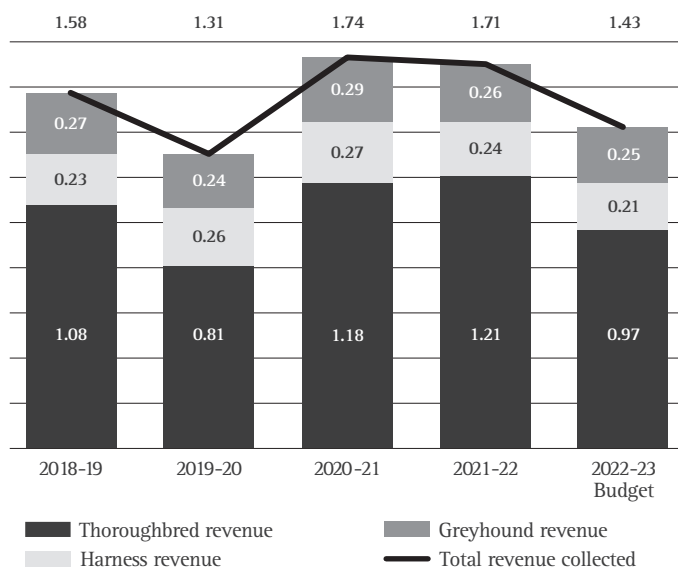
Since its establishment, the Commission has made significant business improvements in licensing and registration, including standardising licence categories, transitioning to a three-year licensing model and investing in a digital licensing and registration system for the racing industry. The RandLE system provides an online payment gateway to participants, reducing licence processing times and moving participants away from paper-based to online applications.

Total revenue collected for 2021–22 is \$1.71 million, with almost 71% or \$1.21 million relating to the thoroughbred racing code. Total budgeted revenue for 2022–23 is \$1.43 million. The anticipated revenue decrease reflects the type and number of licences due for renewal during 2022–23.



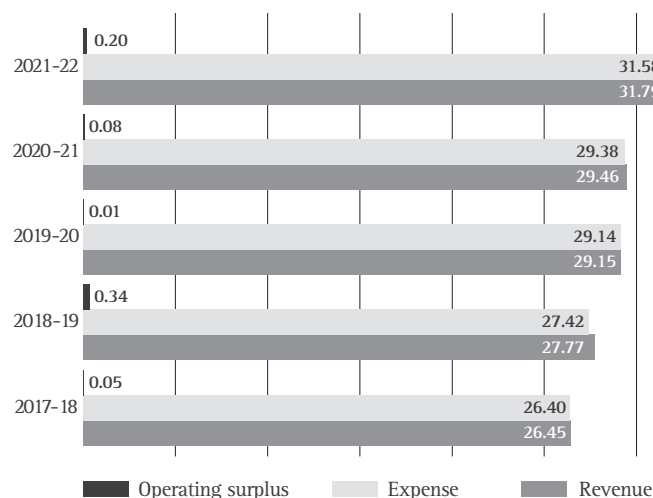
Financial performance (continued)

Figure 2. Revenue collected by racing code
5-year comparison (\$ million)



The Commission operated within its budget during 2021-22 and achieved an operating surplus of \$204,000 at the end of the financial year. The surplus is largely driven by lower than budgeted employee expenses, which have been offset by temp agency costs and lower depreciation expenditure driven by capital program delays.

Figure 3. Financial results
5-year comparison (\$ million)



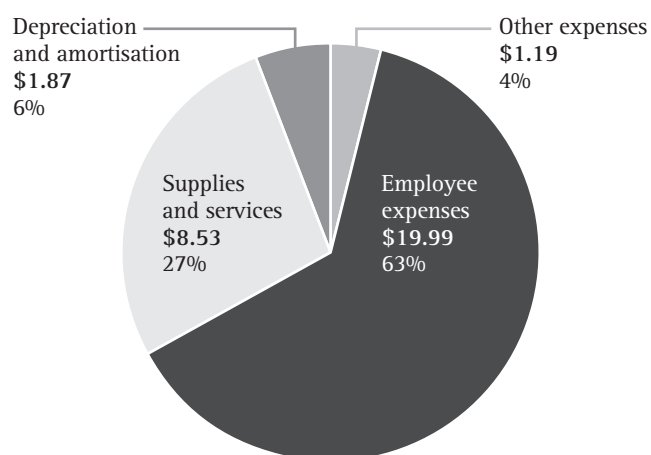
Financial performance

The Commission's financial performance is detailed on page 28 of 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.

	2021-22 Actual	2021-22 Original Budget	2021-22 Budget Variance	2022-23 Budget
	\$M	\$M	\$M	\$M
Total income	31.79	31.21	(0.57)	32.92
Less: total expenses	31.58	31.21	(0.37)	32.92
Operating result	0.20	-	0.20	-

Figure 4. 2021-22 Operating costs
what we spent our money on (\$ million)



Financial performance *(continued)*

Income

Total income for 2021–22 was \$31.79 million, increasing by \$2.33 million or 7.89% from the previous financial year (2020–21: \$29.46 million) and comprises the following:

- **\$30.95 million (97.36%)** through state grant funding for Commission outputs.
- **\$0.62 million (1.96%)** in services received free of charge from Queensland Police Services (QPS) for police seconded to the Queensland Racing Crime Squad (QRCS). The Commission recognises the free of charge services as both a revenue and expense item, with no bottom-line impact to the operating budget.
- **\$0.21 million (0.67%)** in other revenue earnings including interest on bank accounts. Other revenue includes \$165,891 insurance compensation from the Queensland Racing Insurance Fund (QGIF) for replacement of equipment and other items damaged in the 2022 Brisbane floods.

Expenditure

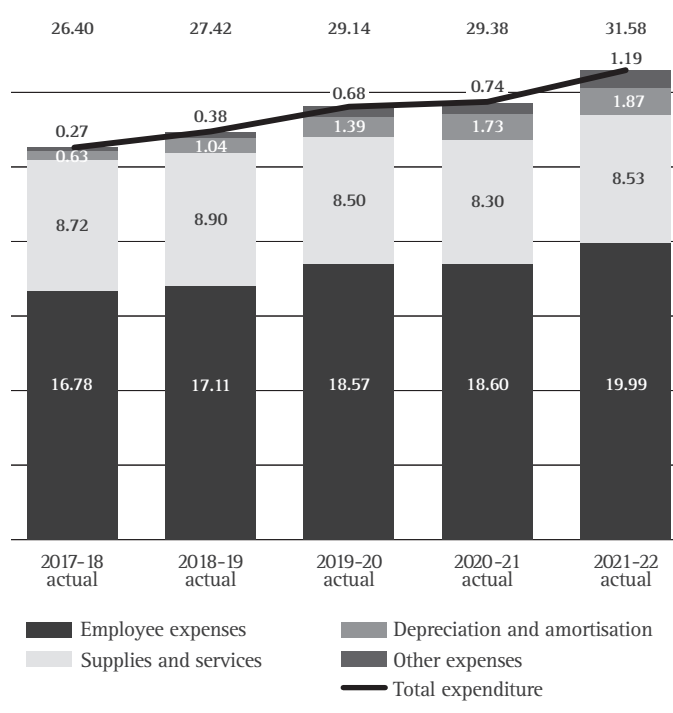
Total expenditure for 2021–22 was \$31.58 million, increasing by \$2.20 million or 7.50% from the previous financial year (2020–21: \$29.38 million), and comprises the following:

- **\$19.99 million (63.30%)** in employee costs, increasing by \$1.40 million or 7.50% since the previous financial year for 152 full-time equivalent (FTE) staff (as at 30 June 2022). The increase is largely due to two (2) wage increases during the financial year. Notwithstanding, the Commission achieved a \$0.40 million budget under-spend in employee expenses for 2021–22. The under-spend was offset by higher use of temp agency contractors (reported under supplies and services) to backfill some staff vacancies.
- **\$8.52 million (27.01%)** for supplies and services expenses, increasing by \$0.23 million or 2.72% from the previous financial year. The increase is primarily due to temp agency contractor costs and low value equipment and other items replaced during the Brisbane floods. The highest five categories of supplies and services expenditure, accounting for almost 70.62% of total costs, comprise:
 - consultants and contractors' expenditure, which includes support services for business administration, finance, human resources, and project management as well as specialist legal services – **\$1.68 million (2020–21: \$1.65 million)**

- corporate service arrangements with other government agencies for information technology, financial, payroll and business system support – **\$1.18 million (2020–21: \$1.13 million)**
- office accommodation and property maintenance expenses, which includes GAP and RSC property maintenance – **\$1.02 million (2020–21: \$1.20 million)**
- animal care expenses, which includes race day vet contractor services, and GAP costs like vet fees and supplies, kennelling fees, and dog food and materials to maintain GAP animals – **\$1.13 million (2020–21: \$1.06 million)**
- laboratory and testing expenses, for our RSC which delivers a comprehensive range of prohibited substance testing services for all three codes of racing – **\$1.17 million (2020–21: \$1.02 million)**
- **\$1.87 million (5.93%)** in depreciation and amortisation write-offs, increasing by \$0.14 million from the previous financial year.
- **\$1.19 million (3.76%)** for other expenses, increasing by almost \$0.45 million from the previous financial year, primarily due to \$0.32 million loss write-offs for damaged laboratory equipment.

Figure 5. Expenditure

5-year comparison (\$ million)



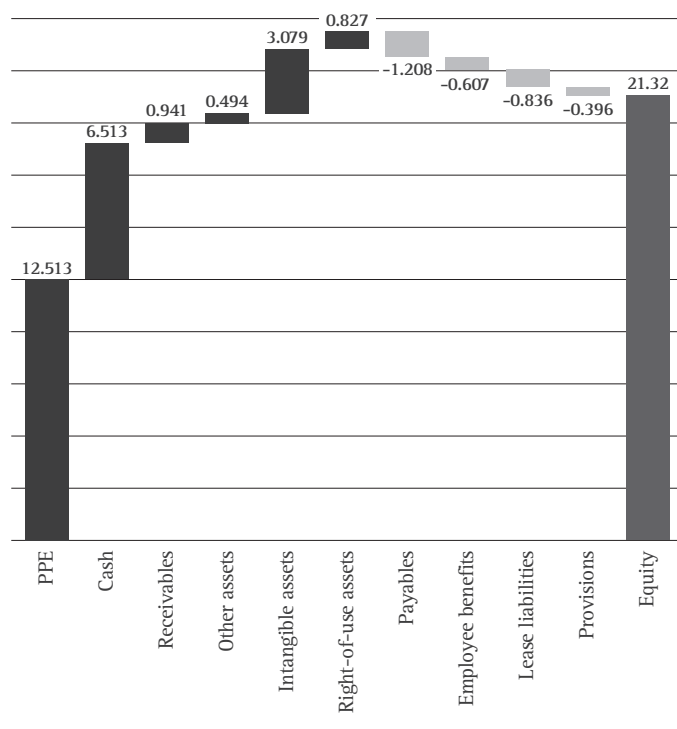
Financial performance *(continued)*

Financial position

The Commission's financial position is detailed on [page 29](#) 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).

