QUEENSLAND GOVERNMENT

1 June 2015

The Honourable Annastacia Palaszczuk MP
Premier and Minister for the Arts
PO Box 15185
CITY EAST QLD 4002

Dear Premier

In accordance with Commissions of Inquiry Order (No 2) 2015, I present the report of the Queensland Greyhound Racing Industry Commission of Inquiry.

Yours sincerely

Mr Alan MacSporran QC
Commissioner
Queensland Greyhound Racing Industry Commission of Inquiry

QUEENSLAND GREYHOUND RACING INDUSTRY COMMISSION OF INQUIRY

Final Report

Alan MacSporran QC

1 June 2015

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Queensland Greyhound Racing Industry Commission of Inquiry
www.greyhoundreview.qld.gov.au

FOREWORD

1. On 16 February 2015, the ABC's Four Corners program aired footage of greyhound trainers using live animals, such as piglets, rabbits and possums for baiting greyhounds (a practice known as 'live baiting'). The footage raised claims of alleged widespread cheating and illegal practices in the greyhound racing industry across Queensland, Victoria and New South Wales.

2. On 2 March 2015 the Minister for Sport and Racing initiated a three-month System Review into the regulation of the Queensland Greyhound Racing Industry (Systems Review).

3. On 9 April 2015 the Governor in Council made an order approving the establishment of a Commission of Inquiry under the *Commissions of Inquiry Act 1950* with identical terms of reference as the Systems Review.

4. In accordance with Commissions of Inquiry Order (No. 2) 2015, this report is provided to the Honourable the Premier of Queensland.

5. It is important to note at the outset that the Commission had the powers available under the *Commissions of Inquiry Act 1950 (Qld)*. Consequently, the Commission had the power to hold hearings and compel the attendance of witnesses, to take evidence on oath and to have the evidence tested by cross-examination. The power to hold such hearings was only used on two occasions when an important issue needed to be resolved.

6. Otherwise, the Commission's task was achieved by requiring documentation to be produced, assessing that material, interviewing stakeholders and receiving and evaluating submissions made in relation to various identified areas of interest within the Terms of Reference.

7. The Commission's work is to be distinguished from the work of the Queensland Police Service (QPS) Taskforce headed by Detective Superintendent Ainsworth, which was established in February 2015, immediately following the airing of the Four Corners program. The Taskforce has the express purpose of investigating the issue of live baiting and other matters within the industry and is responsible for laying charges where appropriate. A number of individuals have now been charged and placed before the Court and the work of the Taskforce is ongoing. The role of this Taskforce is quite separate and distinct from the purposes of this Inquiry, which in large measure deals with the broader issue of integrity systems within the industry.

8. Those individuals who have been charged and placed before the Court are entitled to a fair trial and the presumption of innocence. Nothing said in this report should be interpreted as a finding or comment in respect of their guilt or innocence of

those charges. Those are matters which will appropriately be determined by the Courts in due course.

9. Prior to the completion of this final report, notices of potential adverse findings were given to Racing Queensland (RQ) and to the Office of Racing (OoR) and an opportunity was provided to make full submissions as to why such findings or comments should not be made. Those responses have been considered and where appropriate, reference has been made to them in the body of this report.

10. Where any material on the Commission website makes reference to an allegation against an individual or organisation and the Commission has not directly or impliedly dealt with that matter in this report, it should not be assumed that the allegation is true or that the individual or organisation has no answer to the substance of the allegation. Those matters are published for the purposes of transparency but they are not in those circumstances evidence of the truth of the allegation.

11. Since 2 March 2015, the Commission has been established with dedicated legal, business analysis and administrative support resources. The Commission team was specifically designed to ensure that proper governance and work processes were in place to ensure this final report was delivered within the timeline expected by the Queensland Government.

12. The Commissioner is indebted to the staff and the consultants listed in Appendix E, all of whom were focussed and committed to the task of assisting with this report. Without their dedication and work ethic the Commission would not have been able to complete this report in the required timeframe. The Commissioner sincerely thanks all of them for their efforts.

13. The Commission consisted of five phases. Phase One – Establishment, Phase Two – Exploration, Phase Three – Examination, Phase Four – Construct and Test and Phase Five – Recommend and Report.

EXECUTIVE SUMMARY

14. Public confidence may have been dealt an almost terminal blow by the exposure of what is likely to have been a widespread practice of live baiting in the greyhound racing industry.

15. To put it simply, if those in the industry have participated in the archaic and barbaric practice of live baiting they have let the entire industry down and have treated the public with disdain.

16. Although the general tenor of the information provided to me contains little by way of evidence that the practice of live baiting is widespread in the industry, it would be naïve in the extreme, to conclude that the practice is not widespread.

17. That it was allowed to happen at all in this day and age is a sad reflection on the state of the greyhound racing industry and those who participate in it whether for pleasure or profit.

18. The practice of live baiting could not be engaged in without the acquiescence of many, who although not directly involved, chose to ignore the cruelty and turned a blind eye. This must have encouraged those directly involved that they could continue with impunity.

19. This culture must change if public confidence is to be restored.

20. Industry participants must be seen to have proper regard for integrity and animal welfare issues. They must be seen to be proactively encouraging compliance and exposing those within the industry who engage in unlawful activity.

21. The Commission is satisfied that the system of self-regulation under the current model has failed to ensure integrity in the industry and failed to safeguard animal welfare.

22. RQ failed in these important obligations because it did not operate a system which adequately assessed risk and it failed to plan an overall strategy to deal with the risk to integrity and animal welfare across all three codes of racing.

23. RQs ability to meet its obligations was compromised by the conflict of interest inherent in having oversight and control of the commercial and integrity aspects of the business.

24. In the Commission's view the current operational model is flawed and the Commission recommends an alternative model where the commercial and integrity aspects of the industry are completely separated. This model is designed to allow the control body to concentrate on the business of racing and maximise its prospects of commercial success whilst the new Queensland Racing Integrity Commission (QRIC) is entirely focussed on ensuring integrity within the industry with the aim of restoring public confidence.

25. The new model also provides for the prioritisation of animal welfare issues with input from experts in relation to policy matters.

26. The model seeks to capitalise on the good work of the current QPS taskforce by continuing to make available to the QRIC its valuable investigative, intelligence and surveillance capabilities.

27. The Commission is generally satisfied that the powers available in the animal welfare legislation and the Greyhounds Australasia Rules (GAR) and Local Rules of Racing (Greyhound Racing), (LR) are adequate to allow for the appropriate investigation and prosecution of offences. Education as to the extent of the powers and the appropriate methods for their exercise together with training in investigative techniques is likely to remedy any perceived confusion as to the role to be played and or capacity in that role.

28. The success of the proposed model will depend very largely on the calibre of the personnel recruited to staff it and upon the adequacy of the funding to properly resource its important work. With this in mind, the model is designed to draw upon existing resources where possible and where practicable.

29. A number of other animal welfare issues have been exposed during the course of the Inquiry. These include, overbreeding which has in turn focused attention on the related issue of wastage within the industry.

30. Although it is apparent that recent public attention has been directed towards the issue of live baiting, the demonstrated lack of public confidence in the greyhound racing industry is reinforced by these additional animal welfare considerations.

31. These issues are addressed later in this report.

32. Because the Four Corners program was broadcast nationally and exposed issues relating to the greyhound racing industries in Queensland, New South Wales and Victoria, there has also been a government response in New South Wales and Victoria.

33. In New South Wales, a Special Commission of Inquiry has been established and in Victoria, the Racing Integrity Commissioner has conducted an Inquiry into live baiting practices and an interim report was delivered on 11 March 2015. The final report, which it is proposed will be made public, is now due for release.

34. The New South Wales Special Commission of Inquiry will formally open on 10 June 2015 and is expected to report on 30 September 2015.

35. It would be advantageous to monitor the progress of these Inquiries because greyhound racing is a national industry and regulation in particular needs to take account of trends and activity interstate to remain effective.

RECOMMENDATIONS

36. One of the Commission's most important tasks is to make recommendations that are targeted at restoring public confidence in the Queensland greyhound racing industry. The public expects integrity oversight of the industry to be a pre-condition for legitimacy of the racing industry's activities generally and for public confidence in the greyhound racing industry in particular and in this context the Commission makes the following recommendations.

INSTITUTIONAL AND FUNCTIONAL MODEL FOR INTEGRITY MANAGEMENT OF THE QUEENSLAND RACING INDUSTRY

Recommendation 1

37. The Commission recommends a new statutory authority be created which is dedicated to ensuring the integrity of the Queensland racing industry.

38. The Commission recommends the new authority be created as soon as possible and be created in parallel with a review of the *Racing Act 2002* (Qld) (*Racing Act*).

39. The Commission recommends consideration be given to the head of power for the new entity to be established in a new Act which will provide for the naming of the entity; commencement; application of other Acts; purpose and objectives; functions of the entity; appointment of a full-time Racing Integrity Commissioner (RIC) and other staff; accountabilities of the RIC; reporting requirements; financial arrangements; operational issues; delegations and forms; miscellaneous administrative matters and consequential amendments to other Acts.

40. The Commission recommends the new statutory authority be the QRIC and be headed by the statutory position of RIC.

41. The RIC must be a full-time position.

42. The QRIC should represent the State and the RIC is to report directly to the Minister responsible for administering the *Racing Act*.

43. The QRIC should be distinct from the control body and not form part of the Department.

44. The control body should focus on the commercial operations of the industry.

45. The QRIC is recommended to comprise the resources of the following existing entities:

(a) The OoR from the Department;
(b) The Stewarding & Integrity Operations Division from RQ;
(c) The functions of Grading and Handicapping in the Racing Operations Division from RQ;
(d) Rotating officers (a total of four) on secondment from the QPS on staggered 1 – 2 year terms;
(e) A reasonable proportion of corporate support function personnel and funding from RQ.

OPERATIONAL MODEL FOR THE COMMERCIAL BUSINESS OF THE RACING INDUSTRY

Recommendation 2

46. The Commission recommends that an all codes board be established as the control body for all three codes of racing (Thoroughbred, Harness and Greyhound).

47. The board should consist of seven (7) members, all of whom are to be appointed by the Governor in Council.

48. Four (4) of the members are to be entirely independent of the racing industry during the period of board membership and to have had no relevant connection to the racing industry (ownership of horses or greyhounds or membership of a race club or organisation) for a period of at least two (2) years prior to appointment.

49. The four members should collectively possess qualifications and experience in the field of accounting, law, business, commercial and marketing development. The Chair and Deputy Chair should be appointed from these four members.

50. The remaining three (3) members should have relevant experience in the industry and be drawn, one each, from each of the codes of racing.

51. The individual code boards established under section 9BO of the *Racing Act* should be abolished.

THE DETECTING, ASSESSING, MITIGATING AND PROSECUTION OF ALL BREACHES OF THE RACING ACT OR ANY OTHER RELEVANT ACT.

Recommendation 3

52. The Commission recommends that when the review of the *Racing Act* is carried out, there be a similar review of the *Animal Care and Protection Act 2002* (Qld) (*ACPA*) and *Criminal Code* (Qld) with a view to:-

(i) Eliminating duplication of the offence creating provisions in each piece of legislation;

(ii) Coordinating and rationalising the powers and designated roles of inspectors (under the *ACPA*), police officers, integrity officers and stewards (under the *Racing Act* and the proposed new QRIC structure) to enter premises, search for, seize and deal with evidence of the commission of offences and breaches of the rules of racing and commence prosecutions; and

(iii) Making provision for the reporting of instances of breaches of the *ACPA*, *Criminal Code*, the *Racing Act* and the rules of racing, between agencies pursuant to a protocol established by Memoranda of Understanding entered into by the RSPCA, Biosecurity Queensland, the QPS and the QRIC.

THE TRACKING OF GREYHOUNDS FROM BIRTH TO LEAVING THE RACING INDUSTRY

Recommendation 4

53. The Commission recommends that a review be carried out of the adequacy of the current rules of racing (GAR and LR) to ascertain whether the rules enable individual greyhounds to be traced at all times during their lifecycle. It is recommended that there be a requirement that each pup be registered as soon as ear branding and micro chipping is possible so that the greyhound is fully traceable from this time.

Recommendation 5

54. The Commission recommends that there be a requirement that the QRIC maintain a database of information such as Ozchase, available to the public upon request and payment of a reasonable fee, to enable the identification of a particular greyhound from the time it is registered, as contemplated in Recommendation 4 above, until it leaves the industry or is deceased whether or not it ever races.

Recommendation 6

55. The Commission recommends that such a database include details of injuries suffered by greyhounds during the course of racing. If a dog is then euthanased, even if this occurs after race day, that fact be recorded as well. This data should also be available to the public upon request.

Recommendation 7

56. The Commission recommends that forms for the reporting of the greyhound's whereabouts and status (whelping, ear branding, micro chipping, registration, transfer of ownership, relocation, retirement, re homing and death) should be redesigned to permit any of these occurrences to be reported on the one

standardised form. The form should make it plain that sufficient information is required to enable the dog and/or person responsible for it to be located.

OVERBREEDING OF GREYHOUNDS AND THE ISSUE OF WASTAGE

Recommendation 8

57. The Commission recommends that the breeding incentive program, QGreys, be discontinued and that the money currently funding that program be redirected to the Greyhound Adoption Program (GAP) or similar animal welfare initiative.

Recommendation 9

58. The Commission recommends that the *Racing Act* and or the rules of racing be amended to provide for the welfare of greyhounds in the possession of an owner/trainer who has been disqualified from holding a licence because of misconduct.

59. Whilst it is currently possible to transfer ownership of a greyhound to another person approved by the control body, there is no provision preventing the disqualified person from simply disposing of the animal, as long as it is done humanely.

60. The rules should be amended to provide for the owner in the first instance to be required to be responsible for the cost of the care of the dog until suitable arrangements can be made for its ongoing welfare including by way of re-homing. Where the owner defaults in this obligation, the cost should be borne by the industry from a fund established for such purposes.

Recommendation 10

61. The Commission recommends that when a greyhound pup is registered as contemplated by Recommendation 4 above, the required registration fee should include a component for the future welfare of the dog. It is clearly unacceptable to breed dogs for racing and not take responsibility for the welfare of all dogs which are bred, irrespective of their racing ability.

62. The quantum of this fee should be assessed to be an amount which is significant enough to reinforce the importance of animal welfare within the industry.

63. The fee would attach to each greyhound during its involvement in the industry and there would need to be administrative arrangements developed to provide for the transfer of the fee whenever ownership changed. The fee would in part be

refundable to the last licensee responsible for the fee upon the QRIC being satisfied that appropriate arrangements had been made for the welfare of the dog.

64. The data reflecting these circumstances should also be maintained and retained by the QRIC in an official database such as OzChase. The data should also be available to the public upon request and the payment of a reasonable fee.

Recommendation 11

65. The Commission recommends that materials placed on the control body website (which currently include information concerning breeding practices) be enlarged to include information relating to the socialisation of greyhound pups. In addition, it is recommended that applicants for a breeder's licence or the renewal of such a licence be required to complete a written assessment demonstrating their knowledge and understanding of these materials.