Figure 6. Assets and Liabilities as at 30 June 2022
(\$ million)



Assets

As at 30 June 2022, the Commission held assets valued at \$24.37 million, represented by \$7.93 million in current assets and \$16.44 million in non-current assets. Current assets include \$6.51 million in cash held at bank to settle amounts owed to suppliers, accrued employee benefits and for future asset replacements.

Non-current assets consist mainly of RSC laboratory assets. This includes the land and buildings at Albion where the laboratory is housed. As at 30 June 2022, these land and buildings had a cost value of \$10.85 million and a written down value (WDV) of \$8.30 million. The buildings were revalued upwards by \$0.16 million in 2021-22 using market-based indices supplied by State Valuation Services. There was no movement in land values during the financial year.

Intangible assets were valued at \$3.08 million as at 30 June 2022 and comprise business systems that support our operations, namely RandLE, and our laboratory management system (LIMS).

To date, the Commission has invested \$3.80 million in capital funding for RandLE, including \$0.57 million in 2021-22 to upgrade the system to facilitate the use of mobile devices for kennel and stable inspections, as well as stock checks to satisfy recommendations from the Martin Inquiry and for the administration of fines and penalties.

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 2022, these liabilities were valued at \$3.05 million, increasing by \$0.23 million or 8.09% from the previous financial year. The increase primarily relates to the lease extension of our GAP Churchable facility.

Equity

The Commission's equity is detailed on [page 30](#) 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. The equity balance is affected by the operating result for the period (surplus or deficit), equity injections and asset revaluation increments.

The Commission was in a strong net worth position as at 30 June 2022 with net assets totalling \$21.32 million, increasing by \$0.99 million or 4.86% from the previous financial year.

Financial performance *(continued)*

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* 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.

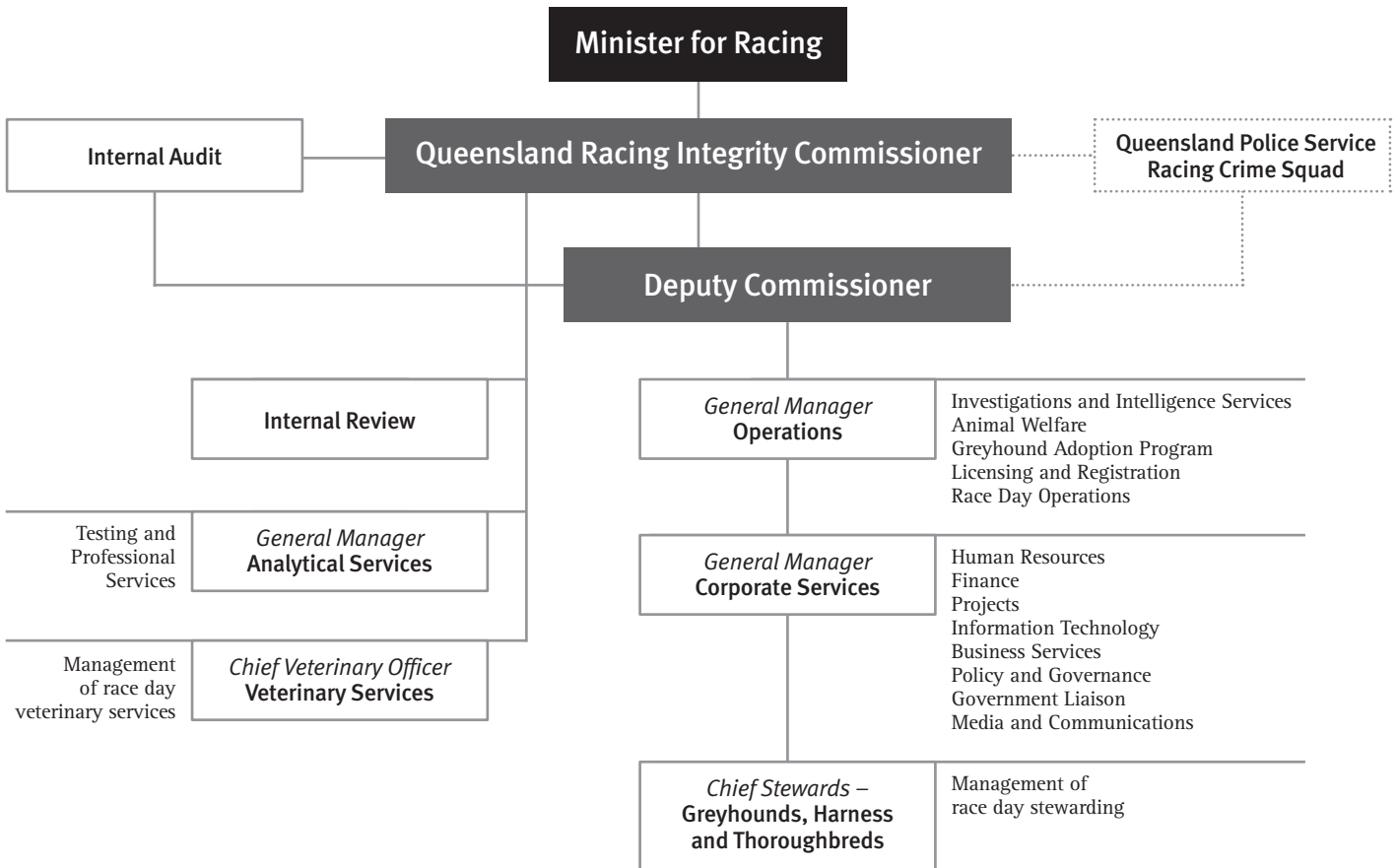
Whilst the Commission is a statutory body, and therefore exempt from the legislative requirement to provide the CFO statement, it has adopted best practice by providing the accountable officer with a CFO statement for the financial year ended 30 June 2022, attesting to the financial internal controls of the Commission operating efficiently, effectively and economically.

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

Management and structure

Organisational structure

Figure 7 Queensland Racing Integrity Commission Organisational Structure as at 30 June 2022



Our Leadership Team

Reporting directly to the Minister for Education, Minister for Industrial Relations and Minister for Racing, the Commissioner sets the strategic direction for the Commission. The Commissioner is supported by an executive group comprised of the Deputy Commissioner, Chief Veterinary Officer, General Manager Analytical Services, General Manager Corporate Services, General Manager Operations, Chief Steward Thoroughbreds, Chief Steward Harness and Chief Steward Greyhounds.

As at 30 June 2022, the Racing Integrity Commissioner and executive members were:

- Shane Gillard, Racing Integrity Commissioner
- Natalie Conner Deputy Commissioner
- Wade Hadley Chief Steward Greyhounds
- Peter Chadwick Chief Steward, Thoroughbreds
- David Farquharson Chief Steward, Harness
- Brad Tamer General Manager, Operations
- Vicky Luo Acting General Manager, Corporate Services
- Dr Shawn Stanley General Manager, Analytical Services

Management and structure *(continued)*

Management Groups and Committees

The Commissioner is supported by formal governance committees.

Executive Leadership Team

Comprised of the Commissioner, the Deputy Commissioner, the General Managers and Chief Stewards for the three codes of racing, the Executive Leadership Team (ELT) provides strategic direction and oversight and ensures that diverse views about strategic issues inform our decision-making and service delivery. During 2021–22, the Executive Leadership Team met 10 times.

The following special purpose committees report to the ELT.

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 mitigation 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](#).

Racing Animal Welfare Committee

The Racing Animal Welfare Committee acts as an independent advisory body that provides assistance to the Commissioner (reporting through the ELT) in safeguarding the welfare of animals involved in racing. It includes external representatives from Racing Queensland, the RSPCA and Biosecurity Queensland. The Committee met twice during the reporting year.

Workplace Health and Safety Committee

The Workplace Health and Safety (WHS) Committee was established under section 75 of the *Work Health and Safety Act 2011*. It supports the implementation of effective WHS policies, practices and systems that comply with the relevant legislation, regulations, standards, and Commission policy.

The Committee met four times during this reporting period. The WHS Committee is chaired by the Commissioner and includes membership from a cross section of the organisation's functions and locations throughout Queensland. As a result, the Committee has implemented a range of initiatives to increase WHS awareness and compliance across the organisation.

Public sector ethics

The Commission expects 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 annual training for all staff occurs in the Code of Conduct for the Queensland Public Service, workplace conduct, use of social media, work health and safety matters and domestic violence awareness 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.

Human rights

The Commission is committed to acting compatibly with the *Human Rights Act 2019* (HR Act) and will ensure complaints that allege actions or decisions of the Commission that have been inconsistent with the HR Act are appropriately considered and responded to in accordance with the HR Act.

Human rights are considered in the context of service delivery, developing policies and procedures, designing projects, managing risks, making decisions, managing complaints and legislation amendments.

The Commission received one human rights complaint in 2021–22 which has been resolved.²

² The Commission is currently undertaking a comprehensive review of the complaints received in 2021–22.

Risk management and accountability

Risk management

In lieu of establishing a separate Risk Management Committee, the Commission's ELT dedicates two meetings biannually to review its risk profiles and to ensure appropriate mitigations are in place. The Commission's risk management system includes:

- discussion and decision-making arising from Audit and Risk Committee and ELT meetings
- implementing recommendations from internal audit
- recording all risks into the relevant Committee risk register
- providing risk management capability to the ELT through training and education.

Name	Position	Meetings attended	Remuneration
Graham Carpenter	Chair (external)	5	\$1,200 per meeting (Excl. GST)
Sandie Angus	External member	5	\$1,000 per meeting (Excl. GST)
Natalie Conner	Deputy Commissioner	2	N/A
Darryl Johnson	A/Deputy Commissioner	3	N/A

Audit and Risk Committee

Our Audit and Risk Committee (ARC) is comprised of three members, including two external members, one of whom is the Chair, and one internal member (see table below).

The Commission's internal auditor 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 ARC oversees the Commission's risk and audit management processes and assists the Commissioner by providing advice on issues and associated mitigations they identify.

During 2021-22, the ARC had oversight of:

- the Commission's internal 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 Data Quality Review, Scientific Testing Decision Making Process Review, RandLE Post-implementation Review, Race Day Activities Review (Thoroughbreds) and Workplace Health and Safety Review
- the QAO's Audit Plan for the Commission
- our Internal Audit Reports.

Internal Audit

In 2021-22, the Commission employed a full-time officer to provide the Commissioner, the executives and the ARC with independent, objective assurance on the Commission's risk management, control and governance processes. The internal audit function has due regard to the Queensland Treasury's Audit Committee Guidelines.

The ARC monitors the internal audit function to ensure it operates ethically and professionally. The independence of the internal audit function is ensured by reporting directly to the Commissioner and the Deputy Commissioner, together with a subsidiary reporting relationship to the ARC. The program of work undertaken by the internal audit function was detailed in an internal audit plan that mapped out the business functions and controls to be audited. The plan was developed in consultation with key stakeholders and informed by the Commission's Strategic and Operational Plans.

During 2021-22, the internal audit function completed the following reviews:

- Workplace Health and Safety Review (issued in August 2021)
- Regulated Substances Management Review
- Payroll Review.

Risk management and accountability (*continued*)

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 worked closely with the Commission's internal audit function to ensure our internal and external audit activities provided 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 2021-22 audit plan, the QAO reviewed the Commission's financial internal controls and performed transactional testing of the Commission's accounts for the period 1 July 2021 to 30 June 2022. Based on the results of their testing, no significant deficiencies were identified, and QAO assessed the Commission's internal control environment as operating effectively.

All financial reporting and audit deliverable milestones agreed with the QAO for 2021-22 were met by the Commission. The QAO has completed the 2021-22 financial audit of the Commission's financial accounts and issued an unmodified audit opinion. See [Appendix 2 – Independent Auditor's Report](#).

Information systems and recordkeeping

Internally, our information systems and recordkeeping services are provided by Information Technology Partners (ITP), a Queensland Government shared service provider operated by the DAF.

ITP 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 the *Public Records Act 2002*, the *Public Service Act 2008* and the Queensland State Archives Records Governance Policy.

Human Resources

Workforce profile

The Commission continued its track record of being service delivery focused, and achieves this through allocating 79% of our total full-time employees (FTE) to performing frontline work in animal welfare and racing integrity.

As at 30 June 2022, the Commission had a total of 152 FTEs, which equates to a headcount of 237. A total of 120 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.

As at 30 June 2022, we employed 124 casual staff who are dedicated completely to frontline service provision.

The majority of casual staff support the permanent workforce in race day officiating across Queensland or provide integrity services such as sample collections from racing animals for laboratory testing against prohibited substances.

The remaining casual staff work at one of our Greyhound Adoption Program (GAP) facilities.

Workforce profile data

	FTE
Total FTE for QRIC	152

Target group data³

Gender	Number (Headcount)	Percentage of total workforce (Calculated on headcount)
Woman	128	54%
Man	109	46%
Non-binary	0	0
Diversity Groups	Number (Headcount)	Percentage of total workforce (Calculated on headcount)
Women	128	54%
Aboriginal Peoples and Torres Strait Islander Peoples	<5	<5%
People with disability	<5	<5%
Culturally and Linguistically Diverse – Born overseas	<5	<5%
Culturally and Linguistically Diverse – Speak a language at home other than English (including Aboriginal and Torres Strait Islander languages or Australian South Sea Islander languages)	0	0
Women in Leadership Roles ⁴	4	33%

³ To ensure privacy, in tables where there are less than 5 respondents in a category, specific numbers are replaced by <5.

⁴ Women in Leadership Roles are considered those positions that are Senior Officer and equivalent and above.

Human Resources (*continued*)

Strategic workforce planning and performance

A key deliverable from the Commission's functional realignment process in 2021-22 has been the establishment of a new executive leadership structure. The new structure provides specialist leadership roles to further support the Commission's service delivery to the racing industry and the broader community. As part of the realignment, the Commission commenced a review of all existing human resources policies and procedures to ensure these are fit for purpose to support our current and future workforce needs.

The Commission continues to explore innovative recruitment strategies to attract best talent in relevant 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, internationally, and internally for specialist technical roles.

The attraction and retention of the Commission's racing stewards is supported by the Cadet Stewards Program. This program is vital to ensuring the attraction of new stewards specifically by introducing the next generation of talent into the industry with a focus on increasing the number of females into this cohort.

The Commission adopted a contemporary Positive Performance Management Framework that supports high performance as well as addressing performance improvement needs for employees at all levels across the organisation.

There is a continued focus on improving workforce culture and resource allocation to deliver the best outcomes for racing and animal welfare and integrity within a tight fiscal environment. The Commission remains committed to the highest standards of conduct and behaviour as an integrity organisation.

The Commission has a phased approach to employee complaints and conduct issues. Where issues are of a minor nature, as classified against whole-of-sector standards, the Commission promotes local resolution. However, as required, the Commission continues to undertake formal investigations into inappropriate conduct by staff where the issue is identified as significant or serious.

The Commission continues to respond to the impacts of COVID-19 and activated a number of workforce strategies to continue to support the racing calendar, whilst providing maximum safety for employees. The Commission continued to:

- implement safety precautions and protocols to allow for ongoing attention to animal welfare matters
- implement safety protocols for both staff and potential adoption families to facilitate a heightened demand for adoption of greyhounds through the GAP
- offer remote working options for all staff, where roles were suitable, utilising technology to maintain business needs
- implement COVID-19 safe risk assessments for all areas of the Commission incorporating social distancing, good hygiene practices and a strict 'stay at home' if unwell policy
- enforce the COVID-19 Vaccination Policy in line with the whole-of-sector approach to ensure the safety and wellbeing of all staff.

Human Resources (*continued*)

Employee wellbeing

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.

During the COVID-19 pandemic, the Commission continued to support the racing industry by optimising flexible and remote working arrangements for appropriate roles. Flexible work arrangements have proved so successful for some teams that it has been introduced as an ongoing business model.

Fatigue management remains a high priority for the Commission, given the requirements for staff to travel extensive distances to undertake racing, integrity, and animal welfare functions across the State. Our Fatigue Management Policy continues to be reviewed and, where necessary, strengthened to support staff who are required to undertake extensive travel. A Rostering Consolidation Project was initiated in early 2021 to assist the Commission with managing fatigue for stewards, racetrack and field-based staff. The recommendations and rescoped activities will continue to be implemented in 2022-23 which will enhance the Commission's resourcing allocation to meet an increased racing calendar.

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

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.

Early retirement, redundancy and retrenchment

During the period, three employees received redundancy packages at a cost of \$291,638.

The Commission has administratively adopted the current State Government Certified Agreement and award arrangements for all staff engaged under the *Public Service Act 2008* and is now part of the current bargaining process across the Queensland Government. Stewarding staff who perform race day activities are engaged under the Racing Integrity Act and are employed on individual contracts.

Open data

The following datasets are published on the open data portal at <https://data.qld.gov.au>

- Consultancies.

The Commission did not procure any translation or interpreting services or conduct overseas travel in 2021-22.



**QUEENSLAND RACING
INTEGRITY COMMISSION**
Engagement | Education | Enforcement

**FINANCIAL STATEMENTS
FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2022**

QUEENSLAND RACING INTEGRITY COMMISSION

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QUEENSLAND RACING INTEGRITY COMMISSION
Statement of Comprehensive Income for the year ended 30 June 2022

	Note	2022 Actual \$'000	2022 Original Budget \$'000	2022 Budget Variance* \$'000	2021 Actual \$'000
OPERATING RESULT					
Income					
Grants and other contributions	2.1	31,573	31,123	450	29,387
Other revenue	2.2	214	90	124	76
Total Income		31,787	31,213	574	29,463
Expenses					
Employee expenses	3.1	19,993	20,388	(395)	18,598
Supplies and services	3.2	8,529	8,053	476	8,303
Grants and sponsorships		89	70	19	76
Depreciation and amortisation	3.3	1,872	2,110	(238)	1,734
Other expenses	3.4	1,100	592	508	668
Total Expenses		31,583	31,213	370	29,379
Operating Result for the year		204	-	204	84
Other Comprehensive Income					
<i>Items that will not be reclassified to Operating Result</i>					
Increase in asset revaluation surplus	6.2	160	-	160	-
Total Other Comprehensive Income		160	-	160	-
Total Comprehensive Income		364	-	364	84

*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 2022

		2022	2022	2022	2021
	Note	Actual	Original Budget	Budget Variance*	Actual
		\$'000	\$'000	\$'000	\$'000
Current Assets					
Cash and cash equivalents	4.1	6,513	4,882	1,631	5,432
Receivables	4.2	941	664	277	573
Other current assets		474	895	(421)	403
Total Current Assets		7,928	6,441	1,487	6,408
Non-Current Assets					
Property, plant and equipment	4.3	12,513	13,526	(1,013)	13,483
Intangible assets	4.4	3,079	3,722	(643)	2,910
Right-of-use assets	5.4	827	64	763	433
Other non-current assets		20	20	-	25
Total Non-Current Assets		16,439	17,332	(893)	16,851
Total Assets		24,367	23,773	594	23,259
Current Liabilities					
Payables	5.1	1,208	1,252	(44)	1,556
Accrued employee benefits	5.2	607	1,023	(416)	610
Lease liabilities	5.4	215	69	146	155
Total Current Liabilities		2,030	2,344	(314)	2,321
Non-Current Liabilities					
Provisions	5.3	396	151	245	220
Lease liabilities	5.4	621	-	621	278
Total Non-Current Liabilities		1,017	151	866	498
Total Liabilities		3,047	2,495	552	2,819
Net Assets		21,320	21,278	42	20,440
Equity					
Contributed equity	6.1	17,753	17,652	101	17,129
Accumulated surplus		1,798	1,620	178	1,702
Asset revaluation surplus	6.2	1,769	2,006	(237)	1,609
Total Equity		21,320	21,278	42	20,440