Recommendation 12

66. The Commission recommends that a further, lower class of racing be made available for greyhounds which for a variety of reasons may not be competitive and thus forced into retirement from the industry. Such a proposal would require a set of grading rules to ensure the fairness of such a class of racing. This initiative, if successful would extend the racing career of many greyhounds and ease the burden of numbers that need rehoming.

LICENSING

Recommendation 13

67. The Commission recommends that the rules of racing be amended to make it a requirement that licensed persons proposing to break in, pre-train, train or trial greyhounds submit a statutory declaration nominating the location, date and time such an activity occurred, and setting out the method employed.

68. The owner should also be required to countersign the declaration verifying the information. The rules should provide for an offence of giving false or misleading information or of having failed to provide any or all of the required information.

Recommendation 14

69. The Commission recommends that the rules of racing be amended to provide for a requirement that all licensees maintain an official log book containing full details of all notifiable activities in which they may be engaged.

70. This should include, notification of the bitch being serviced, whelping including any veterinary treatment provided, ear branding, micro chipping and consequent registration of the litter and each pup, transfer of ownership, disposal (by whatever means), breaking in, pre-training, training, trialling, nomination for each racing activity and the results of such, injuries and treatments proffered, retirement and the details of what happened to the dog, rehoming and death. The details should also identify all persons involved in these activities.

71. The log books should be required to be maintained contemporaneously with each entry signed and dated, be retained for a period of five years and be available for production upon request by an investigator.

72. The rules should provide that it is an offence to fail to maintain or produce the log book or to fail to have an up to date log book.

73. There should be a regular regime of inspection of log books carried out in conjunction with inspection of licensee's facilities.

TRAINING TRACKS

Recommendation 15

74. The Commission recommends that the rules of racing be reviewed to ensure that any activity of breaking in, pre-training, training or trialling is only permitted at registered tracks and in the presence of a person registered as the operator of the track or a person duly authorised by that person to supervise the activity.

TERMS OF REFERENCE

75. Given the serious nature of these allegations, the Commission was established to evaluate the current legislation and regulations, compliance systems and processes of the Queensland greyhound racing industry.

76. The Commission conducted this Inquiry in five steps across the following three principal terms of reference, which are, to assess: -

    (a) the effectiveness of the current regulatory framework of the Queensland greyhound racing industry in detecting, assessing, mitigating and prosecuting all breaches of the *Racing Act 2002*, or any other relevant act;

    (b) the regulatory arrangements for the protection of animal welfare of racing dogs and other animals, including the extent of live-baiting practices in Queensland; and

    (c) the suitability of the current regime of monitoring, regulation and integrity, including of statutory (including licensed clubs) and departmental bodies, in the management and oversight of the industry meeting all racing and legal obligations.

77. The following approach identifies the purpose, activities and outputs of each stage of the Inquiry:

78. **PHASE 1 – ESTABLISH**. The purpose of this phase was to mobilise the team and to confirm the objectives, devise the scope and prepare the plan. The activities completed during this phase included establishment of the Secretariat and supporting team, establishment of the website, finalisation of the Terms of Reference, collection of research and information, identification and engagement with key stakeholders and the conceptualisation of key hypotheses.

79. **PHASE 2 – EXPLORE**. The purpose of this phase was to agree on the hypotheses and commence research. The key activities were to customise a framework for integrity management, collect existing research and data from stakeholders, synthesise leading practices for each work stream, conduct structured interviews with agreed stakeholders, review existing documents and external research and confirm a framework to complete a diagnosis of the current system.

80. **PHASE 3 – EXAMINE**. The purpose of this phase was to analyse the data and information provided by the entities subject to this review as well as the public submissions received and to synthesise insights. The key activities were to confirm the design principles for an effective integrity management system, analyse the data and public submissions, distil and synthesise examination insights, prepare material for examination, determine and refine diagnosis and identify key challenges.

81. **PHASE 4 – CONSTRUCT AND TEST**. The purpose of this phase was to identify options and test them with key stakeholders. The key activities were to confirm the design principles for the proposed system, document the proposed option and complete key stakeholder engagement on the proposed option.

82. **PHASE 5 – RECOMMEND AND REPORT**. The purpose of this phase was to consolidate and refine recommendations following the targeted stakeholder engagement. The activities were to consolidate the insights and feedback from the targeted stakeholder engagement into the final report and finalise recommendations.

ASSESSMENT FRAMEWORK

83. As a result of the broad nature of the Terms of Reference and through the progress of the exploration phase of the Inquiry including an examination of the submissions received, a number of issues have been identified as relevant and these are comprehensively addressed in this report. The identified issues include:

(a) Live Baiting

(b) Breeding of Greyhounds including breeding incentive schemes, the tracking of greyhounds during their life, their retirement from racing, the adoption or rehoming of retired greyhounds, racing injuries and the euthanasing of greyhounds.

(c) Socialisation of greyhound puppies.

(d) Licensing and registration processes.

(e) Adequacy of the present governance and regulation of the Queensland greyhound racing industry including the institutional and structural model for integrity regulatory operations in the racing industry, in particular the interrelationship between the RQ statutory body model, the OoR, the RIC and the Racing Animal Welfare and Integrity Board (RAWIB).

CONDUCT OF THE REVIEW

TIMEFRAME

84. The Governor in Council resolved on 9 April 2015 that the Commission provide its final report to the Honourable the Premier of Queensland on 1 June 2015.

SUBMISSIONS

85. Public submissions were invited by advertising in the Rockhampton Bulletin, Courier Mail, Bundaberg News, Cairns Post, Queensland Times and The Australian newspapers on 18 March 2015.

86. A number of key stakeholders were invited to make a submission.

87. The closing date for submissions was Monday 30 March 2015. However, the Commission continued to accept public submissions after this date.

88. In total 342 submissions were received. The Commission has decided that it is not necessary for the purposes of this report to publish other than a sample of the submissions. Many of those who made submissions named individuals whom they suspected of being engaged in wrongdoing. The Commission accepts that these submissions were made in good faith but in the absence of evidence of wrongdoing, the Commission had no ability to further investigate these suspicions.

89. In these circumstances, where practicable, names were redacted from the submissions in fairness to those named who had no opportunity to reply to the allegations. Where the information could not be redacted without rendering the submission unintelligible, the submission has not been published on the website but will of course be available to any investigator in the future.

90. The timeframe in which the Commission was required to report has meant that it was not possible to investigate every allegation made in the submissions. The approach which was adopted therefore was to attempt to identify failures in the system of regulation within the industry and look to evidence relevant to throwing light on the reasons why those failures may have occurred. Where the evidence appeared clear, it was deemed unnecessary to further explore similar supporting evidence articulated in other submissions.

91. In the event that the Commission's recommendation that the QRIC be established is accepted, then an integral part of its function will be to receive and investigate complaints of unlawful behaviour, past and present.

92. The majority of submissions thoughtfully speculate how the greyhound industry should be regulated, often suggesting governance frameworks, and making general recommendations for monitoring and enforcing animal cruelty offences.

93. The remainder of the submissions comment on the regulatory arrangements for protecting animal welfare, the suitability of the current regime, and the current regulatory arrangements for enforcement. Couched in very broad terms, some authors also suggest a number of changes to existing laws.

94. Many take the view that greyhound racing should be abolished, and oppose the allocation of state revenue to the industry, particularly toward the development of greyhound racing infrastructure. The percentage of authors who specifically address the social licence and public confidence concerns is relatively low however the Commission notes that the nature of most submissions infers a lack of public confidence in the greyhound racing industry.

95. Some authors allege that they have witnessed live baiting, over breeding, and inhumane euthanasia. However, most submissions provide good corroborative intelligence, but unfortunately little by the way of evidence.

96. There is anecdotal evidence that members of the public are reluctant to inform, and as such, very few members of the industry are implicated, and most submissions contain either hearsay, or general observations regarding facts already established.

STAKEHOLDER ENGAGEMENT

97. During the period 5 March to 29 May 2015 the Commission met with 78 people in Brisbane, Bundaberg, Mackay, Townsville, Cairns and Melbourne, all of whom were representatives of regulatory entities, animal welfare groups, licensed greyhound racing clubs or interested stakeholders who had directly approached the Commission to request a meeting. Those requests were always accommodated.

INQUIRY INFORMATION REQUESTS

98. The Commission received approximately 22,000 documents from RQ, the OoR, the RIC and the RAWIB.

99. The Commission issued 12 requirements for documents and information; 9 requirements for statements and examined two witnesses at hearings.

KEY INDUSTRY STATISTICS

100. Appendix C sets out the key statistics relating to the greyhound racing industry in Queensland and Australia.

101. General information about such things as the number of greyhound races held annually in each state or the net profit of the state racing authorities is easy to locate.

102. Inconsistencies, omissions and a lack of detail in the published data present some minor problems, but on the whole, this general information can be either found directly or calculated using data from several sources.

103. However, when it comes to the more controversial or negative aspects of the industry, such as the number of greyhounds euthanased each year or the number of greyhounds adopted (or not adopted) through the GAP, there is a distinct lack of comprehensive, accurate or verifiable published data. As a consequence, the Commission has had to do the best it can to construct a set of figures from a variety of sources, most of which it is impossible to rely upon with any degree of confidence.

TERM OF REFERENCE 1:- THE EFFECTIVESS OF THE REGULATORY FRAMEWORK IN DETECTING, ASSESSING, MITIGATING AND PROSECUTING ALL BREACHES OF THE RACING ACT 2002 OR ANY OTHER RELEVANT ACT

104. The *Racing Act* must be examined in the context of a suite of legislation directed at protecting the welfare of animals.

105. The *ACPA*, *Criminal Code* (Qld), *Land Protection (Pest and Stock Route Management) Act 2002* (Qld), *Animal Management (Cats and Dogs) Act 2008* (Qld), and various local government laws, each perform a function in the mitigation and prosecution of animal welfare offences.

106. Considered in this light, arguably the current regulatory framework is well placed to detect, assess, mitigate and prosecute all breaches of the *Racing Act* and other relevant legislation.

107. The prevalence of noncompliance is explained by ineffective role clarification and poor execution of strategy and prioritisation of resources.

108. Historically, jurisdictions have switched between separate and combined operational and regulatory governance. While empirical data suggests that separation of governance builds public confidence by breaking down perceptions, the same data also suggests that a strategic weakness is the failure to confer transparent and measurable obligations upon stakeholders. To this end, the resolution of both issues would improve the greyhound racing industry's strategic position.

REGULATORY FRAMEWORK FOR THE GREYHOUND CODE OF RACING IN QUEENSLAND

109. Queensland has a number of layers of governance each directed at preserving the integrity of the greyhound code of racing and the welfare of greyhounds.

110. RQ, the OoR, the RIC and the RAWIB each have powers and functions to detect, assess, and mitigate animal welfare and integrity issues.

111. If the qualitative assessment of their effectiveness is examined from the perspective that other government entities are also responsible for monitoring and enforcing animal welfare, then failure to collaborate and execute a holistic compliance strategy may be the reason integrity and animal welfare issues have not been adequately addressed to date.

112. The alternative argument is that each layer has failed to identify the strategic opportunity to install an effective qualitative system for checking and monitoring integrity and animal welfare.

113. These are issues that are addressed later in this report.

THE RACING ACT 2002 (QLD) AND RULES OF RACING

114. The *Racing Act* displaces much of the regulation and operational functions of the greyhound code of racing from government to industry.

115. The *Racing Act* creates multiple layers of governance over self-regulation.

QUEENSLAND ALL CODES RACING INDUSTRY BOARD

116. The *Racing Ac*t establishes RQ as the control body for the thoroughbred, harness, and greyhound codes of racing.[1]

117. RQ consists of 5 members, namely the chair of each of the control boards, and two other members appointed by the Governor in Council.[2] The Governor in Council may remove a member of RQ from office as member for any reason or none.[3]

118. The primary function of RQ is to manage the codes of racing in a way that is in the best interests of all three codes of racing, from a strategic and operational perspective.[4]

119. Each year RQ has an obligation to disclose its program to audit periodically the suitability of every licensed animal, club, participant and venue, and have a plan to manage its code of racing for the following year.[5]

120. RQ performs the operational and regulatory functions for each code of racing by making policies and rules of racing, giving directions to members, and imposing penalties and sanctions for non-compliance in relation to the conduct of licensed animals, clubs, participants, venues and racing events.[6]

121. For RQ, self-regulation begins with using policies as general guiding principles.

122. Following this, the rules of racing are used to regulate behaviours, enforce non-compliance and improper conduct.

123. The powers and functions conferred on RQ by the *Racing Act* enable it to ensure that strategic issues are identified and assessed, and responses are developed and implemented, providing an effective framework for overseeing greyhound racing.

[1] *Racing Act 2002* (Qld) ss 9AA, 9AB.
[2] *Racing Act 2002* (Qld) s 9AI.
[3] *Racing Act 2002* (Qld) s 9AK(2).
[4] *Racing Act 2002 (*Qld) ss 9AD, 9AF.
[5] *Racing Act 2002* (Qld) ss 39(1), 41(1).
[6] *Racing Act 2002* (Qld) s 78(2).

124. It is unclear how RQ splits its regulatory functions, however it seems that integrity, compliance, stewarding, registration and licensing are each contained within a separate division of RQ known as Stewarding and Integrity Operations. The Internal Audit function is contained within its own division and reports to the CEO as well as through the Chair of the Audit and Risk Committee. Responsibility for the animal welfare function now comes under the Training unit of RQ (as of April 2015) after previously being a part of the Racing Operations structure.

125. To this end, the frequency of checking and monitoring undertaken by RQ indicates that they have placed most of their finite resources into stewarding race events including swabbing, registration, and licensing.

126. The separation of the stewarding and integrity functions within the RQ organisational structure is reinforced by the requirement under the *Racing Act* that RQ have internal controls, including information systems, that separate the control body's commercial operations from its regulatory operations.[7]

127. In effect, the regulatory framework facilitates top down influence over the performance and conduct of each code of racing, including funding, resourcing and strategic direction, giving RQ the ability to manage compliance and integrity issues.

128. It does not appear to the Commission that the regulatory framework was a barrier to RQ's ability to mitigate animal welfare offences and integrity issues; rather it was their failure to scan the environment for risks, and respond with appropriate strategies.

THE CONTROL BOARD

129. The *Racing Act* establishes three control boards, namely the Queensland Thoroughbred Racing Board, the Queensland Harness Racing Board, and the Queensland Greyhound Racing Board (QGRB).[8]

130. The QGRB has three members appointed by the Governor in Council[9] including a chairperson and deputy chairperson, who each may be removed from office for any or no reason.[10]

131. The QGRB assist RQ to manage the operational aspects of the greyhound code of racing and to do anything that the control board is asked to do by RQ for the greyhound code of racing.[11]

[7] *Racing Act 2002* (Qld) s 37.
[8] *Racing Act 2002* (Qld) s 9BO.
[9] *Racing Act 2002* (Qld) s 9BT.
[10] *Racing Act 2002* (Qld) ss 9BX, 9BY(2).
[11] *Racing Act 2002* (Qld) s 9BQ(1).