*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 Equity for the year ended 30 June 2022

	Note	Contributed Equity \$'000	Accumulated Surplus \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance as at 1 July 2020		16,605	1,618	1,609	19,832
Operating Result					
Operating result		-	84	-	84
Transactions with Owners as Owners					
Capital contribution by owners	6.1	524	-	-	524
Balance as at 30 June 2021		17,129	1,702	1,609	20,440
Net effect of changes in accounting policies	1.3(g)	-	(108)	-	(108)
Balance as at 1 July 2021		17,129	1,594	1,609	20,332
Operating Result					
Operating result		-	204	-	204
Other Comprehensive Income					
Increase in asset revaluation surplus	6.2	-	-	160	160
Transactions with Owners as Owners					
Capital contribution by owners	6.1	624	-	-	624
Balance as at 30 June 2022		17,753	1,798	1,769	21,320

QUEENSLAND RACING INTEGRITY COMMISSION
Statement of Cash Flows for the year ended 30 June 2022

	Note	2022 Actual \$'000	2022 Original Budget \$'000	2022 Budget Variance* \$'000	2021 Actual \$'000
Cash flows from Operating Activities					
<i>Inflows:</i>					
Grant funding		30,949	30,692	257	28,990
GST input tax credits from ATO		1,058	803	255	1,011
GST collected from customers		14	120	(106)	11
Interest receipts		45	80	(35)	50
Other revenue		103	-	103	23
<i>Outflows:</i>					
Employee expenses		(20,340)	(20,888)	548	(19,083)
Supplies and services		(8,972)	(7,871)	(1,101)	(7,219)
Grant and sponsorships		(70)	(70)	-	(56)
Finance/borrowing Costs		-	(5)	5	-
GST paid to suppliers		(992)	(923)	(69)	(966)
GST remitted to ATO		(13)	-	(13)	(12)
Other expenses		(163)	(156)	(7)	(136)
Net cash provided by operating activities		1,619	1,782	(163)	2,613
Cash Flows from Investing Activities					
<i>Inflows:</i>					
Sales of property, plant and equipment		-	5	(5)	-
<i>Outflows:</i>					
Payments for intangibles		(568)	(1,116)	548	-
Payments for property, plant and equipment		(391)	(1,208)	817	(1,244)
Net cash used in investing activities		(959)	(2,319)	1,360	(1,244)
Cash flows from Financing Activities					
<i>Inflows:</i>					
Equity injections		624	524	100	524
<i>Outflows:</i>					
Lease payments		(203)	(114)	(89)	(142)
Net cash provided by financing activities		421	410	11	382
Net increase in cash and cash equivalents		1,081	(127)	1,208	1,751
Cash and cash equivalents - opening balance		5,432	5,009	423	3,681
Cash and Cash Equivalents - closing balance	4.1	6,513	4,882	1,631	5,432

*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 2022

Notes to the Statement of Cash Flows

Reconciliation of Operating Result to Net Cash Provided by Operating Activities

	2022	2021
	\$'000	\$'000
Operating surplus	204	84
Non-Cash items included in operating result:		
Depreciation and amortisation expense	1,872	1,734
Finance costs/borrowing costs	10	4
Net loss on disposal of property, plant and equipment	318	-
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	66	45
(Increase)/decrease in annual leave reimbursement receivables	(177)	(159)
(Increase)/decrease in LSL reimbursement receivables	(106)	(49)
(Increase)/decrease in grant funding receivable	-	150
(Increase)/decrease in other receivables	(151)	(1)
(Increase)/decrease in prepayments/other assets	(66)	(24)
Increase/(decrease) in accounts payable	(348)	683
Increase/(decrease) in accrued employee benefits	(3)	147
Increase/(decrease) in GST payable	-	(1)
Net cash provided by operating activities	1,619	2,613

Changes in Liabilities arising from Financing Activities

Lease Liabilities as at 30 June

	2022	2021
	\$'000	\$'000
Opening balance at 1 July	433	255
Add: Non-cash changes		
New leases/renewals	600	322
Interest on lease liabilities	6	2
Other adjustments	-	(4)
Less: Cash flows		
Cash repayments	(203)	(142)
Total Right-of-Use Lease Liabilities	836	433

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

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QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

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 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 2, 60 Kingsford Smith Drive, Albion QLD 4010.

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
- Ensure industry integrity through the consistent and fair administration of the rules of racing
- Exercise best practice, skills, and processes to detect, investigate, and prosecute compliance and integrity breaches
- Maintain public confidence in the integrity of Queensland's racing industry

The Commission is primarily funded through a state government grant for the services it provides. Any revenue collected from administering the rules of racing, animal welfare and licensing of animals and racing industry participants is returned to the State Consolidated Revenue Fund. As the Commission does not control the revenue, the transactions associated with the revenue is reported separately under Note 7.5 as agency transactions.

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 39 of the *Financial and Performance Management Standard 2019* 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 2021.

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.

b. Authorisation of Financial Statements for Issue

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

c. Taxation

The Commission is a state body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation except for 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).

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

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

1.3 Summary of Significant Accounting Policies (cont'd)

d. Presentation

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

Comparatives – 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.

e. Basis of Measurement

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

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

Historical Cost - Under historical cost, 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 7.2 Financial Instruments and Note 4.3 Property, Plant and Equipment and Depreciation Expense.

The Commission does not recognize any financial assets or financial liabilities at fair value.

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.

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

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

1.3 Summary of Significant Accounting Policies (cont'd)

f. 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 4.3 Property, Plant and Equipment and Depreciation Expense
- Note 4.4 Intangibles and Amortisation Expense

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

There were no new accounting standards or interpretations with a material impact applicable to the Commission during the 2021-22 reporting period.

Following the issuance of IFRIC's agenda decision on *Configuration or Customisation Costs in a Cloud Computing Arrangement* in April 2021, the Commission changed its accounting policy for certain cloud computing and software-as-a-service (SaaS) costs. The effects of this change is detailed Note g(i) below.

No Australian Accounting Standards have been early adopted for 2021-22.

g (i). Configuration or customisation costs in a cloud computing arrangement

The Commission changed its accounting policies in 2021-22 after completing an assessment of its previously capitalised software in response to the IFRIC agenda decision released in March 2021.

The new accounting policy now considers where the software code resides, whether it is identifiable and whether the Commission has the power to both obtain economic benefits from the software and restrict the access of others to those benefits. Configuration or customisation costs that do not qualify for recognition as an intangible asset are further assessed as to the appropriate timing of expense recognition, using the following criteria:

- a) where the configuration or customisation is considered a distinct (i.e., separately identifiable) service from the subsequent access to the cloud software, the costs are expensed when the configuration or customisation services are received. This is typically the case when the vendor providing the services is different from the vendor providing access to the software.
- b) Where the configuration or customisation is not a distinct services from the Commission's right to access the software, the costs are expensed over the period of access on a straight-line basis. A prepayment asset is recognised when the payment is made upfront. This is usually the case when the same vendor is providing both the configuration or customisation services and the access to the cloud software.

Any software that qualifies as an intangible asset is recognised and accounted for in accordance with the Commission's existing accounting policies under Note 4.4 Intangibles and Amortisation Expense, which have not changed.

The changes have been applied retrospectively with an adjustment made to the opening equity balance as at 1 July 2021.

h. Future impact of accounting standards not yet effective

At the date of authorisation of the financial statements, there are no Australian accounting standards and interpretations with future effective dates that have a material impact on the Commission's financial statements.

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

2. Revenue

2.1 Grants and Other Contributions

Accounting Policy:

Grants and Contributions – grants and contributions are non-reciprocal transactions where the Commission does not directly give approximately equal value to the grantor. As the grant does not contain sufficiently specific performance obligations, the grant is accounted for under AASB 1058 *Income of Not-for-Profit Entities* and revenue is recognised upon receipt of grant funding or when the Commission controls the right to receive the grant funding. Capital appropriations are recognised as adjustments in equity. Refer to Note 6.1 Contributions by Owners.

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. Refer to Note 3.4 Other Expenses.

	2022	2021
	\$'000	\$'000
Queensland Government grant	30,949	28,840
Services received below fair value	624	547
Total	31,573	29,387

Disclosures:

Queensland Government grant – the Commission's primary source of funding is a government grant administered by the State for the delivery of its outputs. The grant is paid in advance on a quarterly basis by DAF, who is responsible for the administration of the Commission.

Services received below fair value – the services received below fair value relates to our partnership with the Queensland Police Service (QPS) Queensland Racing Crime Squad (QRCS), which is based at the Commission and serves to enhance the investigatory element of the Commission's regulatory activities. Under the partnership agreement, the QPS bears the base salary and superannuation cost of QRCS seconded police officers, whilst the Commission bears the remaining costs necessary to run the QRCS. Total QRCS expenditure for the reporting period was \$635,413 (2020-21 - \$713,795).

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.

	2022	2021
	\$'000	\$'000
Interest	46	49
Insurance compensation - loss of property ¹	166	-
Other revenue	2	27
Total	214	76

¹The Commission incurred property loss and damage estimated at \$650,000 as a result of the 2022 flooding event in Brisbane. QGIF has settled the claim for equipment and other items replaced during the financial year. Notwithstanding, due to procurement and delivery delays, some items have not yet been replaced as at 30 June. As QGIF processes claims on a replacement basis, no revenue has been recognised for these items. The estimated recoverable value is disclosed under Note 7.1 – Contingencies. Also refer to Note 3.4 Other Expenses.