132. The QGRB may only make recommendations to RQ about the allocation of dates for race meetings, allocation of prize money, and amendments to the rules of racing.[12]

133. The QGRB can also, with approval from RQ, develop, prepare and implement plans and strategies regarding the operational and commercial aspects of greyhound racing.[13]

134. The control boards, including the QGRB have no power to make decisions about their code of racing without the approval of RQ.

135. The Commission considers the governance arrangements set out in the *Racing Act* confusing and while it is clear that RQ has ultimate responsibility for controlling the three codes of racing, continuing to have the code boards might, over time, lead to diluted responsibility, where decision-making can be passed on and no-one held ultimately responsible.

136. The structure of the code boards is also an unnecessary expense in an industry which appears to have no shortage of participants who would be willing to provide industry input on how RQ can improve the strategic and operational aspects of each individual code of racing.

THE RACING INTEGRITY COMMISSIONER

137. The *Racing Act* establishes the RIC who is recommended by the Minister and appointed by the Governor in Council,[14] and who may be removed or suspended from office for any reason or none.[15]

138. The RIC conducts audits and investigates the integrity process for RQ and investigates complaints about them.[16]

THE RACING ANIMAL WELFARE AND INTEGRITY BOARD

139. The *Racing Act* establishes the RAWIB[17] consisting of at least three, but no more than four members appointed by the Minister, who must also appoint a chairperson.[18]

140. The RAWIB has the power to do all things necessary or convenient to be done for the performance of its functions[19] and is responsible for monitoring, advising and

[12] *Racing Act 2002* (Qld) ss 9BQ(2)(a), 9BQ(2)(b).
[13] *Racing Act 2002* (Qld) s 9BQ(2)(d).
[14] *Racing Act 2002* (Qld) s 113AL.
[15] *Racing Act 2002* (Qld) s 113AR.
[16] *Racing Act 2002* (Qld) s 113AN.
[17] *Racing Act 2002* (Qld) s 114.
[18] *Racing Act 2002* (Qld) s 116.
[19] *Racing Act 2002* (Qld) s 115(4).

making recommendations to the Chief Executive about RQ animal welfare and integrity policies, and the performance of functions and exercise of powers by integrity officers.[20]

141. The OoR sees the role of the RAWIB as being primarily educative rather than disciplinary.

142. The current effectiveness and the future of the RAWIB is considered later in this report.

OFFICE OF RACING

143. The Commission considers the Chief Executive and Minister have adequate powers for investigating the suitability of RQ and to maintain the integrity of the greyhound code of racing.

144. The Chief Executive has a duty to give the Minister a program for assessing the suitability of RQ to manage the code of racing,[21] and in the Commission's view the responsibility to ensure compliance of the implementation of the annual audit program.[22]

145. In addition, the Chief Executive has the power to:

(a) investigate whether RQ is suitable to continue to manage its code of racing;[23]
(b) investigate whether RQ associates are suitable to continue to be associated with RQ operations;[24]
(c) require RQ and its associates to give certain information or documents; [25]
(d) obtain a written report about a person's criminal history.[26]

146. The Minister also has broad powers in relation to assessing RQs suitability as a control body, including the power:

(a) to give RQ directions;[27]
(b) request the auditor-general to audit RQ;[28]
(c) issue a show cause notice and take disciplinary action;[29]
(d) suspend RQ;[30]

[20] *Racing Act 2002* (Qld) s 115.
[21] *Racing Act 2002* (Qld) s 46.
[22] *Racing Act 2002* (Qld) s 39.
[23] *Racing Act 2002* (Qld) s 47.
[24] *Racing Act 2002* (Qld) s 48.
[25] *Racing Act 2002* (Qld) s 49.
[26] *Racing Act 2002* (Qld) s 51.
[27] *Racing Act 2002* (Qld) s 32C.
[28] *Racing Act 2002* (Qld) s 32E.
[29] *Racing Act 2002* (Qld) ss 32F, 32G.

(e) censure RQ;[31] and
(f) direct RQ to rectify a matter.[32]

AUTHORISED OFFICERS

147. The Chief Executive may appoint a public service employee as a Compliance Officer, Integrity Officer, or both (Authorised Officer).[33]

148. The main function of an Authorised Officer is to investigate and enforce compliance with the *Racing Act*.[34]

149. The *Racing Act* provides a split of functions, that is, some of the powers apply to Authorised Officers;[35] some functions are restricted to Compliance Officers[36] and some to Integrity Officers.[37]

150. The effect of the split is that Compliance Officers monitor control bodies for regulatory compliance excluding the welfare of licensed animals while Integrity Officers focus on the welfare of licensed animals and accredited venues. Authorised officers do both.

151. A reference in the *Racing Act* includes reference to the rules of racing,[38] which has the effect of giving Authorised Officers broad scope in relation to their ability to monitor RQs activities for the greyhound racing code.

152. Therefore authorised officers are well placed to monitor RQ's activities in relation to licensed animals, clubs, venues, and participants, and audit RQ to determine whether it is complying with its obligations under the *Racing Act*.

153. The Commission considers that the existing framework is adequate but there has been a failure by the OoR to identify that RQ's activities in relation to monitoring, investigating, and reporting about compliance and integrity issues were lacking with the inevitable consequence that breaches were likely to go undetected.

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[30] *Racing Act 2002* (Qld) s 32I.
[31] *Racing Act 2002* (Qld) s 32J.
[32] *Racing Act 2002* (Qld) s 32K.
[33] *Racing Act 2002* (Qld) s 261.
[34] *Racing Act 2002* (Qld) s 262 (1).
[35] *Racing Act 2002* (Qld), Chapter 7, Part 2, Division 1 and ss 286, 289, 290, 292, 299, 301, 303.
[36] *Racing Act 2002* (Qld) s 284.
[37] *Racing Act 2002* (Qld) ss 278, 280, 282, 285.
[38] *Statutory Instruments Act 1992* (Qld) ss 7, 14; *Acts Interpretation Act 1954* (Qld) s 7.

PROSECUTIONS UNDER THE RACING ACT

154. In the *Racing Act*, there is a suite of offences in relation to failing to comply with directions, and the integrity of bookmakers, however the offence relating to animal welfare has narrow application.

155. The *Racing Act* does not capture animals that are not racing dogs (other animals) and the offence that relates to animal welfare[39] is difficult to prosecute.

156. To establish that live baiting breached the *Racing Act*, prosecution would require expert evidence to establish that live baiting "affected in a detrimental way the behaviour, performance, or physical condition of a licensed animal"[40] (the definition of interferes with). To this end the attempt provisions of the *Racing Act*[41] do not assist because the mischief prohibited relates to the licensed animal, requiring the prosecution to establish that live baiting would have the prohibited effect on the licensed animal (not the other animal).

157. On the other hand, the rules of racing reflect the standard of care required by the *ACPA*,[42] and given their powers of investigation,[43] authorised officers could be very effective in identifying suspected breaches of animal welfare legislation.

158. Within the current framework however, authorised officers would, in most cases, be required to refer suspected breaches of the rules of racing to RQ, and other breaches to the relevant investigating authority.

159. Appropriately resourced, the framework could be very effective in detecting and mitigating animal welfare offences. A framework conferring dual powers and functions arising from the *Racing Act* and rules of racing would strengthen investigation and compliance potential.

OTHER JURISDICTIONS

160. The differences in the frameworks for New South Wales, Victoria, Western Australia, and New Zealand are unremarkable, save as to say that each have multiple layers of governance.

161. However only Queensland, Western Australia, and New Zealand have authorised officers appointed under their racing head of legislative power.

[39] *Racing Act 2002* (Qld) s 318; *Person must not use prohibited thing on, or interfere with, a licensed animal.*
[40] *Racing Act 2002* (Qld) s 316.
[41] *Racing Act 2002 (Qld)* s 328.
[42] GAR 106, 107, 108, 109.
[43] GAR 118.

ANIMAL CARE AND PROTECTION ACT 2001

162. The purpose of the *ACPA* is to promote the responsible care and use of animals, provide standards for care and use of animals, and protect animals from unjustifiable, unnecessary or unreasonable pain.[44]

163. This is achieved by providing for regulations about codes of practice for animal welfare, imposing a duty of care upon persons in charge of animals, prohibiting certain conduct, and the appointment of inspectors to investigate and enforce the *ACPA*.[45]

164. The duty of care owed to animals includes taking reasonable steps to provide appropriate food and water, accommodation and living conditions, and treatment for disease and injury.[46] In addition, the person in charge must handle the animal in an appropriate way, attend to its needs to display normal patterns of behaviour,[47] and exercise closely confined dogs.[48]

165. There are also offences prohibiting cruelty to animals,[49] unreasonable abandonment or release of animals,[50] and organising, supplying animals to, and being present at prohibited events (including live baiting, referred to as coursing).[51]

166. Appropriately, there are offences prohibiting the release of animals to be injured or killed,[52] keeping or using animals as a lure for blooding dogs,[53] prohibiting unauthorised euthanasia,[54] and allowing an animal to kill or injure another.[55]

167. Qualified inspectors appointed by the chief executive[56] investigate and enforce compliance with the *ACPA*.[57]

168. Inspectors have effective powers in relation to entering places, including by consent, authorised by warrant, subsequent to an animal welfare direction, and importantly where the inspector reasonably suspects an animal has just sustained a severe injury and it is likely to remain untreated, or because of imminent risk of death or injury to animals. [58]

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[44] *Animal Care and Protection Act 2001* (Qld) s 3.
[45] *Animal Care and Protection Act 2001* (Qld) s 4.
[46] *Animal Care and Protection Act 2001* (Qld) s 17.
[47] Ibid.
[48] *Animal Care and Protection Act 2001* (Qld) s 33.
[49] *Animal Care and Protection Act 2001* (Qld) s 18.
[50] *Animal Care and Protection Act 2001* (Qld) s 19.
[51] *Animal Care and Protection Act 2001* (Qld) ss 20, 21, 22.
[52] *Animal Care and Protection Act 2001* (Qld) s 31.
[53] *Animal Care and Protection Act 2001* (Qld) s 32.
[54] *Animal Care and Protection Act 2001* (Qld) s 36.
[55] *Animal Care and Protection Act 2001* (Qld) s 37.
[56] *Animal Care and Protection Act 2001* (Qld) s 114.
[57] *Animal Care and Protection Act 2001* (Qld) s 115.
[58] *Animal Care and Protection Act 2001* (Qld) s 122.

169. Inspectors also have limited powers to enter a place to provide animals with food and water, to disentangle a trapped animal,[59] use reasonable force, search and examine places, take samples from animals,[60] and seize animals and evidence.[61]

170. In summary, the ACPA provides a very effective framework for the mitigation, detection and prosecution of animal welfare offences.

CRIMINAL CODE (QLD)

171. The *Criminal Code* (Qld) establishes an offence for the higher scale of offending involving acts or omissions that are intended to inflict severe pain or suffering, resulting in the killing, serious injury, or prolonged suffering to an animal.[62]

172. It also prohibits the wilful and unlawful killing, maiming, or wounding of animals.[63]

173. The Commission considers that inspectors appointed under the *ACPA* have the full suite of powers to investigate these two offences;[64] and the police have all of the powers in relation to the detection and enforcement of indictable offences at their disposal.[65]

174. Properly executed, the regulatory framework for detecting breaches of the *Criminal Code* can lead to very effective outcomes.

175. Inspectors and police would be greatly assisted by effective collaboration with the racing regulator and an obligation to report all suspected animal welfare breaches.

RACING ACT - CONCLUSIONS

176. The Commission considers the framework of self-regulation itself is not a barrier to mitigating animal welfare breaches and integrity issues.

177. The relevant statutes, statutory instruments, and subordinate local laws, each governed by individual or a combination of agencies, calls for a genuine need for jurisdictional demarcation, and a collaborative method of identifying and responding to animal welfare breaches.

[59] *Animal Care and Protection Act 2001* (Qld) s 123.
[60] *Animal Care and Protection Act 2001* (Qld) s 137.
[61] *Animal Care and Protection Act 2001* (Qld) s 142.
[62] *Criminal Code* (Qld) s 242.
[63] *Criminal Code* (Qld) s 468.
[64] *Animal Care and Protection Act 2001* (Qld) s 115.
[65] *Police Powers and Responsibilities Act 2000* (Qld); *Police Powers and Responsibilities Regulation 1990* (Qld).

178. For example, the possession of a metal trap located on a licensed trainer's property[66] may not substantiate a breach of the *Racing Act*, or rules of racing, however it may be in breach of the *ACPA*,[67] or provide evidence of serious animal cruelty.[68]

179. During the course of its business, each regulatory authority focuses on different measures and objectives.

180. In this regard, an obligation for all stakeholders to report suspected breaches of the *ACPA* and the *Criminal Code* will increase detection and communicating this objective is also likely to have an appropriate deterrent effect.

181. Understanding roles and responsibilities is a key element of effective collaboration, and to this end ongoing education will increase the ability of the regulatory authorities to work collaboratively.

182. Ideally, duplication should be limited, so while there will be a need for separate bodies to prosecute *ACPA* and *Criminal Code* offences, the functions and powers of officers to investigate the *Racing Act* and rules of racing, should be reformed to eliminate duplication, and deliver more effective and efficient outcomes.

183. This can be achieved by amending the machinery within the *Racing Act* by broadening authorised officer's powers and functions to allow for the investigation of suspected breaches of the rules of racing, the *ACPA* and *Criminal Code* offences.

184. Suspension and warning off, resulting in the seizure of greyhounds leaves the administering regulatory authority in a difficult position with respect to the ongoing duty of care for the seized dog.

185. Some of these issues can be addressed by amending machinery provisions within the *Racing Act* to allow the administering regulatory authority to apply to the Court for an order that prohibits the owner from being in possession of,[69] or in control of greyhounds.

186. A provision imposing certain obligations on owners in the event that greyhounds are returned, or for the transfer of ownership to a rehoming program in the event that the owner is unsuitable to regain possession should also be considered.

187. A provision within the *Racing Act* allowing for compensation to be paid by the disqualified person in the first instance and then if they default, by the industry through RQ, or a fund set up for that purpose, to a rehoming program in the event that the owner is unsuitable to regain possession should also be considered.

[66] Racing Queensland Stewards Report (undated) trap located at a Coominya property on 2 August 2013.
[67] *Animal Care and Protection Act 2001* (Qld) s 34.
[68] *Criminal Code* (Qld) s 242.
[69] Similar to *Animal Care and Protection Act 2001* (Qld) s 181A.

188. If such a scheme was to be implemented, the costs of it and indeed all reforms recommended in this report, should be borne by industry.

189. Integrity issues can stem from a failure to take reasonable action in relation to suspected animal welfare breaches.

190. From this perspective it is fair to say that the machinery of legislation, policies, and rules of greyhound racing, subject to comments made above, adequately guard integrity and animal welfare, however it is the execution of a system of monitoring and enforcing that has completely failed.

191. The barrier to detecting and responding to emerging issues stems from poor intelligence gathering and analysis, commercial disincentive, inadequate environment scanning, and poor execution of compliance strategies.

192. The current framework for protecting animal welfare involves multiple stakeholders, each of whom have a front door for complaints.

193. Multiple entry points increases the potential for suspected breaches to come to the attention of the wrong stakeholder, and in the Commission's view, some accountability for the referral of information and an obligation to respond appropriately are essential to the integrity of an effective compliance framework.