QUEENSLAND RACING INTEGRITY COMMISSION
Notes to the Financial Statements for the year ended 30 June 2022

3. Expenses

3.1 Employee Expenses

	2022	2021
Number of Full-Time Equivalent Employees at 30 June ¹	152	155

¹Based on the fortnight ending 1 July 2022

	2022	2021
	\$'000	\$'000
Employee Benefits		
Wages and Salaries	14,398	13,747
Annual leave levy	1,348	1,222
Sick leave expense	418	313
Long service leave levy	387	354
Employer superannuation contributions	1,864	1,700
Termination benefits	292	174
Fringe benefits tax	3	8
Employee Related Expenses		
Payroll tax	899	848
Workers' compensation premium	96	76
Other employee related expenses	288	156
Total	19,993	18,598

(a) Employee Benefits

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

State payroll tax and workers' compensation insurance which is paid to WorkCover Queensland 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.

Accounting Policy:

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

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

Annual Leave and Long Service Leave - Under the Queensland Government's Annual Leave Central Scheme (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. Refer to 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.

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

3.1 Employee Expenses (cont'd)

(a) Employee Benefits (cont'd)

- **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.

(b) 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 executive management personnel consist of positions that form part of the Executive Leadership Team (ELT). The Commission underwent an organisational functional realignment during the financial year. The composition of the ELT changed during the last quarter of the financial year as part of this realignment. This group had authority and responsibility for planning, directing, and controlling the activities of the Commission during 2021-22 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	Strategic leadership and responsibility 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/General Managers	Strategic leadership and responsibility for participating collaboratively in the overall management of the Commission - in particular to achieve the strategic objectives set by the Commissioner within their area of responsibility.

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

KMP remuneration policies

Remuneration policy for the Commission's KMP is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. Individual remuneration and other terms of employment are specified in employment contracts.

Remuneration expenses for those KMP comprise the following components:

Short-term employee expenses include:

- salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied the specified position. Remuneration includes a two stage 2.5% pay increase in accordance with government wages policy effective 1 September 2021 and 1 March 2022
- non-monetary benefits - consisting of the provision of car parking together with the fringe benefits tax applicable to the benefit

No KMP remuneration packages provide for performance or bonus payments.

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 leave and long service leave entitlements) payable on termination of employment.

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

3.1 Employee Expenses (cont'd)

(b) Key Management Personnel (KMP) Disclosures

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.

1 July 2021 – 30 June 2022

Position	Short Term Monetary Expenses \$'000	Long Term Employee Expenses \$'000	Post Employment Expenses \$'000	Termination Benefits \$'000	Total Expenses \$'000
Racing Integrity Commissioner (From 03/12/2021)	208	5	20	-	233
Racing Integrity Commissioner (Acting from 02/07/2021 to 02/12/2021)	195	4	18	-	217
Deputy Commissioner (From 03/01/2022)	125	3	14	-	142
Deputy Commissioner (Acting from 05/07/2021 to 02/01/2022)	124	3	12	-	139
Director, Office of the Commission ^{1&3} (To 31/03/2022)	17	1	13	-	31
Director, Stewarding, Licensing and Registration ² (To 08/04/2022)	129	3	15	129	276
Director, Veterinary Services and Animal Welfare ² (To 30/05/2022)	144	4	17	118	283
General Manager, Analytical Services ³	166	4	20	-	190
General Manager, Operations ² (From 13 May 2022)	12	-	1	-	13
General Manager, Corporate Services ³ (Acting from 28 March 2022)	79	3	9	-	91
Chief Stipendiary Steward - Thoroughbreds ^{1&4}	29	1	4	-	34
Chief Stipendiary Steward - Harness ⁴	31	1	4	-	36
Chief Stipendiary Steward - Greyhounds ⁴	31	1	3	-	35
Total Remuneration 2022	1,290	33	150	247	1,720

¹Filled through acting arrangements during the year. Payments for acting arrangements are not reported as staff did not act in the position for a material part of the financial year.

²Positions abolished or created due to the functional realignment that occurred during the financial year

³Position names changed as part of the functional realignment

⁴Payments reflect period from ELT membership

QUEENSLAND RACING INTEGRITY COMMISSION
Notes to the Financial Statements for the year ended 30 June 2022

3.1 Employee Expenses (cont'd)

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

1 July 2020 – 30 June 2021

Position	Short Term Monetary Expenses \$'000	Short Term Non-Monetary Benefits \$'000	Long Term Employee Expenses \$'000	Post Employment Expenses \$'000	Total Expenses \$'000
Racing Integrity Commissioner (To 01/01/2021)	180	1	4	22	207
Racing Integrity Commissioner (Acting) (From 02/01/2021)	209	-	5	15	229
Deputy Commissioner	105	-	2	13	120
Deputy Commissioner (Acting) (From 02/01/2021)	114	-	3	9	126
Director, Office of the Commission ¹	83	1	2	11	97
Director, Stewarding, Licensing and Registration	152	-	4	19	175
Director, Veterinary Services and Animal Welfare	149	-	3	18	170
Director, Analytical Services	158	-	4	19	181
Total Remuneration 2021	1,150	2	27	126	1,305

¹Filled through acting arrangements during the year. Payments for acting arrangements are not reported as staff did not act in the position for a material part of the financial year.

QUEENSLAND RACING INTEGRITY COMMISSION

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

Accounting Policy:

Distinction between grants and procurement – for a transaction to be classified as supplies and services, the value of goods and services received by the Commission must be of approximately equal value to the value of consideration exchanged for those goods and services. Where this is not the substance of the arrangement, the transaction is classified as a grant.

Office accommodation expenses – payments for office accommodation under the Queensland Government Accommodation Office (QGAO) framework arise from non-lease arrangements with the Department of Energy and Public Works (DEPW), who has substantive substitution rights over the assets used within this scheme. The payments are expensed as incurred.

Lease expenses – include lease rentals for short-term leases, leases of low value assets and variable lease payments. Refer to Note 5.4 Right-of-Use Assets and Lease Liabilities for a breakdown of lease expenses and other lease disclosures.

	2022	2021
	\$'000	\$'000
Consultants and contractors ¹	1,682	1,649
Office accommodation expenses	1,023	1,202
Corporate service providers ²	1,177	1,133
Plant and equipment maintenance	1,016	995
Animal care expenses	1,125	1,057
Laboratory and testing expenses	1,169	1,020
Travel expenses	429	369
Operating and administration costs	323	331
Motor vehicle expenses	391	368
Lease expenses	71	54
Other	123	125
Total	8,529	8,303

¹ Contractor expenditure comprises of payments for temporary staff employed through recruitment agencies to backfill staff vacancies and to provide additional administrative support; legal costs associated with external review applications of steward's decisions under the rules of racing; HR and project management services. The Commission also paid \$91,008 in consultancy fees for an organisational functional review performed across both financial years (2020-21 - \$58,050).

²Refer to Note 7.4 Related Party Transactions.

QUEENSLAND RACING INTEGRITY COMMISSION
Notes to the Financial Statements for the year ended 30 June 2022

3.3 Depreciation and Amortisation

	2022	2021
	\$'000	\$'000
Depreciation - Property, Plant and Equipment (Note 4.3)	1,362	1,230
Depreciation - Right-of-use assets (Note 5.4)	220	183
Amortisation (Note 4.4)	290	321
Total	<u>1,872</u>	<u>1,734</u>

3.4 Other Expenses

	2022	2021
	\$'000	\$'000
External audit fees ¹	43	43
Insurance premiums - QGIF ²	77	53
Services received free of charge	624	547
Losses from disposal of property, plant and equipment ³	318	-
Special payments ⁴	3	-
Finance/borrowing costs	10	4
Other expenses	25	21
Total	<u>1,100</u>	<u>668</u>

¹Total audit fees quoted by the Queensland Audit Office relating to the 2021-22 financial statements is \$43,000 (2021: \$43,000).

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.

³ Includes \$248,887 write-offs for flood damaged laboratory equipment of which \$70,331 has been settled by QGIF and recognised under Other revenue – Insurance compensation from loss of property. The remaining amount is yet to be settled at balance date. The loss amount also includes \$65,540 for a Gas Chromatography Mass Spectrometer (GCMS) laboratory instrument which was written-off during June 2022 due to damage from cement dust contamination at our offsite leased premises. A compensation claim for this asset has been lodged with QGIF. Refer to Note 7.1 Contingencies.

⁴Special payments represent ex gratia expenditure that the Commission is not contractually or legally obligated to make to other parties.

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

4. Assets

4.1 Cash and Cash Equivalents

Accounting Policy:

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June as well as deposits at call with financial institutions. Interest revenue is recognised when it is earned.

	2022	2021
	\$'000	\$'000
Cash at bank	6,513	5,432
Total	6,513	5,432

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 \$45,847 interest revenue on these bank accounts during the financial year at interest rates between 0.01% and 0.75% (2021: \$48,573).

4.2 Receivables

Accounting Policy:

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

No loss or impairment allowance is recorded for the Commission's receivables as they are mainly from Queensland Government or Australian Government agencies. Amounts owing for fines and other revenue collected from racing industry participants are classified as agency transactions as the revenue collected is not controlled by the Commission. They are reported under Note 7.5 (b) as Agency Receivables. Impairment losses or reversals relating to these receivables are also disclosed under this note. Credit risk management strategies are detailed in Note 7.2 Financial Instruments.

	2022	2021
	\$'000	\$'000
<i>Statutory Receivables</i>		
GST receivable	130	196
GST payable	(2)	(2)
	128	194
<i>Contractual Receivables</i>		
Annual leave reimbursements	465	288
Long service leave reimbursements	188	82
QGIF receivable	156	-
Other	4	9
	813	379
Total	941	573

QUEENSLAND RACING INTEGRITY COMMISSION
Notes to the Financial Statements for the year ended 30 June 2022

4.3 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		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Gross	4,821	4,821	6,024	5,744	8,923	9,200	19,768	19,765
Less: Accumulated depreciation	-	-	(2,550)	(2,175)	(4,706)	(4,107)	(7,256)	(6,282)
Carrying amount at 30 June	4,821	4,821	3,474	3,569	4,217	5,093	12,512	13,483
Represented by movements in carrying amount:								
Carrying amount at 1 July	4,821	4,821	3,569	3,825	5,093	4,751	13,483	13,397
Acquisitions	-	-	-	-	391	1,244	391	1,244
Revaluation increments	-	-	160	-	-	-	160	-
Disposals ¹	-	-	-	-	(318)	-	(318)	-
Restoration cost adjustment ²	-	-	-	-	158	72	158	72
Depreciation	-	-	(255)	(256)	(1,107)	(974)	(1,362)	(1,230)
Carrying amount at 30 June	4,821	4,821	3,474	3,569	4,217	5,093	12,512	13,483

¹ Difference between the consideration received and the written down value (WDV)

² Refer to Note 5.3 Provisions

(a) Recognition and Acquisition

Accounting Policy:

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

Class	Threshold
Land	\$1
Plant and Equipment	\$5,000
Buildings	\$10,000

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.