194. There is some merit to the argument that the absence of such a system has contributed to the current situation whereby multiple stakeholders had knowledge of the risk of live baiting, but did not respond with appropriate vigour.

195. The proposed new model for compliance and integrity management the Commission recommends later in this report is aimed at helping to increase public confidence in racing.

196. It is far too simplistic to think public confidence will automatically increase when a single compliance and integrity management framework is installed. However, a restoration of public confidence is very unlikely if citizens are regularly confronted with integrity or criminal violations by those involved in the industry.

197. There can be little doubt that it is better to pay sufficient attention to integrity management in advance, than to be forced, after the fact, to spend much more to prosecute animal cruelty or other breaches of relevant legislation.

TERM OF REFERENCE 2:- THE PROTECTION OF ANIMAL WELFARE, INCLUDING THE EXTENT OF LIVE-BAITING PRACTICES IN QUEENSLAND.

LIVE BAITING

198. It is clear that although it is illegal, live baiting practices are still being used to train greyhounds.

199. A number of people the Commission spoke to during this Inquiry have advised that they knew live baiting occurred in the past but had found it shocking that it may still be occurring.

200. It is difficult to understand how anyone with a close association with or involvement in the industry could express surprise that the practice of live baiting was still occurring when it must have been obvious that there has been a lack of proactive monitoring of premises of industry licensees.

201. Furthermore, it is difficult to comprehend why no proactive steps were undertaken to ascertain whether the practice of live baiting was occurring in Queensland when in recent times the practice of live baiting in New South Wales has been publicly identified as a risk.

202. In 2013 the Select Committee on Greyhound Racing in NSW received a number of submissions and information concerning the practice of live baiting. For example, Dr Zammit advised that live baiting is still practised.[70]

203. The Select Committee also heard from an inquiry participant that a variety of prey is used, including small domestic animals and possums.[71]

204. In the same report Greyhound Freedom noted they had received advice from a former industry participant that greyhounds are encouraged to kill from a young age:

> *From a young age greyhound pups are encouraged to kill, if they don't, they are taught. Wild rabbits, chickens and back (sic) chicks, guinea pigs, baby pigs, domestic rabbits, cats and kittens, possums anything that squeals. If they don't kill they are mainly put down depending if they still chase.*[72]

[70] Evidence, Dr Zammit, 15 November 2013, pp74-75 as reported in the Select Committee on Greyhound Racing in NSW, First Report, March 2014, p 111.
[71] Submission 389, Name suppressed, p 2 as reported in the Select Committee on Greyhound Racing in NSW, First Report, March 2014, p 111.
[72] Submission 530, Greyhound Freedom, p 25 as reported in the Select Committee on Greyhound Racing in NSW, First Report, March 2014, p 111.

205. The RSPCA advised that they suspected live baiting practices occur as there is a general awareness of the activity. However, there is limited information available as not many people report the activity.[73]

206. Friends of the Hound advised that live baiting is prevalent and stated that anecdotal information is brought to their attention regularly. It argued there is insufficient regulation and penalties for these alleged activities.[74]

207. Relevantly, as recently as 29 October 2014, Animals Liberation Queensland (ALQ) alerted RQ to the prospect that live baiting was still being used by trainers in Queensland. This issue was the subject of hearings to determine whether RQ dealt appropriately with such notification. The Commission heard evidence from Mr Darren Condon, the Chief Executive Officer of RQ and Ms Kearra Christensen his Executive Assistant.

208. It is necessary to provide some background.

209. In brief summary, Ms Christensen's evidence was that when she commenced working for Mr Condon they developed between them a system for dealing with his emails. In relation to correspondence from two organisations in particular, ALQ and Friends of the Hound, it became a practice that emails from those bodies would go to Ms Christensen and either be dealt with by her if she felt able to do so or referred on to other staff that were designated to deal with the matter.[75]

210. Mr Condon allowed those arrangements to be put in place. Of particular significance for present purposes is a series of emails in May 2014 from Ms Hayley Cotton of ALQ to Mr Condon. The context for this correspondence was that Mr Condon had given an interview on radio station 4BC and had commented that he was unaware that greyhounds were being killed for gambling.

211. Ms Cotton took exception to this comment and sought to speak with Mr Condon but when he did not return her call, she sent him an email on 7 May 2014. The email became Exhibit 1. It is not clear how, but clearly Ms Cotton must have been given Ms Christensen's email because she sent her queries to Mr Condon to that email address.

212. The emails sought to alert Mr Condon to concerns held by Ms Cotton as to the welfare of greyhounds. She drew attention to the fact that figures in their possession indicated that only 5 per cent of greyhounds were re-homed and advised that although her organisation had contacted the Greyhound Adoption Program (GAP) on a number of occasions, they had refused to release the figures. Ms Cotton requested

[73] Evidence, Mr David O'Shannessy, RSPCA Australia, 6 February 2014, p 27 as reported in the Select Committee on Greyhound Racing in NSW, First Report, March 2014, p 111.
[74] Submission 362, Friends of the Hound, p 13 as reported in the Select Committee on Greyhound Racing in NSW, First Report, March 2014, p 111- 112.
[75] Evidence of Mr Condon, 5 May 2015, p 25; Evidence of Ms Christensen, 1 May 2015, pp 3-4, 19.

a meeting with Mr Condon and flagged that ALQ wanted RQ to confirm what had happened to all the greyhounds bred in Queensland over the preceding five years

213. The email was received by Ms Christensen and sent to the RQ communications unit for action. This email became Exhibit 2.

214. Ms Christensen's evidence was that she would have informed Mr Condon of this email.[76]

215. On Saturday 10 May 2014 Ms Cotton, not having received any response from RQ, resent the email of 7 May 2014 to Ms Christensen. (Exhibit 3)

216. On Monday 12 May 2014 Ms Christensen forwarded this email to the RQ communications unit for action. (Exhibit 4)

217. Clearly, there had been no response to Ms Cotton's emails.

218. Ms Christensen stated that when the communications unit forwarded a reply to be sent to Ms Cotton, she tidied it up and sent it to Ms Cotton on behalf of Mr Condon.[77] (Exhibit 5)

219. The email was not responsive to Ms Cotton's queries.

220. Ms Cotton persisted and at 9.24pm on Monday 12 May 2014, sent a further email to Mr Condon via Ms Christensen. (Exhibit 6)

221. This email is significant for a number of reasons. Firstly, it queried why the form which provided for the notification of the retirement of registered greyhounds had been altered. The original form provided for a number of categories as to why a greyhound was being retired from racing. These were that the greyhound was retiring as:-

(i) Pet or GAP greyhound;
(ii) Breeding animal;
(iii) Humanely euthanased, the main reason for which was
    (a) due to injury;
    (b) it is not suitable for rehoming or GAP;
    (c) lack of ability;
(iv) Other reasons.

222. Ms Cotton said that she had noticed that the form had been altered following Mr Condon's interview with radio station 4BC so that the category "lack of ability" was removed and wanted an explanation from Mr Condon.

[76] Evidence of Ms Christensen, 1 May 2015, p 8.
[77] Evidence of Ms Christensen, 1 May 2015, p 15.

223. The email also noted that Mr Condon had stated in his interview that RQ were carrying out random inspections of breeding and trainers facilities and noted that ALQ were not aware of any such inspections being carried out. She asked Mr Condon to provide figures as to how many facilities may have been subject to such random inspections.

224. On 14 May 2014 Ms Christensen forwarded this email to the RQ communications unit and Mr van der Giessen for action. (Exhibit 7)

225. Ms Christensen's evidence was that this was done in accordance with discussions between her, Mr Condon and the communications unit.[78]

226. Ms Christensen's evidence was that it was recognized within the organisation that ALQ was intent on shutting down greyhound racing and there was a feeling that there was not a lot that RQ could do or say to appease them. She stated that it was not the intention of RQ to ignore these groups.[79]

227. Mr Condon gave evidence concerning these arrangements and confirmed that he had permitted a practice to develop where Ms Christensen took it upon herself to deal, where possible, with Mr Condon's emails.[80] Mr Condon also acknowledged being aware of these emails and instructing the communications unit to respond to them.[81]

228. Mr Condon agreed that the responses to Ms Cotton were inadequate and that his communications strategy created a risk that important issues may not be brought to his attention.[82]

229. The Commission accepts that as CEO of RQ Mr Condon had an enormous workload. The Commission also accepts that it would have been impractical for Mr Condon to have personally dealt with all of his emails and that it may have been appropriate to initiate a protocol whereby his emails were managed by others, including Ms Christensen. However, as CEO Mr Condon also had responsibility for being aware of the type and content of correspondence being received by the organisation.

230. Mr Condon needed to be aware of issues which were sought to be addressed with RQ by organisations which had significant public interest issues to ventilate. If, as RQ have submitted to the Commission, the practice was that where Ms Christensen dealt with the emails, she would bring those to Mr Condon's attention, then there has presumably been a general failure to deal appropriately with this correspondence.

[78] Evidence of Ms Christensen, 1 May 2015, p 13.
[79] Evidence of Ms Christensen, 1 May 2015, pp 10-11.
[80] Evidence of Mr Condon, 5 May 2015, p 25.
[81] Evidence of Mr Condon, 5 May 2015, p 30.
[82] Evidence of Mr Condon, 5 May 2015, pp 30-34.

231. In fairness to Mr Condon, the role of CEO of RQ, which carried responsibility for all three codes of racing, responsible to one board but also attending individual code board meetings, may be a task beyond the capability of any one person.

232. The Commission finds that RQ failed to give appropriate priority to the legitimate concerns which were raised by ALQ in relation to the welfare of greyhounds. The requests by Ms Cotton were reasonable, courteous and well-articulated but were routinely ignored.

233. This is the background context in which a further significant email was sent to Mr Condon by Ms Cotton on 29 October 2014. (Exhibit 8)

234. This email was sent to Ms Christensen for the attention of Mr Condon. Relevantly the email contained the following:-

> *"I am writing to you again requesting a meeting with you to discuss a number of animal welfare concerns I have, including wastage from over breeding, injuries sustained during training or racing activities, high levels of euthanasia, cruel training methods such as live baiting and the use of drugs to enhance performance etc."*

235. Ms Christensen's evidence was that this email was actioned by her at some point because she physically moved it from her in-box where it had been received on 29 October 2014 to the "completed" folder of her emails. She said she had no recollection of receiving it and did not have any recollection of its contents. She said that she first became aware of it when in February 2015 (following the Four Corners program) she was asked by Mr Condon to check all correspondence from ALQ. It was in this context that she found the email of 29 October 2014 and brought it to Mr Condon's attention. His reaction, she said, was to become upset, not at her, but at the fact that RQ had been advised of the practice but that he had not been informed.[83]

236. The Commission makes it plain that it is not at all critical of the role played by Ms Christensen. She was clearly doing the best that she could under a system, designed by others, which was entirely inadequate for the purpose.

237. It is not surprising that such an email failed to make any impact at RQ. The system which had been initiated in May 2014 to deal with correspondence from ALQ and Friends of the Hound increased the risk that matters of significance from those organisations would not be treated seriously or would be ignored. In this context, it seems questionable whether, even if Ms Christensen had brought the email to Mr Condon's attention, anything meaningful would have eventuated.

238. Mr Condon maintained in his evidence that if had he been aware of the email, he would have taken action and met with Ms Cotton.[84] Accepting this was Mr Condon's

[83] Evidence of Ms Christensen, 1 May 2015, pp 22-24.
[84] Evidence of Mr Condon, 5 May 2015, p 64.

view, it is difficult to understand why he would not have met with Ms Cotton as she requested in May 2014 to discuss her concerns then.

FAILURE TO INSPECT NEW APPLICANTS

239. During the course of the conduct of the 2013 Control Body Assessment Program (2013 CBAP), the OoR had raised concerns that licences were being granted to new participants in the industry before their facilities were being inspected by RQ in breach of the requirements of Local Rule (LR) 27.

240. The 2013 CBAP had been approved by the then Minister, the Honourable Steve Dickson MP to assess the processes and procedures the control body undertakes for ensuring the welfare of licensed greyhounds. A draft of the 2013 CBAP had been provided by the OoR to RQ for comment on 24 December 2013.

241. On 26 February 2014, RQ provided its comments on the draft.[85] One of the recommendations of the OoR was that the inspection of kennels and housing should be mandatory for all new licensees. RQs response was that a restructure of RQ as at 1 February 2014 would enable the premises of all new applicants for a licence to be inspected prior to approval of the licence.

242. This proposal to inspect all kennels prior to the issuance of a licence was planned to be in place by 1 April 2014 according to the action plan attached to the response to the OoR.

243. The final report of the 2013 CBAP from the OoR of 1 April 2014 sought a stronger commitment to achieving this goal and an update as to whether this target for the kennel inspections by 1 April 2014 had been met.[86]

244. On 23 September 2014, RQ notified the OoR that of 26 new applicants who had been granted a trainers licence after 1 April 2014, 10 of those premises had been inspected. It was noted that there was an approximate three week delay between the granting of the licence and the inspection of the kennels and that an increase in staffing levels in December 2014 would ensure that the position was regularised.[87]

245. On 27 February 2015, after the Four Corners program had gone to air, the OoR again wrote to RQ in relation to the 2013 CBAP and advised that although many of the recommendations involved medium to long term objectives, it was believed to be prudent to undertake an additional six-monthly review in relation to their progress.

246. In relation to the issue of kennel inspections, the subject of Recommendation 4 of the 2013 CBAP, confirmation was sought that the proposal indicated in the

[85] See Exhibit 11.
[86] See Exhibit 17.
[87] See Exhibit 35.

correspondence from RQ in September 2014, namely that staffing levels were to be increased in December 2014 to ensure all new applicant's premises would be inspected, was by then being implemented. The letter also sought an update in relation to the expansion of the GAP, the subject of Recommendation 11.

247. RQ replied by letter dated 23 March 2015. In relation to Recommendation 4, it was noted that RQ was currently assessing ongoing workforce requirements and that it was expected that the review would be completed within the next few months with recruitment of positions to follow. In relation to Recommendation 11 and the GAP, the progress of the expansion was noted including that the introduction of a levy on prize money from participants to assist in paying for the expansion of the program was to be introduced in April 2015.

248. The correspondence in relation to the 2013 CBAP in its entirety demonstrates that there was a lack of resources being made available to carry out even the basic inspections of new licence applicant's facilities. In these circumstances, it might confidently be predicted that had Ms Cotton's email of 29 October 2014 been noted, there would not have been adequate resources deployed to do much in response.