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

4.3 Property, Plant and Equipment and Depreciation Expense (cont'd)

(a) Recognition and Acquisition (cont'd)

Componentisation of complex assets – complex assets comprise separately identifiable components that require replacement at regular intervals and at different times to other components comprising the complex asset. On initial recognition, the asset recognition thresholds outlined above apply to the complex asset as a single item.

When a separately identifiable component is replaced, the existing component is derecognised. The replacement component is capitalised when it is probable that future economic benefits from the component will flow to the Commission in conjunction with the other components comprising the complex asset and the cost exceeds the asset recognition thresholds specified above. Replacement components that do not meet the asset recognition thresholds for capitalisation are expensed.

Components are valued on the same basis as the asset class to which they relate. The Commission's complex assets is its special purpose Racing Science Centre (RSC) laboratory facility building.

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 costs 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

Accounting Policy:

Measurement using historical cost – Plant and equipment is measured at historical cost in accordance with Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector* (NCAP). The carrying amounts for such plant and equipment do not materially differ from their fair value.

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 considers 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.

Revaluations - Land and buildings are revalued on an annual basis either by appraisals undertaken by an independent professional valuer or using appropriate and relevant indices. Revaluations using an independent professional valuer are undertaken at least once every five years.

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

4.3 Property, Plant and Equipment and Depreciation Expense (cont'd)

(b) Measurement (cont'd)

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). The State Valuation Service (SVS) supplies the indices used for the various types of assets. Such indices are either publicly available or are derived from market information available to SVS. SVS provides assurance of their robustness, validity, and appropriateness for application to the relevant assets.

Indices used are also tested for reasonableness by applying the indices to a sample of assets, comparing the results to similar assets that have been valued by an independent professional valuer or internal expert, and analysing the trend of changes in values over time. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by SVS based on its own particular circumstances.

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).

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. For assets revalued using a cost valuation approach (e.g., current replacement cost), accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount.

(c) Depreciation Expense

Accounting Policy:

Property (other than land assets), plant and equipment have finite useful lives and are depreciated on a straight-line basis over the expected benefit period to the Commission.

Straight line depreciation 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.

Separately identifiable components of complex assets are depreciated accordingly to the useful lives of each component, as doing so results in a material impact on the depreciation expense reported.

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.

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 asset is depreciated based on the following useful lives:

Class	Category	Useful Life
Buildings		10-64 years
Plant and Equipment	Laboratory Equipment	5-20 years
	Race Day Equipment	4-10 years
	Other Equipment	4-12 years
	Leasehold Improvements	3-17 years
	Motor Vehicles	10-11 years

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

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

4.3 Property, Plant and Equipment and Depreciation Expense (cont'd)

(d) Impairment

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

Accounting Policy:

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

Accounting Policy:

Fair value measurement hierarchy - All fair value assets are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- Level 1 - represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities.
- Level 2 - represents fair value measurements that are 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.

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

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

4.3 Property, Plant and Equipment and Depreciation Expense (cont'd)

(e) Basis of Fair Values for Land and Buildings

Land – Racing Science Centre

<u>Effective date of last specific appraisal:</u>	30 June 2020 by State Valuation Service
<u>Basis of valuation:</u>	Comprehensive
<u>Valuation approach:</u>	Market-based assessment
<u>Fair value measurement:</u>	Level 2
<u>Inputs:</u>	Publicly available data on sales of similar land during 2018 which have similar attributes such as location, development potential, size, access to facilities and other community amenities. SVS relied on a direct comparison approach on a rate/m ² improved of sales to subject. Maximum use of relevant observable inputs has been made for this valuation.
<u>Subsequent valuation activity:</u>	Reviewed during the reporting period with 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. 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 Resources. These indices fall into a hierarchy level 2. There was no movement in the land indices since the last specific appraisal.

Buildings – Racing Science Centre Laboratory

<u>Effective date of last specific appraisal:</u>	1 January 2020 by Gray Robinson & Cottrell (GRC) Quantity Surveyors
<u>Basis of valuation:</u>	Comprehensive
<u>Valuation approach:</u>	Current replacement cost (due to no active market for such facilities)
<u>Fair value measurement:</u>	Level 3
<u>Inputs:</u>	The CRC was determined from GRC's internal database of project cost information for similar projects relative to market driven indexation factors such as 'Locality' and 'Building Price Index' and a combination of pricing methodologies such as Rawlinson's rates for building and construction, adjusted to reflect the construction market as at the appraisal date. GRC carried out a site survey to accurately reflect the structural details of the building such as type and size of structure, materials, fixtures installed and the level of finish and to perform a condition assessment of the building to assess the depreciable values of the asset componentry, including the remaining useful life. The valuation of the buildings reflects the cost of replacing the existing building assets with a modern equivalent facility.
<u>Subsequent valuation activity:</u>	Reviewed during the reporting period with 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. 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. The building value was updated during the reporting period due to a material cumulative change in these indices since the last specific appraisal. Refer to Note 6.2 Asset Revaluation Surplus.

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

4.4 Intangibles and Amortisation Expense

(a) Recognition and Measurement

Accounting Policy:

Recognition – the Commission’s intangible assets comprise of purchased software and internally developed software. Intangible assets with an historical cost or value equal to or greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed. Any training costs are expensed as incurred.

Measurement – there is no active market for any of the Commission’s intangible assets. As such, the assets are recognised and carried at historical cost less accumulated amortisation and accumulated impairment losses (if any). Expenditure on research activities relating to internally generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the internal development of computer software are capitalised and amortised under the amortisation policy below.

Closing Balances and Reconciliation of Carrying Amount

	Software Purchased - At Cost		Software Internally Generated - At Cost		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Gross	-	216	4,123	3,555	4,123	3,771
Less: Accumulated amortisation	-	(108)	(1,044)	(753)	(1,044)	(861)
Carrying amount at 30 June	-	108	3,079	2,802	3,079	2,910
Represented by movements in carrying amount:						
Carrying amount at 1 July	108	143	2,802	3,088	2,910	3,231
Acquisitions	-	-	568	-	568	-
Disposals ¹	(108)	-	-	-	(108)	-
Amortisation	-	(35)	(291)	(286)	(291)	(321)
Carrying amount at 30 June	-	108	3,079	2,802	3,079	2,910

Disclosure:

The Commission’s internally generated software includes the Registration and Licensing Environment (RandLE) customer relationship management system with a cost of \$3.8 million and \$3 million WDV as at 30 June 2022 (2020-21: \$3.2 million cost and \$2.7 million WDV). The system provides a contemporary online licensing environment for the Queensland racing industry and has enabled the Commission to facilitate and fulfil multiple recommendations from the *Queensland Greyhound Racing Industry Commission of Inquiry* (MacSporran Report) and the independent *Inquiry into animal cruelty in the management of retired Thoroughbred and Standardbred horses in Queensland* (the Martin Inquiry).

¹ Refer to Note 1.3 (g)

QUEENSLAND RACING INTEGRITY COMMISSION
Notes to the Financial Statements for the year ended 30 June 2022

4.4 Intangibles and Amortisation Expense (cont'd)

(b) Amortisation Expense

Accounting Policy:

All intangible assets of the Commission have finite useful lives and are amortised on a straight-line basis over their estimated useful life to the Commission. Straight line amortisation is used reflecting the expected consumption of economic benefits on a progressive basis over the intangible's useful life. The Commission's intangible assets have a zero-residual value.

Each class of intangible asset has the following useful lives:

Intangible Asset	Useful Life
Software purchased	7 years
Software internally generated	15-20 years

(c) Impairment

Accounting Policy:

All intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Commission determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset by the Commission, including discontinuing the use of the software. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value-in-use.

5. Liabilities

5.1 Payables

Accounting Policy:

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.

	2022	2021
	\$'000	\$'000
<i>Contractual Payables</i>		
Creditors	909	1,348
Payable to administered agency ¹	177	95
	1,086	1,443
<i>Statutory Payables</i>		
Payroll tax payable	122	113
Total	1,208	1,556

¹Refer to Note 7.5 (c) Agency Payments.

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

5.2 Accrued Employee Benefits

Accounting Policy:

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*.

	2022	2021
	\$'000	\$'000
Salaries and wages	108	138
Superannuation payable	9	8
Long service leave levy payable	111	101
Annual leave levy payable	379	363
Total	607	610

Refer to Note 3.1 Employee Expenses.

5.3 Provisions

Accounting Policy:

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 an appropriate discount rate.

	2022	2021
	\$'000	\$'000
Restoration Costs	396	220
Total	396	220
Movement		
Balance at 1 July	220	146
Additional provision made	170	72
Changes in discount rate/passage of time	6	2
Balance at 30 June	396	220

There are clauses in accommodation 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. The amounts recognised as provisions in relation to this, have been included in the cost of assets.

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

5.4 Right-of-Use Assets and Lease Liabilities

(a) Right-of-Use Assets

Accounting Policy:

Right-of-use assets are initially recognised at cost comprising the following:

- the amount of the initial measurement of the lease liability
- lease payments made at or before the commencement date, less any lease incentives received
- initial direct costs incurred, and
- the initial estimate of restoration costs

Right-of-use assets are subsequently depreciated over the lease term and be subject to impairment testing on an annual basis.

The carrying amount of right-of-use assets are adjusted for any remeasurement of the lease liability in the financial year following a change in discount rate, a reduction in lease payments payable, changes in variable lease payments that depend upon variable indexes/rates of a change in lease term.

The Commission measures right-of-use assets at cost subsequent to initial recognition. The Commission has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases and leases of low value assets. The lease payments are recognised as expenses on a straight-line basis over the lease term. An asset is considered low value where it is expected to cost less than \$10,000 when new.

Where a contract contains both a lease and non-lease components such as asset maintenance services, the Commission allocates the contractual payments to each component on the basis of their stand-alone prices. However, for leases of plant and equipment, the Commission has elected not to separate lease and non-lease components and instead accounts for them as a single lease component.