249. Furthermore, between June and August 2014, negotiations were proceeding in relation to a new race wagering agreement with the Tatts group for an increase in prize money. In anticipation of an increase being achieved, the Chief Steward Greyhounds, Mr Dart, spoke to Mr Birch, the General Manager of the Stewarding and Integrity Operations at RQ and requested extra resources. He was told to present a business case and did so. Mr Dart proposed that a new Cadet steward be employed to "significantly increase and better service, conducting kennel inspections".[88]

250. Prior to receiving this email but on the same day, Mr Birch attended an Executive Leadership Team meeting of RQ where Mr Condon advised that there was an opportunity to reforecast the 2014-15 budget.[89]

251. Mr Birch reviewed the resources of his department in consultation with Mr Dart and others and requested that a proposal be compiled for consideration of extra resources.[90]

252. The proposal was formulated by Ms Ali Wade and forwarded to the Finance department. The proposal set out the requirements for animal welfare, greyhounds, harness, thoroughbreds, the Integrity Regulatory Unit (IRU), licensing and registration, betting monitoring systems and building refurbishment.[91]

253. Mr Birch recalls that at a later meeting of the Executive Leadership Team, Mr Condon informed him that all additional funds gained from the new agreement with the

[88] Statement of Wade Birch, 1 May 2015, Annexure B.
[89] Statement of Wade Birch, 1 May 2015, page 3 at [2.1].
[90] Statement of Wade Birch, 1 May 2015, page 3 at [2.4].
[91] Exhibit 29, Email Ali Wade to Sharon Drew cc Adam Carter and Wade Birch, 16 July 2014.

Tatts Group were to be directed to prize money increases across all three codes and there would be no money for increasing the resources of any department.[92] This appears to have been dealt with at the Executive Leadership Team meeting of 23 July 2014.[93]

254. Mr Condon gave evidence that he was unaware that the resources available to the Stewarding and Integrity Operations department were insufficient to adequately manage their obligations.[94]

255. RQ has submitted to the Commission that the Board members were similarly unaware of any issue of under resourcing of integrity management.

256. RQ has also drawn attention to the fact that as at 28 February 2015, the Stewards and Integrity Operations department budget for financial year 2014-15 had a surplus of $285,000. Mr Birch has informed the Commission that this surplus was earmarked for the peak racing period for thoroughbreds and in that sense was not a surplus at all. RQ has responded by claiming that the surplus has been arrived at after taking into account the requirements of the peak racing period and that those funds were available to the Stewards and Integrity Operations department in the short term to use if necessary to resource areas where there may have been a deficiency.

257. The Commission does not need to resolve this issue because whichever view of the circumstances is accepted, it is clear that there was a failure within the system to either adequately fund the required activity or to deal appropriately with a perceived lack of resources.

258. The papers for the RQ meetings of May, June, July and August 2014 reveal that prior to the Executive Leadership Team meeting with Mr Birch on 2 July 2014, a decision had been made by RQ to distribute all funds received from the increases gained through the race wagering agreement with the Tatts Group to prize money leaving nothing for increasing the budget in respect of integrity matters. A number of spreadsheets forming part of the Board papers for the May 2014 meeting confirm that planning for use of the extra funds was directed to increases in prize money and that increases in resources in relation to integrity matters was never in contemplation.[95]

259. It has been submitted to the Commission that neither the Board nor the CEO of RQ failed to discharge their obligation to ensure integrity in the greyhound code when RQ failed to allocate any additional funding out of the additional funds provided in 2014 as a result of the new agreements with Tatts Ltd.

260. In this context the following submission was made by RQ:-

[92] Statement of Wade Birch, 1 May 2015, page 3 at [2.5].
[93] Exhibit 30, Minutes of Executive Leadership Team meeting 23 July 2014, Item 1.
[94] Evidence of Mr Condon, 5 May 2015, p 41.
[95] Evidence of Mr Condon, 5 May 2015, pp 40 – 41.

"When it came to allocating the funds from the Tatts agreement, RQ was faced with a difficult decision to further the interests of the sport as a whole. At the time of the Tatts deal, there was pressure to provide industry participants more incentive to use Queensland racecourses rather than to race in other jurisdictions, such as New South Wales. The Board of RQ considered that the prize money offered in Queensland has been less than it ought to have been at that time. Increased prize money would motivate participants to use Queensland racecourses, which would bring in higher wagering income, boost the profile of the sport in Queensland and, in general, benefit all three codes of racing. Such increased income could ultimately filter through to allow increased funding of the integrity function of RQ. The threat to all codes at the time from other jurisdictions was seen as fundamental to the survival of the racing industry itself in Queensland and, therefore, a more pressing concern than attributing funds to resourcing the integrity function of RQ, particularly in light of the increased funding to integrity shortly before."

261. It is acknowledged elsewhere in this report that it is a difficult balancing exercise that RQ faced in attempting to ensure the commercial viability of the industry while at the same time endeavouring to maintain integrity and public confidence in the industry.

262. However, the submission from RQ simply illustrates the nature of the problem. To suggest that increased income generated by greater participation following an injection of prize money might allow further funds to potentially be used to better resource integrity functions, illustrates the failure to appropriately assess and manage the risk.

263. This is particularly so given that the funds which may have been needed to properly manage the risk were modest by comparison to the funding generated by the new agreement with Tatts Ltd.

264. It is not to the point that the Board and CEO may not have been aware of the need for increased resources. If that was the case, as has been submitted to the Commission by RQ, then that of itself is a systemic failure.

265. It is completely unacceptable that RQ did not appreciate the need to properly resource the capability of the organisation to ensure integrity in the industry.

266. It is necessary to also refer to another aspect of the 2013 CBAP.

267. The 2013 CBAP highlighted the issue of retirement of racing greyhounds and the GAP initiative. The report noted:-

"The racing career of greyhounds is quite short with most greyhounds only racing between about 1½ years of age and 3-4 years of age. As well as retiring greyhounds, there are greyhounds which never even make it to the track, creating a glut of animals needing rehoming. Many animals are being

euthanased, despite being perfectly healthy, creating a large welfare and image problem for the industry."[96]

268. This was of course one of the concerns raised in Ms Cotton's emails of May 2014 and yet despite the prominence the issue received in the 2013 CBAP report, no meaningful response was ever provided to Ms Cotton.

269. It is illustrative of the failure to appropriately manage issues relevant to animal welfare.

270. It should be clearly understood that the narrative outlined above is given simply to illustrate the fundamental failure in RQ's system for the regulation and maintenance of integrity within the industry. The specific examples are referenced to give colour and meaning to the more important conclusion which is that there has been a gross systemic failure. The detailed reasons for this conclusion are set out later in the report.

271. In reaching its conclusions the Commission has been acutely aware of the dangers of employing the wisdom of hindsight and has looked beyond the examples referred to above to determine whether they are isolated instances detracting from a system of regulation which is otherwise functioning effectively. It has been concluded that the examples quoted are consistent with the failures one would expect to see where the overall system of regulation is fundamentally flawed.

272. It has been submitted to the Commission that there is no causative link between overlooking the email of Ms Cotton of 29 October 2014 and the practice of live baiting.

273. This submission reveals a misunderstanding of the Commission's conclusions in relation to this issue. There were, or at least should have been, several alerts triggering activity by RQ. As mentioned previously, these included the report of the Select Committee in New South Wales in March 2014, the finding of the live kill trap in August 2013 followed by the Stewards Inquiry in January 2014, the 2013 CBAP and the email from Ms Cotton.

274. What should reasonably have taken place in these circumstances was for a strategy to be formulated for assessing and planning to deal with the identified risk. It could reasonably be expected that this might result in increased inspection activity to investigate whether any unlawful activity was occurring but also and more importantly, to send a message to the industry that monitoring was taking place. This in itself might not have uncovered evidence of live baiting but it would certainly have increased the risk to those engaged in the practice that they may be detected.

275. A simple strategy of examining Google Earth to identify which licensed trainers properties appeared to have a training track and or bull ring has proved extremely successful when employed by RQ post February 2015. This method has identified

[96] 2013 Control Body Assessment Program Report, Office of Racing, 1 April 2014, p 12.

the existence of some 97 tracks and bull rings and enabled a proper focussing of inspection activity. It is impressive to see what can be achieved with scant resources when there is planning and motivation to deal with such issues.

276. The Commission immediately understands the difficulty in gathering evidence of live baiting; what is not understood is the apparent lack of initiative to attempt to appreciate and plan to mitigate that risk.

BREEDING AND WASTAGE

277. The Australian Veterinary Association has stated that the "biggest problem with greyhound racing in Australia is that significantly more animals are born than will have a long, healthy career in racing leading to unacceptable wastage levels". [97]

278. This was a common theme from people the Commission has engaged with since 5 March 2015 and a topic which was frequently addressed in submissions.

279. There are a number of issues which arise for consideration. The first is the availability of accurate figures of the numbers of dogs bred.

NUMBER OF GREYHOUND PUPS

280. The figures below are derived from the number of 'Litters registered' by GA and then extrapolated using an average of 6.3 pups per litter.[98]

Year	ACT	NSW	NT	SA	Tas	Vic	Qld	WA	Australia
2013	0	6,735	0	624	504	6,319	2,230	630	17,042
2012	0	7,232	0	573	592	5,903	1,966	504	16,771
2011	0	8,039	0	561	548	6,262	2,205	573	18,188
2010	0	8,228	0	567	517	6,823	2,325	737	19,196
2009	0	8,222	0	699	466	6,395	2,350	693	18,824
2008	0	8,272	6	825	554	6,659	2,432	643	19,391
2007	0	8,417	38	750	655	7,699	2,243	668	20,469
2006	0	10,238	38	882	643	7,314	2,161	788	22,063
2005	0	9,702	6	813	636	8,026	2,098	706	21,987
2004	0	8,253	19	1,134	693	8,285	2,066	636	21,086
2003	0	8,316	19	857	542	7,768	2,155	561	20,217
11 yr total	0	91,652	126	8,285	6,350	77,452	24,230	7,138	215,233

[97] Submission 390, p. 2, as reported in the Select Committee on Greyhound Racing in NSW, First Report, March 2014, p 99.

[98] The average of 6.3 pups per litter is based on figures reported in Submission No. 339, RSPCA Australia, 6 November 2013 submitted to the Select Committee on Greyhound Racing in NSW.

281. Although there is an issue as to the accuracy of the numbers, the magnitude of the difference between the number of pups whelped and those who are named and ultimately registered to race and have a full life in the industry is suggestive of an unacceptable level of wastage.

282. The number of greyhounds officially 'named' with RQ, and the extent to which these figures represent the actual number of greyhounds that are alive is unknown.

283. The reason for this is that it is not known how many greyhounds are:

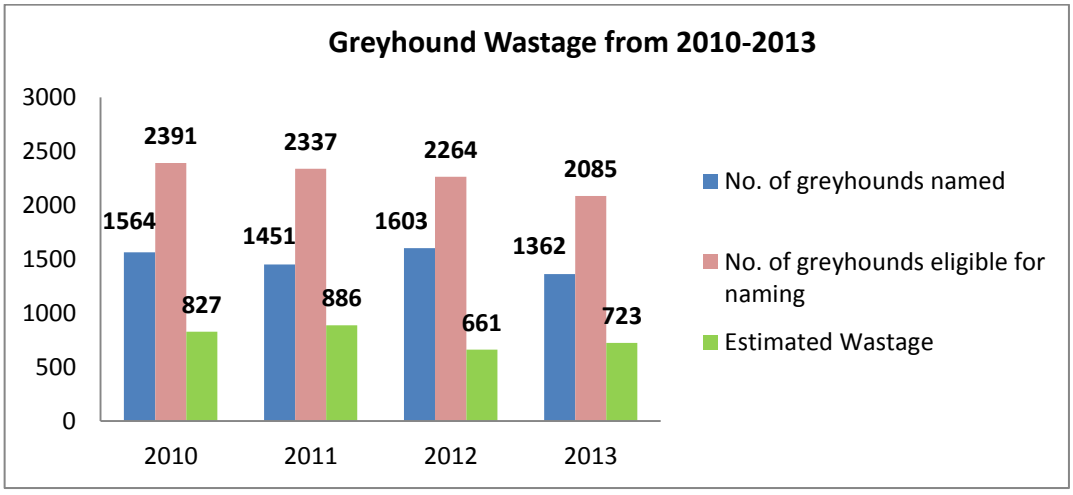
i. a formal part of the official racing industry through registration and regular racing, or
ii. partially involved in the racing industry, for example, those greyhounds not named, but still unofficially involved in pre-racing trials, or
iii. not part of the racing industry.

284. Between 2003 and 2013, approximately 24,231 greyhounds were whelped (an average of 2,203 per year), and 16,968 (an average of 1,543 per year) were named and registered with RQ.

285. The difference in the quantity of greyhounds whelped and the quantity named reveals that 7,263 (average of 660 per year) or 30 per cent of greyhounds whelped are unaccounted for.

286. The information provided by RQ reveals an average wastage rate of approximately 30 per cent from 2003 to 2013. When examined in a more granular way, industry wastage rates deviate slightly however remain high.

287. For example, based on an average racing age of 18 months, the table below shows the difference between the number of pups that were expected to be named and raced but were not.



288. The issue of wastage can be addressed in the first instance by examining breeding practices.

289. In order to appreciate the inadequacies in the current system, it is necessary to look at the existing rules in some detail. Appendix B contains a flowchart provided by RQ which also assists in understanding the registration lifecycle of a greyhound.

290. GAR 127 requires the registration of a sire used for breeding.

291. GAR 128 provides for the lodging with the control body of a completed registration of service form within 14 days of the first service of a bitch.

292. The owner of the bitch is required by GAR 136 to notify the result of the service (or artificial insemination) to the controlling body by lodging the appropriate form within 14 days of whelping or within 14 days of the due date for whelping.

293. GAR 111A stipulates that greyhounds must be ear branded and micro chipped as required by the controlling body. Currently, this is normally carried out when the pups are about eight weeks old and at the same time as they are immunised.

294. GAR 137 provides for an application for the registration of the litter after the pups have been vaccinated, ear branded and micro chipped. The registration papers for the litter stipulate the number of pups whelped, their sex and colour. This application for registration is normally made before the pups are about 12 weeks old.

295. Once the litter is registered it is possible for the pups to be sold or otherwise disposed of.

296. GAR 118 provides for the transfer of ownership of an unnamed greyhound.

297. Typically, because greyhounds are required to be named and registered before they are permitted to race,[99] naming and registration does not usually take place until the dog is 18 – 20 months old. Therefore dogs available for sale after ear branding and micro chipping but before naming, constitute a potentially large number.

298. GAR 118 requires the transferor to provide the transferee with a completed prescribed form and for the transferee to obtain such a form from the transferor. The rule further provides that on the sale or disposal of that greyhound, the purchaser is required to provide a subsequent transferee with the same form or if not further selling or disposing of the dog to retain the form until lodging it with the controlling body for registration purposes.

299. This rule provides for the submission of documentation which would assist in tracing dogs which are sold before being named, and in identifying trends as to the number

[99] GAR 115.

of pups whelped who never race. If all of this information was retained in a database it could become a very useful investigative and research tool.

300. The transfer of ownership of a named greyhound is dealt with by GAR 117 and LR 23.

301. LR 22 provides that on the death of a named greyhound the owner or person in charge of the dog at the time of its death should notify RQ within seven days.

302. GAR 106 appears also to have application in these circumstances. It provides:-

> "106(3) At any time after the registration of a litter, the last registered owner or person responsible for the greyhound at the relevant time, shall, notify the Controlling Body by lodging the prescribed form:
>
> (a) within ten working days, if that greyhound has transferred ownership, been retired as a pet or a breeding greyhound, been transferred to an adoption program, exported, surrendered to another agency;
> (b) within two working days if that greyhound has been humanely euthanased by a veterinary surgeon or deceased."