	2022 \$'000	2021 \$'000
Buildings:		
Opening balance at 1 July	433	298
Additions	600	322
Depreciation charge	(220)	(183)
Other adjustments	14	(4)
Total	827	433

(b) Lease Liabilities

Accounting Policy:

Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. The lease term includes any extension or renewal options that the Commission is reasonably certain to exercise. The future lease payments included in the calculation of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Commission under residual value guarantees
- the exercise price of a purchase option that the Commission is reasonably certain to exercise
- payments for termination penalties, if the lease term reflects the early termination

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

5.4 Right-of-Use Assets and Lease Liabilities

(b) Lease Liabilities (cont'd)

Accounting Policy (cont'd):

When measuring the lease liability, the Commission uses its incremental borrowing rate as the discount rate where the interest rate implicit in the lease cannot be readily determined. To determine the incremental borrowing rate, loan rates provided by Queensland Treasury Corporation that correspond to the commencement date and term of the lease, are used.

Subsequent to initial recognition, the lease liabilities are increased by the interest charge and reduced by the amount of lease payments. Lease liabilities are also remeasured in certain situations such as a change in variable lease payments that depend on an index or rate (e.g., a market rent review), or a change in the lease term.

	2022 \$'000	2021 \$'000
Current		
Lease liabilities	215	155
Non Current		
Lease liabilities	621	278
Total	836	433

Disclosures:

Office accommodation and motor vehicles

DEPW provides the Commission with access to office accommodation and motor vehicles under government-wide frameworks. These arrangements are categorised as procurement of services rather than as leases because the department has substantive substitution rights over the assets. The related service expenses are included in Note 3.2 Supplies and Services

Details of leasing arrangements as lessee

Type of Lease	Lease Details
<i>Office Equipment leases:</i>	The Commission has a lease for low value office equipment like photocopiers and printers. The Commission has elected to recognise this low value lease as an expense on a straight-line basis over the lease term, rather than accounting for them on the balance sheet.
<i>Greyhound Adoption Program (GAP) facilities:</i>	<p>The Commission has two GAP facility leases that have been recognised on the balance sheet.</p> <p>The lease arrangement for the Churchable facility was renegotiated during the financial year and extended for a further 3-year term with an option to extend the lease for a further 3 years. Lease payments for this lease are reviewed annually and the rent is adjusted by the greater of 4% or CPI.</p> <p>The lease arrangement for the Townsville facility is for a period of 3 years with a 3-year extension option. Lease payments for this lease will be reviewed annually and rent will be adjusted by the lesser of market rates or 5%.</p> <p>As future rent increases are variable, they are not captured in the right-of-use asset or liability until the increases take effect.</p>
<i>External to Government - Office accommodation:</i>	<p>The Commission has commercial leases for four regional offices with 2-3-year lease terms which are recognised on the balance sheet. During the year, the Commission also entered an agreement with the University of Queensland (UQ) to occupy laboratory and shared office space at its St Lucia Campus for a 5-year period.</p> <p>These leases are subject to annual rent reviews, with either fixed, market or CPI-based increases. Where future rent increases are variable, they are not captured in the right-of-use asset or liability until the increases take effect.</p>

QUEENSLAND RACING INTEGRITY COMMISSION
Notes to the Financial Statements for the year ended 30 June 2022

5.4 Right-of-Use Assets and Lease Liabilities

(b) Lease Liabilities (cont'd)

Disclosures (cont'd):

Amounts recognised in profit or loss

	2022	2021
	\$'000	\$'000
Interest expense on lease liabilities	6	2
Breakdown of 'Lease expenses' included under Note 3.2		
- Expenses relating to leases of low value assets	56	41
- Expenses relating to variable lease payments	15	13
Total	77	56

Total cash outflow for leases

Total cash outflows for leases for the reporting period is \$273,859 comprising \$202,976 for repayment of lease liabilities and \$70,883 for lease expenses. Refer to Note 3.2 Supplies and Services.

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.

	2022	2021
	\$'000	\$'000
Queensland Government capital grant ¹	524	524
Transfer of operating funds to capital ²	100	-
Total	624	524

¹The Commission receives a capital grant from the State to support its investment in core laboratory equipment and technology at the Racing Science Centre (RSC) to enable the provision of high-quality and contemporary drug testing services.

²Relates to capitalised salaries for RandLE project management.

6.2 Asset Revaluation Surplus

Accounting Policy:

The revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

	2022	2021
	\$'000	\$'000
Balance at 1 July	1,609	1,609
Revaluation Increment	160	-
Balance at 30 June	1,769	1,609

Refer to Note 4.3 Property, Plant and Equipment and Depreciation Expense.

QUEENSLAND RACING INTEGRITY COMMISSION
Notes to the Financial Statements for the year ended 30 June 2022

7. Other Financial Statement Disclosures

7.1 Contingencies

Litigation in progress

As at 30 June 2022, there were 61 cases (2021: 61 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 or recovered, if any, in respect of the litigation at this time.

QGIF insurance compensation claims

As at 30 June 2022, the quantifiable losses from the 2022 flooding event for potential recovery through QGIF is estimated at \$484,323. An additional claim for compensation for an unrelated loss of a GCMS instrument with an estimated replacement cost of \$228,754, was also registered with QGIF at balance date.

Contingent assets are disclosed when settlement is probable but not virtually certain. There is uncertainty over the timing and value of the loss replacements and the QGIF settlement amounts. Therefore, as at reporting date, it is not possible to make an estimate of any probable outcomes of these claims. Refer to Note 2.2 Other Revenue and Note 3.4 Other Expenses.

7.2 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 payroll 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.

(a) Categorisation of Financial Instruments

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

Category	Note	2022 \$'000	2021 \$'000
Financial Assets			
Cash and cash equivalents	4.1	6,513	5,432
Contractual receivables at amortised cost	4.2	813	379
Total Financial Assets		7,326	5,811
Financial Liabilities			
Contractual payables at amortised cost	5.1	1,086	1,443
Total Financial Liabilities		1,086	1,443

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

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

7.2 Financial Instruments (cont'd)

(c) 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.

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.	<p>The Commission is exposed to credit risk in respect of its Agency Receivables.</p> <p>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.</p> <p>Refer to Note 7.5 (b) Agency Receivables for credit risk disclosures.</p>	Ageing analysis	<p>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.</p> <p>Exposure to credit risk is monitored on an on-going basis.</p>
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	<p>The Commission manages exposure to liquidity risk by ensuring sufficient funds are available to always meet employee and supplier obligations.</p> <p>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.</p>
Market Risk	<p>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.</p> <p><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.</p>	<p>The Commission does not trade in foreign currency and is not materially exposed to commodity price changes or other markets.</p> <p>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.</p>	Interest rate sensitivity analysis	<p>The Commission does not undertake any hedging in relation to interest rate risk.</p> <p>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.</p>

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

7.3 Commitments for Expenditure

Commitments for expenditure at reporting date (inclusive of non-recoverable GST input tax credits) are payable as follows:

	Capital Expenditure		Other Expenditure		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Not later than 1 year	311	699	1,513	1,411	1,824	2,110
Later than 1 year but not later than 5 years	-	-	1,251	1,293	1,251	1,293
	311	699	2,764	2,704	3,075	3,403

7.4 Related Party Transactions

Transactions with people/entities related to KMP

The Commission obtained related party declarations for each member of the executive leadership team for the period 1 July 2021 to 30 June 2022 reported under note 3.1 (b) KMP Disclosures.

No KMP related party transactions were identified from the declaration completed or reviews performed.

Transactions with other Queensland Government-controlled entities

The Commission's primary sources of funding from Government for its services are 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 also has material transactions with other Queensland Government agencies for normal-day-to-day business services under standard terms and conditions; memorandums of understanding (MOU's) or service level agreements (SLA's). These include:

- Free of charge services from the Queensland Police Service for police staff seconded to the Commission. Refer to Note 2.1 Grants and Other Contributions and Note 3.4 Other Expenses.
- 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 service level agreements that is negotiated annually. See corporate service provider expenditure under Note 3.2 Supplies and Services.
- Department of Energy and Public Works for property tenancy and maintenance and fleet management services
- Queensland Treasury Corporation for investment services

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

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 included in the Commission's Service Delivery Statements (SDS).

7.5 (a) User Charges and Fees Collected

Accounting Policy:

Licensing and registration fees are 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 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.

		2022	2022	2022	2021
	Note	Actual	Original Budget	Budget Variance*	Actual
		\$'000	\$'000	\$'000	\$'000
User charges and fee revenue					
Licence and registration fees		1,222	1,085	137	1,170
Fines and penalties		440	393	47	514
Sale of goods and services		46	75	(29)	58
Impairment reversals		-	-	-	27
Total Revenue	8.1	1,708	1,553	155	1,769
Less: Expenses					
Bad Debts written off		-	5	(5)	2
Impairment losses		3	30	(27)	-
Administrative expenses		1	-	1	1
Payments to Consolidated Revenue		1,704	1,518	186	1,766
Total Expenses		1,708	1,553	155	1,769

*An explanation of major variances is included at Note 8.1

QUEENSLAND RACING INTEGRITY COMMISSION
Notes to the Financial Statements for the year ended 30 June 2022

7.5 Agency Transactions (cont'd)

7.5 (b) Agency Receivables

Accounting Policy:

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 loss allowance for debtors reflects the lifetime expected credit losses and incorporates reasonable and forward-looking information like economic charges and relevant industry data. Where there is no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off. This occurs when the debts are greater than 90 days overdue and the Commission has ceased enforcement activity.

Note	2022	2022	2022	2021
	Actual	Original Budget	Budget Variance*	Actual
	\$'000	\$'000	\$'000	\$'000
Fines and penalties receivable	219	210	9	222
Other user charges receivables	6	20	(14)	47
	225	230	(5)	269
Less: Loss Allowance	(77)	(160)	83	(74)
Total	148	70	78	195

Disclosure:

Credit Risk Exposure of Receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of agency receivables. The Commission considers debts that are over 30 days past due to have a significantly increased credit risk. Refer to Financial Instruments Note 7.2(c) 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 5 years preceding 30 June 2022, and loss rates are calculated separately for groupings of customers with similar payment history patterns considering their current licence status.