303. The RQ form constructed for the purposes of GAR 106(3) provides for the relevant notification including by way of a report as to the main reason the dog was euthanased (namely due to injury, not suitable for rehoming or GAP, or until May 2014, lack of ability).

304. Interestingly, the rule requires notification to RQ within two days if the dog is humanely euthanased or deceased. The form has a final category for reporting why the dog is retiring from racing noted as "other reason" which involves the sub-categories "exported" or "other", the last of which comes with the notation "you will need to tell us what happened to the dog".

305. In the end result, the requirement under LR 22 is to notify the fact of the death to RQ within seven days and under GAR 106(3) to notify the death of a named or unnamed greyhound and what happened to the dog if it was not humanely euthanased within 2 working days. There appears to be an overlap in the operation of these rules.

306. There clearly needs to be a review of the interrelationship between the GAR and LR so that they do not confuse what is otherwise sought to be achieved. Under GAR 7, the LR takes precedence over the GAR.

307. The effect of all of these rules is that any litter of greyhounds which is registered and from which any pups are deceased, unsuitable for racing (for whatever reason) and are disposed of in any of the ways nominated in GAR 106(3) (including that they are deceased) must be reported to RQ.

308. Based on the retirement forms reviewed by the Commission it is doubtful that this has been happening routinely. On the face of it, these rules do provide a means by which greyhounds can be traced from birth to retirement or death. This ability to trace the greyhounds however has to be monitored and enforced.

309. A comparison of the number of dogs registered as having whelped with the numbers notified as retiring pursuant to GAR 106(3) would indicate that a significant number of dogs disappear from the system.

310. A system under the rules requiring the keeping of accurate figures which are made publicly available is essential to restore public confidence in the integrity of the industry and to reinforce that the industry takes seriously, issues relating to animal welfare.

311. The Commission has reviewed records provided by RQ and has compiled the following statistics. None of these statistics appear to be reported by racing authorities and were quite challenging for the Commission to compile.

312. RQ records indicate that between 2003 and 2013 approximately 24,231 greyhounds were whelped and of these 16,968 were named.

313. The Commission asked RQ to provide all of the retirement forms it had received since 1 May 2013. A total of 1462 retirement forms were provided to the Commission. Of these, 1,195 were stamped as being received by RQ in 2014.

314. The forms are unclear on retirement dates and lodgement dates, indicating to the Commission that the number of retirement forms lodged does not accurately reflect the actual number of greyhounds retired from racing in any given year.

315. Given the low deviation in the volume of greyhounds named over the decade, and assuming that the average greyhound is retired from racing at 5 years of age, then at the end of any 10 year period, approximately half of the number of greyhounds named, should be recorded as retired.

316. Accordingly, it is the Commission's view that it is highly improbable that the figure of 1462 greyhounds registered as retired (including 1,195 in 2014) is accurate and that the actual number of greyhounds that should be recorded as retired is around 8,500. This reveals that between 2003 and 2013 approximately 7,000 greyhounds are unaccounted for, in that they were named, but not registered as retired.

317. Further, the term 'retirement' is used very generally within the industry. The plain and ordinary meaning of the term infers that the greyhounds exit competitive racing and transition to life with the conditions and care expected generally of a domestic pet.

318. However, the retirement forms reviewed by the Commission show that the majority of ex-racing greyhounds are either euthanased, die as a result of accidents (the most common being snake bites), or will simply go missing.

319. The following table shows the percentage of greyhounds notified as deceased on the retirement forms and the reasons for their death.

Year	Greyhounds euthanased	Accidents, deceased, no reason provided or missing	Greyhounds listed as exported, transferred interstate, used for breeding and those with unknown outcomes that die prematurely	Total estimated deaths post retirement	Average percentage
2014	59.5%	5.5%	7.8%	72.8%	**76%**
2013	74.4%	6.8%	6.5%	87.7%	
2012	65.3%	20.4%	0%	85.7%	
2011	64.3%	14.3%	0%	78.6%	
2010	76.5%	14.7%	5.6%	96.8%	

320. Given the lack of variation over the years in the percentage of greyhounds that die subsequent to racing (76%), it is also very likely that the high number of greyhounds that should have been registered as retired (approximately 7,000) also suffer the same fate.

321. Accepting that currently there is an unacceptable level of wastage in the industry, the question becomes, what can be done to eliminate or at least lessen this consequence.

322. The first initiative is to attempt to address the issue of overbreeding.

323. Greyhounds Australasia (GA) adopted a national animal welfare strategy in May 2014. Part of that strategy proposed tighter breeding regulation controls and the promotion of more responsible breeding practices. The rule changes in respect of the new breeding controls have been released for public comment with a view to being introduced on 1 July 2015.

324. In summary, the rules stipulate that a greyhound bitch must be registered before being bred the first time, will not be permitted to have litters over eight years of age (unless checked by a veterinary surgeon), cannot have more than three litters unless a national breeding panel considers and allows a fourth or subsequent litter and a bitch can only have two litters in eighteen months.

325. The difficulty however is that it seems that statistical information from the industry indicates that the proposed changes would be likely to have little impact on breeding since the figures reveal that very few bitches have litters after seven years of age and

only 13.5% of bitches have a fourth litter. The figures also show that less than 6% have a fifth or more litters. [100]

326. Further, it would seem that breeding incentive schemes, such as QGreys here in Queensland, would likely nullify the effect of any proposed restrictions on breeding practices.

327. It seems to the Commission to be illogical to have concerns about the number of dogs bred leading to an unacceptably high level of wastage in the industry and at the same time provide incentives to those in the industry to breed dogs. There is no utility in maintaining any breeding incentive scheme such as QGreys and the money should be redirected to fund the GAP or other animal welfare initiatives. RQ have already made a decision to create an animal welfare fund in place of the QGreys scheme.[101]

328. There is no doubt that it is very difficult to arrive at an acceptable solution to this problem. All jurisdictions and the peak body itself have grappled with this issue without demonstrated success thus far.

329. Whilst the proposed rule changes initiated by GA are heading in the right direction it does not seem that this will provide a viable solution.

330. Another option is to reinforce the value of educating those who enter the industry as to the futility of failing to carry out appropriate research before dogs are bred. Anecdotal evidence suggests that attempting to breed a champion dog from a dog that has never won a race is almost certainly futile. Nevertheless information provided to the Commission suggests that such a practice is relatively common in the industry. Of course when it doesn't succeed there are a number of dogs in the litter whose future is very uncertain.

331. In terms of education there is currently posted on the RQ website a very helpful paper compiled by Dr L Beer and Greyhound Racing Victoria. The paper tracks the entire breeding process from getting started through to raising the litter.

332. The Commission understands the current position is that there is a requirement that a person applying for a breeder's licence, who has not been licensed by the controlling body within the previous 5 years, is required to complete a written assessment. The required written assessment[102] is fairly rudimentary and unlikely to be adequate.

333. It is necessary that there be a formal and substantive assessment of knowledge and understanding by new and renewing licensees of the concepts outlined in the material published on the RQ website. This would at least provide some confidence

[100] National Greyhound Welfare Strategy – Industry Notification and Feedback – Breeding and Vaccination Requirements, Part B, Sections 2 and 3.
[101] Evidence of Mr Condon, 5 May 2015, p.52
[102] Greyhound Breeder's Licence – Written Assessment, Racing Queensland, May 2015.

that those proposing to breed would have relevant knowledge as to the practices required to be followed in the interests of the success of the breeding program and the ongoing welfare of the bitch and pups.

334. One other option to address the question of overbreeding is to require licensees to pay a component of the fee to first register a greyhound to provide for its future welfare. The fee should be assessed at a level designed to reinforce the importance of ensuring the welfare of all greyhounds which are bred for the industry.

335. It is clearly unacceptable to breed a greyhound for racing and not take ultimate responsibility for the welfare of the animal if, for whatever reason, it is or becomes unsuitable for racing.

336. The proposed fee would attach to the greyhound and there would need to be administrative arrangements to allow for the transfer of the funds in the event of a change of ownership or like circumstance. Each new licensee would pay the fee to allow for a refund to the previous licensee so that at any given time the greyhound would be covered by the fee. The last registered owner with responsibility for the greyhound would qualify for a refund of a proportion of the fee upon the QRIC being satisfied that appropriate arrangements had been made for the dog's welfare in retirement.

337. The Commission was advised by RQ on 28 May 2015 of a proposal to significantly increase the fee for registering litters for the purpose of covering the costs of regulating the greyhound industry, managing the greyhound population and discharging RQs ongoing duties for animal welfare and integrity matters.[103]

338. The Commission has concerns as to the utility of the proposal by RQ.

339. A similar approach was analysed by the independent review into the industry in Great Britain in 2007. That review concluded that such a proposal:

> *"…could and probably would incentivise some owners to abdicate their responsibility for making appropriate arrangements for his/her greyhound on retirement. Some might take the view that they had paid their "retirement deposit" at registration and thus the challenge of actually making the necessary arrangements when the time came could safely be left to someone else. It follows that the bigger the sum involved, the bigger would be the temptation to do just that."*[104]

The review went on to endorse a proposal to substantially increase registration fees but provide that about 70% of the fee be refundable to the registrant upon satisfaction that the greyhound has been sold or its future has been appropriately

[103] Statement of Darren Condon, 29 May 2015 at [2.3].
[104] Independent Review of The Greyhound Industry in Great Britain, A Report by Lord Donoghue of Ashton, 22 November 2007, pp 77-78.

determined in accordance with the rules. This proposal is consistent with Recommendation 10 above.

340. Although this proposal could be viewed as a blunt tool, it may be the only means by which an entrenched culture within the industry can be changed in the short term.

GREYHOUND ADOPTION PROGRAM

341. The GAP is a commendable initiative of RQ to assess and if possible re-home retired racing greyhounds but the number of dogs successfully re-homed is wholly inadequate to deal with all of those available. See the table below which shows the low numbers of dogs rehomed.

342. The current rate of overbreeding is such that the GAP takes only a fraction of the retired dogs.

343. Other organisations do their utmost to assist in re-homing retired dogs but again, the sheer numbers mean that there are a great number that cannot be accommodated.

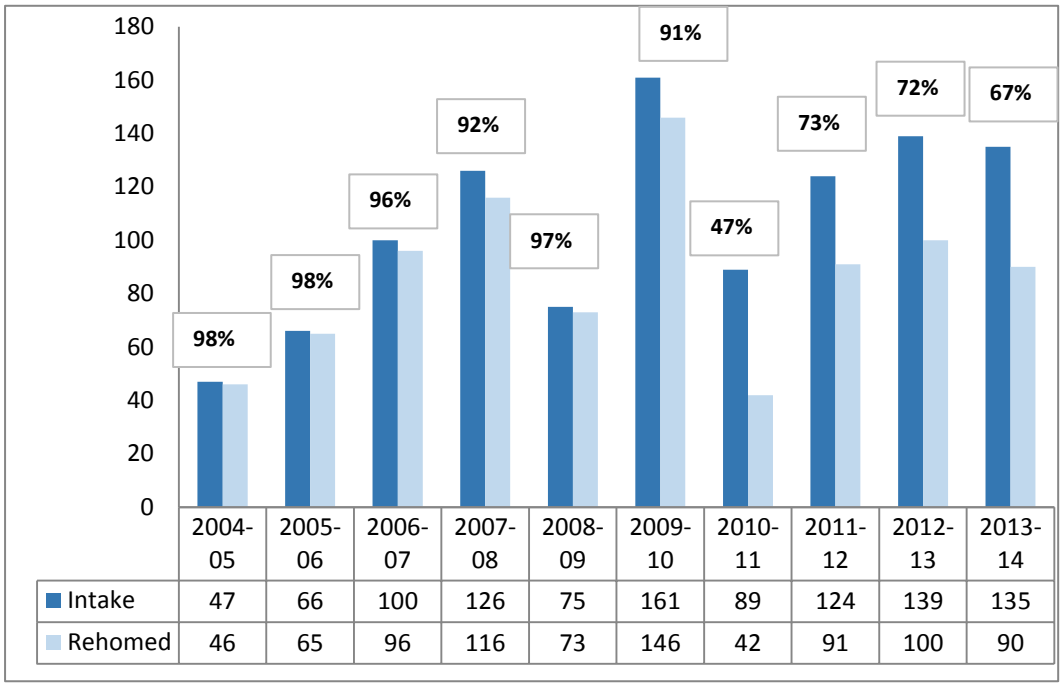
344. The GAP is gradually being expanded and RQ has leased a new property, Sovereign Lodge, which is able to accommodate 100 dogs whilst they are being assessed and prepared for foster care and re-homing.

345. Additionally RQ have drafted a Heads of Agreement which will create a partnership between RQ and the RSPCA the purpose of which is to significantly increase the number of greyhounds being re-homed.

346. Under the draft agreement RQ has agreed to fund 32 additional kennels at the RSPCA facility specifically for greyhounds and the RSPCA will conduct behavioural assessments and dedicate two to three kennels at their animal training centre specifically for greyhounds.

347. RQ has also committed (as at April 2015) to introduce a levy on prize money from participants to assist in funding the GAP.

NUMBER OF ADOPTIONS THROUGH THE GREYHOUND ADOPTION PROGRAM (QLD)



	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Intake	47	66	100	126	75	161	89	124	139	135
Rehomed	46	65	96	116	73	146	42	91	100	90

Note: RQ advises there may be some issues with the accuracy of the 2012-13 data.

348. A further initiative worthy of consideration in this context is the proposal to create a further (lower) class of race for greyhounds that are deemed uncompetitive in the currently available classes. With the proviso that all dogs in such races were of similar ability and the races could be seen to be otherwise conducted fairly, the proposal would seem to have merit.

349. If there were sufficient numbers of healthy and motivated dogs available for the purpose, the proposal would potentially extend the greyhounds racing life and diminish the motivation to simply discard the animal as currently occurs all too frequently.

SOCIALISATION OF GREYHOUND PUPS

350. A separate but closely related issue is to ensure that greyhound pups are properly socialised.

351. Many participants and others the Commission spoke to during the course of the Inquiry raised concerns about the failure to socialise the pups with the resultant consequence of an inability to re-home the greyhound when it became unsuitable for racing.

352. This matter was extensively canvassed and reported upon by the Select Committee on Greyhound Racing in NSW in March 2014.[105]

[105] Select Committee on Greyhound Racing in NSW, First Report, March 2014, at [7.46 – 7.52].

353. The critical socialisation period is said to be between 3 to 17 weeks when the greyhound's experiences will influence its behaviour throughout its life. The way in which greyhounds are typically reared is that they are allowed to run in open paddocks with other greyhounds and are not socialised with other dogs. When their training commences they are transferred from the large paddocks to small kennels and immediately come under great stress.

354. Dr Cunnington gave the following evidence to the Select Committee:-

> *"These dogs are very stressed. They lose contact with other dogs that they have grown up with; they are often shut in their sleeping quarters and even if it is a very clean kennel environmental enrichment is lacking. These dogs are suffering mentally and we see that as fear, which compromises welfare and which leads to wastage. In general, that approach of basic dog behaviour is lacking."*[106]

355. The Commission spoke to Dr Cunnington and received a copy of her submission to the NSW Select Committee together with a submission to this Inquiry. Those discussions and submissions all confirmed the evidence given by Dr Cunnington to the NSW Select Committee.

356. There would seem to be a clear benefit in ensuring greyhound pups are properly socialised. Quite apart from the positive impact it would have on the greyhound's ability to give it's all in competition, the further benefit would be in markedly increasing the prospect that the dog, either as a pup or adult, could more readily be successfully rehomed. The Commission recommends including suitable content into the education package delivered to licensees.

357. Addressing the problem of overbreeding, increasing the capability of the GAP and ensuring that greyhound pups are socialised will go some way towards reducing the level of wastage in the industry but it should be understood that reconciling the numbers of greyhounds bred for racing and the numbers which, for whatever reason, are or become unsuitable for that purpose, will always be problematic. The real question, is what, if any, level of wastage is acceptable for any modern society which has due regard for animal welfare.

[106] Select Committee on Greyhound Racing in NSW, First Report, March 2014, at [7.48].

LICENSING

358. Public confidence in the integrity of the greyhound racing industry can only be achieved if there is a transparent system of licensing of participants which can be effectively monitored and if necessary used as an investigative tool.

359. Every owner of a greyhound is required to be registered.[107]

360. It is a breach of the rules to have any relevant involvement in the industry without being the holder of an appropriate licence.[108]

361. LR 24(4) sets out the various categories of licence which may be issued.

362. Of particular interest for present purposes are those persons who might be involved in the breaking in of a greyhound and its pre-training which involves educating it to chase and assessing its abilities in this respect.

363. It is during this period, which extends from when the greyhound is about 3 months old until it is 18 to 20 months old and considered suitable for racing that it is most likely to be exposed to the practice of live baiting. This is the period during which steps to deter those who may be minded to engage in this practice should be given priority.

364. Currently, those who are permitted by licence to break in, rear and pre-train a greyhound are categorised by definition in LR 24(4) as trainers (Classes 1, 2 or 3), stud masters and breeders

365. Although each of these individuals is required to be licensed to break in or pre-train a greyhound, there is currently no requirement to notify the method by which the breaking in or pre-training is carried out or the location at which it is performed. Similarly, there is no requirement for the notification of which individual/s were engaged to break in and/or pre- train a particular greyhound.

366. This information should be required to be notified by statutory declaration to the QRIC.

367. A further requirement of each of the owners and/or trainers, breeders or stud masters engaged in these practices to keep log book records would at least provide a means by which those practices could be monitored and investigated if considered necessary.

368. In addition, a requirement to notify these details would permit a permanent record to be maintained of all those involved in the life cycle of the greyhound and enhance not only the ability to track the animal but also track those involved with and responsible for it at various stages of its life.

[107] Racing Queensland, LR 24(1).
[108] Racing Queensland, LR 24(2).

369. In relation to the requirement to lodge a statutory declaration, a sensible additional requirement would be for the owner of the greyhound to be required to counter sign the notification to declare and confirm the accuracy of the information supplied. There would need to be penalties for providing false or misleading information or failure to notify at all.

370. Critics of this proposal may say that it will not prevent those who are so minded from furnishing deliberately false information. Whilst this is undoubtedly correct, it will however provide a mechanism by which such persons can be dealt with if they are exposed and ideally, should act as a significant deterrent to others who might contemplate such behaviour. It is one thing to be prepared to engage in unlawful behaviour, it is quite another to do so and be prepared to falsely declare on oath that you have not engaged in such behaviour.

371. Such a system is entirely justified in my view where the alternative, self-regulation, has so clearly failed.

372. This system, if implemented will also prevent owners from claiming that they simply placed the dog in the care of a trainer, stud master or breeder to be broken in and were totally unaware of the breaking/training methods used. This was a common theme in responses to queries from the Commission of participants as to their knowledge of the practice of live baiting in the industry.

TRAINING TRACKS

373. The local rules provide in LR 52 for the use of training tracks, defined as either a private facility provided for the sole purpose of the education and training of greyhounds for a fee or a licensed club venue approved by RQ when used for educational training purposes.

374. The rule prohibits licensed or registered persons from taking or permitting a greyhound to be on an unlicensed training track and provides that it is an offence to breach the rule.

375. Whilst the rule is helpful in controlling the places at which the education and training may occur it should perhaps be made clearer that no greyhound should be broken in or pre-trained at premises other than those registered with RQ.

376. There would need to be sufficient licensed venues to cater for the maximum number of registered greyhounds expected to be in the system from when the pups are first registered.

377. These arrangements would also need to cater for the regional areas of Bundaberg, Rockhampton, Townsville and Cairns.

378. These measures in relation to licensing and training track in combination would allow meaningful monitoring of the numbers of greyhounds being broken in and trained, the identities of the trainers, breeders and stud masters involved with particular dogs, the methods being employed and the times and locations at which those activities are taking place. This data would provide a valuable tool for officials who may be investigating a matter and would also be a useful research tool to identify trends within the industry in order to recommend improvement. The data would also be invaluable in monitoring the welfare of individual greyhounds.

379. All of these records could be entered into the electronic OzChase database to form a permanent record which was easily accessible and searchable.

380. Although the above requirements may be seen by some in the industry as onerous, in my view there has been such a fundamental failure of self-regulation that measures such as these are necessary to restore public confidence.

INJURIES TO RACING GREYHOUNDS

381. It is necessary to monitor the prevalence of injuries to racing greyhounds in order to make an appropriate assessment as to whether animal welfare considerations are being adequately addressed.

382. Statistics in relation to racing injuries have not been made publicly available in spite of the fact that such figures are available and reported to RQ from the stewards' reports.

383. The public is entitled to know how frequently greyhounds suffer injuries and the type of injuries occasioned.

384. The Commission requested this information from RQ who provided the following statistics:-

Period	Number of Greyhounds Injured/examined	Race Starters	Number of Greyhounds euthanased at the track	Injuries to starters resulting in euthanasia	Number of injuries/greyhounds examined to starters
FY13	1905	38,751	53	0.137%	4.916%
FY14	2127	43,248	61	0.141%	4.918%
1/7/14 – 30/4/15	2379	34,558	52	0.150%	6.88%

385. This information should be collated and stored (preferably in OzChase) so that it may inform research into relevant trends and means by which matters of concern may be addressed. Similarly, statistics as to the number of greyhounds euthanased after suffering racing injuries are important. Currently, RQ extracts figures relating to greyhounds which are euthanased at the race track but not in relation to greyhounds which are later euthanased because of a race day injury. In order to properly assess the significance of an injury on race day, such figures should be compiled and made available to the public upon request.

TRAINING

386. One of the current difficulties experienced in the industry is a lack of professionalism. There are currently very few requirements for any licensee to possess any formal qualifications in order to be granted a licence.

387. The Licensing Scheme Policy currently requires applicants for a trainers licence (classes 1,2,3) to have attained a Certificate IV in Racing (Greyhound Trainer) qualification in accordance with the National Racing Training Package (or recognised equivalent qualification).

388. Applicants for a licence as an attendant or breeder, who have not been licensed by the controlling body in the previous 5 years, are required to complete a written assessment.

389. An applicant for a stud masters licence (irrespective of his or her licensing history), is not required to have any formal qualifications or complete any assessment. Given that a stud master is permitted by definition to break in and pre-train a greyhound, it is unclear why there should be a lesser requirement for this class of applicant.

390. RQ operates, through the Racing College of Queensland (RCQ), the only registered training organisation within the racing industry in Australia.

391. As such, it is in an ideal position to be an industry leader in the provision of training and at the same time to develop a revenue stream by offering its facilities to interstate control bodies.

392. The Manager of the RCQ, Ms Gabrielle Passlow spoke with the Commission and made a submission which outlined the current initiatives being undertaken by the RCQ together with proposals as to how to further increase professionalism in the industry through education and training.

393. These initiatives coincide with the intent of the revised Licensing Scheme Policy produced by RQ for consultation with industry participants.

394. The timeframe in which the Commission must report is too confined to allow a proper analysis of these initiatives but the Inquiry process has highlighted the need

to foster and promote professionalism in the industry as a means by which out dated and entirely inappropriate practices might be understood as no longer acceptable.

395. The initiatives outlined in Ms Passlow's submission (published on the Commission website) are persuasive and clearly necessary if the industry is to meet the public expectation that those who participate in the industry behave as professionals with due regard to their obligations to maintain integrity and concern for the welfare of the greyhounds in their care.

TERM OF REFERENCE 3:-THE SUITABILITY OF THE CURRENT REGIME OF MONITORING, REGULATION AND INTEGRITY

THE CURRENT REGULATORY COMPLIANCE ARRANGEMENTS

396. The *Racing Act* provides the structural framework for compliance arrangements within Queensland's greyhound racing industry. The main purposes of the Act are to:-

(a) maintain public confidence in the racing of animals in Queensland for which betting is lawful;

(b) ensure the integrity of all persons involved with racing or betting under the Act; and

(c) safeguard the welfare of all animals involved in racing under the Act.[109]

397. Central to achieving each of these purposes is the commitment, from all industry participants, to complying with their respective obligations.

398. In the context of the aforementioned purposes of the Act, relevant obligations are not limited to those explicitly contained in relevant legislation, rules and associated policies and procedures of the regulatory bodies.

399. It is implicit that the requirements and expectations of interested parties, including the general public, are demonstrably considered.

400. The following bodies, collectively have compliance obligations relating to the Queensland greyhound racing industry:

(a) RQ;

(b) the QGRB;

(c) the RIC;

(d) the RAWIB;

(e) the Racing Disciplinary Board (RDB);

(f) Chief Executive of the department administering the *Racing Act*; and

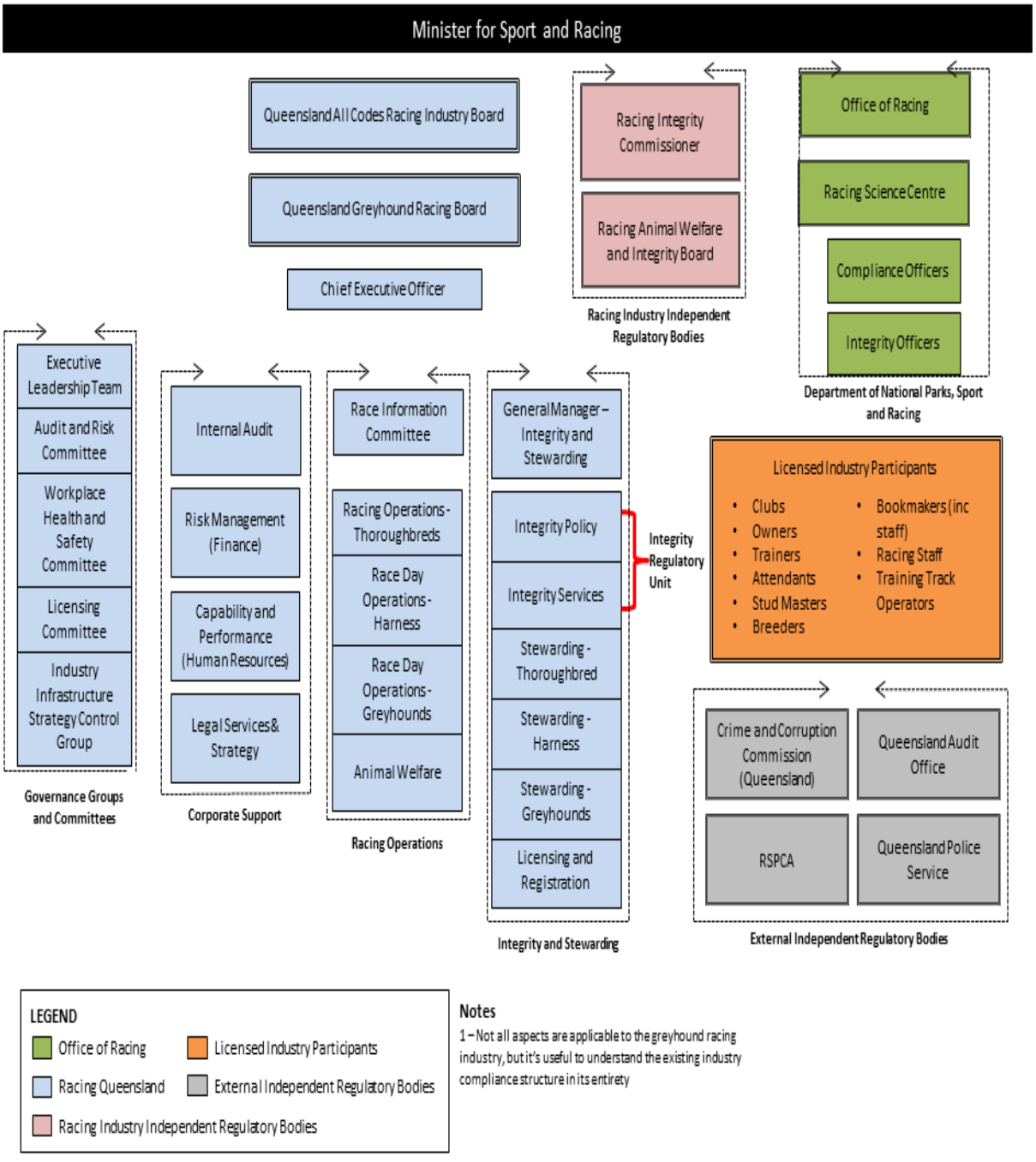
(g) Minister for Sport and Racing (the Minister).

401. The Act provides instruments for the delegation of certain powers otherwise vested with the bodies set out above.

[109] *Racing Act 2002* (Qld) s. 4(1).