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.

	2022		2021	
	Gross Receivables	Expected Credit Losses	Gross Receivables	Expected Credit Losses
	\$'000	\$'000	\$'000	\$'000
Ageing				
Current	90	23	116	16
1 to 30 days overdue	19	3	26	3
31 to 60 days overdue	29	4	12	3
61 to 90 days overdue	5	1	14	5
Greater than 90 days overdue	82	46	101	47
Total	225	77	269	74

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

7.5 (c) 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.

	2022	2022	2022	2021
	Actual	Original Budget	Budget Variance*	Actual
	\$'000	\$'000	\$'000	\$'000
			2022	2021
			\$'000	\$'000
Opening Balance 1 July	95	-	95	29
Payments to Consolidated Revenue	1,704	1,518	186	1,766
Add/Less: Movement in accounts receivable	47	88	(41)	(66)
Cash owing at 30 June	1,846	1,606	240	1,729
Cash payments during the year				
DAF administered account	1,669	1,448	221	1,634
	1,669	1,448	221	1,634
Total (payable)/receivable¹	(177)	(158)	(19)	(95)

¹Refer to Note 5.1 Payables

7.6 Events Occurring after the Balance Date

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

7.7 Significant Financial Impacts – COVID-19 Pandemic

The Commission did not have any significant financial impacts from the COVID-19 pandemic during the reporting period.

8. Budgetary Reporting Disclosures

The Commission's explanation of major budget variances between the actual 2021-22 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 - \$0.574 million:

The actual amount is higher than budgeted due to additional funding supplementation for enterprise bargaining (EB) increases.

Employee Expenses - \$0.395 million:

The actual amount is lower than budgeted due to staff vacancies during the financial year but offset by EB increases.

Supplies and Services Expenses - \$0.476 million:

The actual amount higher than budgeted largely driven by higher use of temp agency contractors to backfill staff vacancies.

Depreciation and amortisation - \$0.238 million:

The actual amount is lower than budgeted primarily due to the timing or deferral of asset acquisitions as a consequence of procurement and/or delivery delays.

QUEENSLAND RACING INTEGRITY COMMISSION

Notes to the Financial Statements for the year ended 30 June 2022

8. Budgetary Reporting Disclosures (cont'd)

8.2 Explanation of Major Variances – Statement of Financial Position

<u>Cash and Cash Equivalents – \$1.631 million:</u>	The higher than budgeted cash at bank is reflective of lower than budgeted capital acquisitions.
<u>Property, Plant and Equipment – \$1.013 million:</u>	The decrease in the value of property, plant and equipment is largely driven by lower than budgeted laboratory equipment purchases as a consequence of procurement and/or delivery delays.
<u>Intangible Assets – \$0.643 million:</u>	The decrease in the value of intangible assets is primarily due to capital expenditure deferrals for RandLE and the Laboratory Information Management System (LIMS) to the 2022-23 financial year.
<u>Right-of-use Assets – \$0.763 million:</u>	The increase in the value of right-of-use assets is largely driven by the renewal of leased premises for our GAP Southeast Queensland (SEQ) facility in Churchable.
<u>Accrued employee benefits – \$0.416 million:</u>	The lower than budgeted value in accrued employee benefits is primarily due to lower actual salaries and wages owing at year end due to staff vacancies offset by higher use of temp agency staff.
<u>Non-current Liabilities – \$0.866 million:</u>	The increase in the value of non-current liabilities reflects the renewal of lease arrangements for our GAP Churchable facility. Also contributing in an increase, the provision for make good for our leased office premises due to higher cost estimates as a result of inflation.

8.3 Explanation of Major Variances – Statement of Cash Flows

<u>Employee Expenses – \$0.548 million:</u>	Cash outflows for employee expenses were lower than budgeted due to same factors outlined in the major variance explanation of employee expenses for the statement of comprehensive income.
<u>Supplies and Services – \$1.101 million:</u>	The increase in cash outflows for supplies and services largely represents higher use of temp agency contractors and higher creditor payments at year end.
<u>Payments for PPE and Intangibles – \$1.360 million:</u>	The decrease in cash outflows for PPE and intangibles are due to same factors outlined in the major variance explanation for these items in statement of financial position.

8.4 Explanation of Major Variances – Agency Transactions

<u>User Charges and Fee Revenue – \$0.155 million:</u>	The increase in revenue is primarily due to a higher number of animal registrations processed during the financial year.
<u>Accounts Receivable – \$0.078 million:</u>	The actual amount is higher than budgeted primarily due to lower estimated loss write-offs

Appendix 1


Management certificate for the Queensland Racing Integrity Commission

QUEENSLAND RACING INTEGRITY COMMISSION Management Certificate for the year ended 30 June 2022

These general-purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 39 of the *Financial and Performance Management Standard 2019* 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 2022 and of the financial position of the entity at the end of that period; and

We acknowledge responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* 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.



Shane Gillard
Racing Integrity Commissioner



Vicky Luo
Acting General Manager, Corporate Services

Date: 15 August 2022

Date: 15 August 2022



Radhika Munien (CPA)
Finance Manager

Date: 15 August 2022

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 2022, 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 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2022, 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 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 Auditing Standards*.

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

Responsibilities of the entity for the financial report

The Racing Integrity Commissioner is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the Acting 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.

Appendix 2 Independent Auditor's Report (*continued*)



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. This is not done for the purpose of expressing an opinion on the effectiveness of the internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention to 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.

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

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

Appendix 2
Independent Auditor's Report (*continued*)



Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.

A handwritten signature in black ink, appearing to read "C. Dougherty".

Carolyn Dougherty
as delegate of the Auditor-General

16 August 2022

Queensland Audit Office
Brisbane

Appendix 3

Glossary

Term	Definition
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> .
DAF	Department of Agriculture and Fisheries.
Financial Statements	Collective description of the income statement, the balance sheet and the cash flow statement for an entity's controlled and administered activities.
FTE	Full-time equivalent.
Greyhound Adoption Program (GAP)	Animal welfare program run by the QRIC to assess and, where suitable, rehome retired racing greyhounds.
Intelligence	Information collection, analysis and dissemination processes that support informed decision-making to improve organisational planning and prioritised deployment of resources.
Internal Review	The review of an original decision, conducted by an independent Commission adjudicator, with a view to either confirming, amending or substituting that original decision. Triggered by a formal application to the Commission.
MacSporran Report	Queensland Greyhound Racing Industry Commission of Inquiry. Independent inquiry established in April 2015, under the <i>Commissions of Inquiry Act 1950</i> , 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.
Martin Inquiry	Independent inquiry into animal cruelty in the management of retired Thoroughbred and Standardbred horses in Queensland which was conducted from October 2019 to January 2020.
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.
Original decision	Any decision defined under Section 240 of the <i>Racing Integrity Act 2016</i> .
QAO	Queensland Audit Office.
Queensland Racing Integrity Commission (the Commission/ the QRIC)	The Queensland Racing Integrity Commission.

Appendix 3 Glossary (*continued*)

Term	Definition
Queensland Civil and Administrative Tribunal (QCAT)	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.
Queensland Racing Crime Squad (QRCS)	The Queensland Police Service's Racing Crime Squad investigates matters of serious animal cruelty; major and organised crime, including match fixing; fraud and other statutory offences relating to the three codes of racing in Queensland.
<i>Racing Integrity Act 2016</i>	Primary Queensland legislation that established the Queensland Racing Integrity Commission and governs its core business.
RandLE	Registration and Licensing Environment.
Report Something	The Commission'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.
RSC	Racing Science Centre.
RSPCA	Royal Society for the Prevention of Cruelty to Animals.
Rules of Racing	The collection of national and local rules that govern racing activity across the three codes in Queensland.
Steward	A person appointed by the Commission to enforce the Rules of Racing. They can either be a race day steward (employed under the <i>Racing Integrity Act 2016</i>) or an investigative steward (employed under the <i>Public Service Act 2008</i>).

Appendix 4 Compliance checklist

Summary of requirement	Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	ARRs – section 7 Page 3
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 9.1 Page 1 Page 67
	<ul style="list-style-type: none"> Public availability 	ARRs – section 9.2 Page 2
	<ul style="list-style-type: none"> Interpreter service statement 	Queensland Government Language Services Policy ARRs – section 9.3 Page 2
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 9.4 Page 2
	<ul style="list-style-type: none"> Information licensing 	QGEA – Information Licensing ARRs – section 9.5 Page 2
General information	<ul style="list-style-type: none"> Introductory information 	ARRs – section 10 Page 4
Non-financial performance	<ul style="list-style-type: none"> Government’s objectives for the community and whole-of-government plans/specific initiatives 	ARRs – section 11.1 Page 10
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.2 Page 11
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 11.3 Page 13
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1 Page 14
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1 Page 19
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2 Page 19
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 13.3 Not applicable
	<ul style="list-style-type: none"> Public Sector Ethics 	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4 Page 20
	<ul style="list-style-type: none"> Human Rights 	<i>Human Rights Act 2019</i> ARRs – section 13.5 Page 20
	<ul style="list-style-type: none"> Queensland public service values 	ARRs – section 13.6 Not applicable

Summary of requirement	Basis for requirement	Annual report reference	
Governance – risk management and accountability	• Risk management	ARRs – section 14.1	Page 21
	• Audit committee	ARRs – section 14.2	Page 21
	• Internal audit	ARRs – section 14.3	Page 21
	• External scrutiny	ARRs – section 14.4	Page 22
	• Information systems and record keeping	ARRs – section 14.5	Page 22
	• Information Security attestation	ARRs – section 14.6	Not applicable
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1	Page 24
	• Early retirement, redundancy and retrenchment	<i>Directive No.04/18 Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	Page 25
Open Data	• Statement advising publication of information	ARRs – section 16	Page 25
	• Consultancies	ARRs – section 31.1	https://data.qld.gov.au
	• Overseas travel	ARRs – section 31.2	https://data.qld.gov.au
	• Queensland Language Services Policy	ARRs – section 31.3	https://data.qld.gov.au
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	Page 63
	• Independent auditor’s report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Page 64

FAA – *Financial Accountability Act 2009*

FPMS – *Financial and Performance Management Standard 2019*

ARRs – Annual report requirements for Queensland Government agencies



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