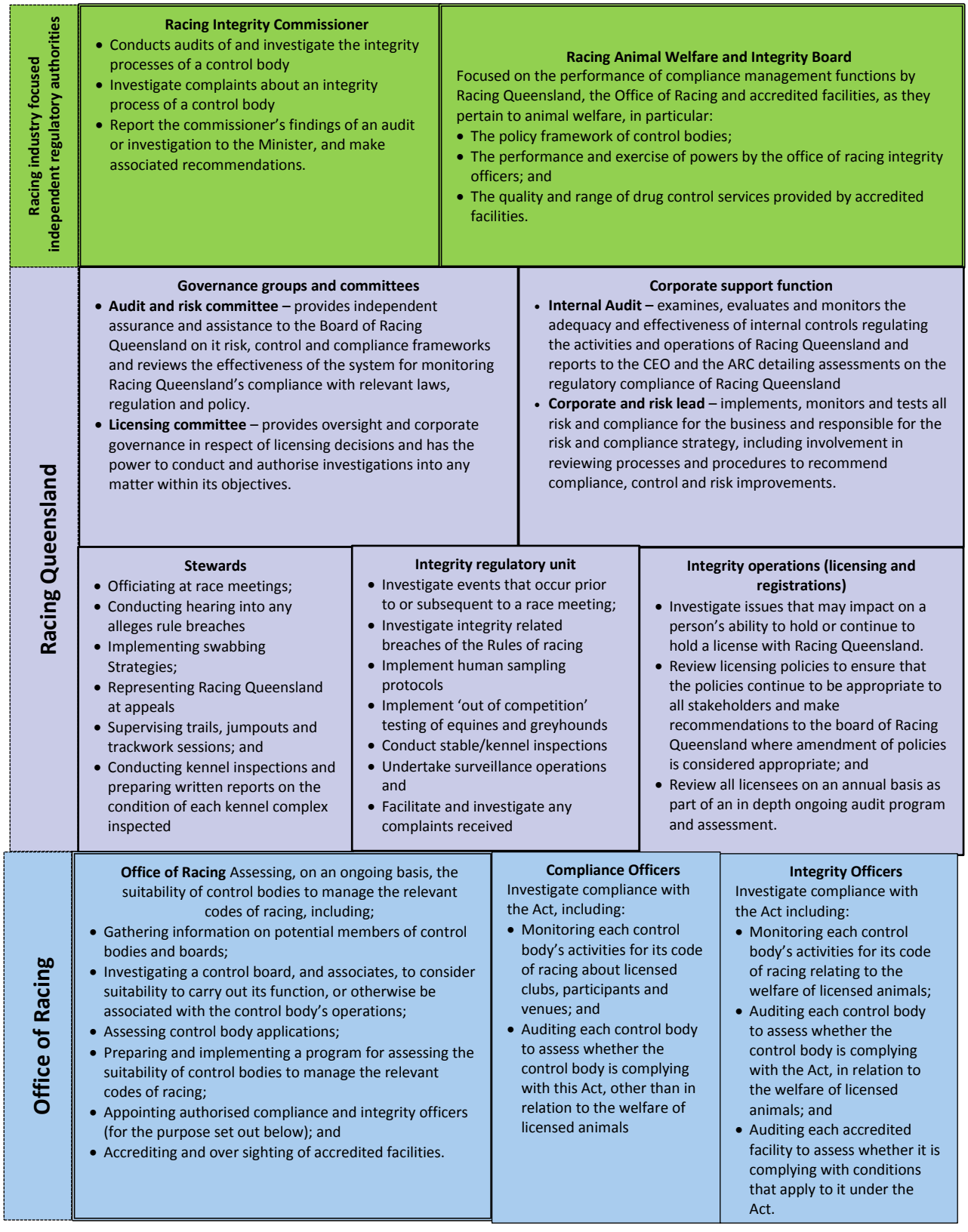
402. Accordingly, based on the information provided, the Commission has had regard to how these powers have been delegated by these bodies, in giving effect to the powers provided under the Act.

403. A high level summary of the Queensland greyhound racing industry's integrity, compliance and enforcement landscape is provided below.



ALLOCATION OF REGULATORY COMPLIANCE FUNCTIONS ACROSS THE INDUSTRY

404. A functional overview of how compliance and enforcement functions are currently allocated across various stakeholders in the industry is summarised in the chart below.

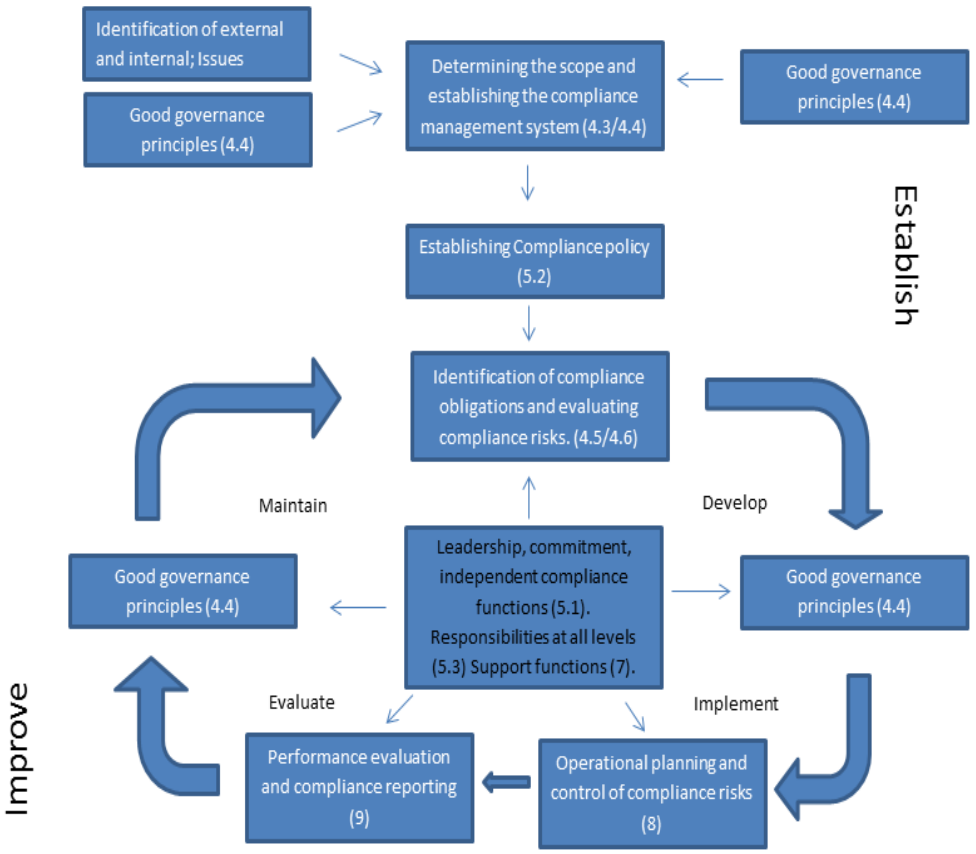


THE BENCHMARK FOR COMPLIANCE MANAGEMENT IN THE GREYHOUND RACING INDUSTRY

405. In assessing the existing compliance and enforcement arrangements in the Queensland greyhound racing industry against better practice standards, the Commission adopted the International Standard for Compliance Management Systems – Guidelines (ISO 19-600) (the Standard), as the foundation for benchmarking purposes, adapted as required for other attributes of better practice and tailored to the industry.

406. The Commission has assessed the existing compliance and enforcement arrangements in the Queensland greyhound racing industry against selected attributes of the Standard, which collectively provide a framework for how organisations may structure their compliance management systems to align with better practice standards.

407. The chart below visually summarises the attributes of a better practice compliance management system:



OVERVIEW OF THE STANDARD

408. The Standard provides guidance on compliance management systems and recommended standards.

409. The assessment has been undertaken from a whole of industry perspective, and the associated allocation of compliance functions, rather than assessing all industry participants against each better practice attribute.

410. The Commission provides the following findings concerning how the regulatory compliance framework for the industry has been established, in respect of the relative effectiveness of how respective compliance functions have been allocated to various industry stakeholders.

FINDINGS ON THE ALLOCATION OF COMPLIANCE FUNCTIONS TO VARIOUS INDUSTRY STAKEHOLDERS

411. Before discussing the Commission's findings from the comparison against better practice standards, it is worthwhile highlighting several observations on the allocation of compliance functions to various industry stakeholders, which the Commission considers provides some insight into the overall effectiveness of the compliance framework established for the industry.

412. This is completed on an exception only basis, identifying factors the Commission considered as potentially detracting from the overall effectiveness of the industry's compliance framework, and in this regard, it is not intended to be an exhaustive list.

413. The following is a summary of these observations together with associated impacts.

DUPLICATE INVESTIGATIVE ROLES AND RESPONSIBILITIES WITHIN RQ

414. There are multiple areas within RQ which appear to have overlapping responsibilities for key compliance functions. By way of example, the Licensing Committee and the Stewarding and Integrity Operations division all possess powers and or defined responsibilities with respect to investigating integrity matters.

415. Similarly, Stewarding Operations and the Integrity Regulatory Unit both hold responsibilities for conducting kennel inspections.

416. It has not been possible, on the basis of the information provided by RQ, to clearly delineate in what circumstances, which area of RQ will be engaged to perform these duties, or how resources will be coordinated in instances where there are overlapping jurisdictions.

417. Both investigations and intelligence / surveillance activities are technical compliance functions requiring appropriately skilled practitioners. Overlapping responsibilities does not necessarily provide effective coverage and can actually create confusion regarding who is responsible for certain functions. It can lead to assumptions that the other area of the organisation is performing a function or task when they may not be and ultimately, can lead to the compliance function being performed ineffectively or not performed at all.

418. The Commission has been advised by the Manager of the RQ Integrity Regulatory Unit that where a complaint involves more than one area of RQ, investigating officers within RQ will liaise with each other and provide a consolidated response to the complaint. Whilst not altogether inappropriate, this is insufficient guidance to ensure the matter is escalated to an appropriate body to ensure that decisions are made transparently and the case optimally resourced to test the veracity of the concerns raised.

OVERLAPPING ROLES AND RESPONSIBILITIES BETWEEN INDEPENDENT REGULATORY AUTHORITIES AND THE OFFICE OF RACING

419. The Commission notes that the RIC and the OoR appear to have overlapping responsibilities in respect of their audit and investigative compliance functions relating to the actions of control bodies.

420. Whilst the RIC's powers are to be applied to situations pertaining to integrity matters, this is not distinguished from areas of focus for which Integrity Officers and Compliance Officers are responsible for monitoring, auditing and investigating matters relating to compliance with the *Racing Act*.

421. There also appears to be duplication between the OoR and both the RIC and RAWIB in respect of the integrity processes of control bodies, as they pertain to policy documentation.

422. The model which the Commission proposes later in this report is designed to specifically reduce duplication and confusion and to also best direct resources.

INADEQUATE RESOURCING AT ANY REGULATORY LEVEL TO PROVIDE EFFECTIVE COMPLIANCE MANAGEMENT

423. Given the scale of the racing industry, both in terms of level of activity and geography, none of the regulatory entities charged with integrity oversight of RQ's management of greyhound racing appear adequately resourced to provide effective regulatory compliance support.

424. The RIC role is part-time, with part-time administrative support provided by a Compliance Officer from the OoR.

425. The RAWIB is an advisory board, currently comprised of three members, and does not possess additional staffing to carry out its monitoring role.

426. The OoR's current staffing provides for less than ten full time equivalent personnel with responsibility for covering all codes of racing in Queensland.[110]

427. RQ currently deploys a team of five stewards allocated to the greyhound racing code; its Integrity Regulatory Unit is comprised of four personnel, including one cadet, responsible for covering all codes of racing, and a team of nine integrity and licensing officers, collectively responsible for covering all codes of racing.[111]

428. By way of comparison, as at June 2014, there were approximately 7,000 licensed participants involved in Queensland's racing industry with approximately 1,800 of those participating in the greyhound racing industry.[112]

429. Given the number of bodies involved in the execution of the compliance functions across the industry the approach the Commission has decided to adopt in this next section of the report is to outline each body's industry compliance obligations and then to provide an assessment against better practice standards of the performance of those obligations by each regulatory authority.

[110] Office of Racing Organisation Chart as at February 2015 provided to the Commission on 20 April 2015.
[111] Racing Queensland Organisation Chart as at 30 April 2015 provided to the Commission on 7 May 2015.
[112] Racing Queensland, Annual Report 2013-14, p 41.

THE COMMISSION'S ASSESSMENT OF RACING QUEENSLAND'S PERFORMANCE IN REGULATING THE QUEENSLAND GREYHOUND RACING INDUSTRY

INTRODUCTION

430. The Queensland greyhound racing industry applies a self-regulatory model, at least partially, in terms of how it upholds integrity and enforces compliance.

431. RQ, as the control body, together with the QGRB, as the control board for the greyhound racing code, each have legislative obligations to ensure compliance by industry participants with the Act and associated rules, policies and procedures.

432. RQ has certain prescriptive powers designed to support and give effect to the administration of these compliance obligations but it also has broad powers to do anything else necessary or convenient to be done in performing its functions or discharging the obligations imposed under the Act.

433. The way in which RQ practically carries out these obligations has changed over time.

434. Based on material reviewed by the Commission it is understood that RQs obligations are carried out by the RQ functional areas of stewarding (across the three codes), Integrity Regulatory Unit, Stewards & Integrity Operations (Licensing and Registration), certain corporate support functions and certain governance groups and committees.

STEWARDING

435. The Stewarding function is generally delegated responsibility for the control and general supervision of greyhound racing within Queensland.

436. The allocation of resources towards carrying out this role appears, based on available information, to be primarily directed toward activities occurring in connection with race meetings. Relevant compliance functions include:[113]

(a) Officiating at race meetings;

(b) Conducting hearings into any alleged rule breaches;

(c) Implementing swabbing strategies;

(d) Representing RQ at disciplinary appeals;

(e) Supervising trials, jumpouts and trackwork sessions; and

(f) Conducting kennel inspections and preparing written reports on the condition of each kennel complex inspected.

[113] Racing Queensland, Stewarding and Integrity fact sheet.

INTEGRITY REGULATORY UNIT

437. The Integrity Regulatory Unit (IRU) is responsible for supporting RQs audit and investigative functions, including:[114]

(a) Investigating events that occur prior to or subsequent to a race meeting;

(b) Investigating integrity related breaches of the Rules of Racing;

(c) Implementing 'out of competition' testing of greyhounds;

(d) Conducting kennel inspections;

(e) Undertaking surveillance operations; and

(f) Facilitating and investigating any complaints received.

INTEGRITY OPERATIONS (LICENSING AND REGISTRATION)

438. Integrity Operations (Licensing and Registration) is responsible for, inter alia, the administration of RQs compliance obligations in respect of licensing and registrations.

439. For the purpose of this Inquiry the relevant compliance functions include:[115]

(a) Overseeing the assessment of applications for licenses under RQs Licensing Scheme Policy;

(b) Investigating issues that may impact on a person's ability to hold or continue to hold a licence with RQ;

(c) Reviewing licensing policies to ensure that policies continue to be appropriate to all stakeholders and making recommendations for the amendment of polices, as appropriate; and

(d) Renewing all licensees on an annual basis as part of ongoing audit program and assessment.

CORPORATE SUPPORT

440. Corporate support functions also exist in RQ in the form of internal audit and corporate and risk management.

441. The internal audit function is responsible for examining, evaluating and monitoring the adequacy and effectiveness of internal controls that exist to regulate the activities and operations of RQ and to report to the CEO and the Audit and Risk Committee detailed assessments on the regulatory compliance of RQ.

[114] Racing Queensland, Stewarding and Integrity fact sheet.
[115] Racing Queensland, Stewarding and Integrity fact sheet.

442. The corporate and risk management function is responsible for implementing, monitoring, and testing of all risk and compliance for the business of RQ as well as being responsible for the risk and compliance strategy, including reviewing processes and procedures to recommend compliance, control and risk improvements.

GOVERNANCE GROUPS AND COMMITTEES

443. The Audit and Risk Committee is responsible for assisting RQ fulfil its oversight responsibilities by reviewing RQs risk control and compliance frameworks and reviewing the effectiveness of the system for monitoring RQ's compliance with relevant laws, regulations and government policies.[116]

444. The Licensing Committee is responsible for assisting RQ fulfil its corporate governance responsibilities in respect of licensing decisions. In doing so, it has the power to conduct and authorise investigations into any matter within its objectives.

RACING QUEENSLAND'S INDUSTRY COMPLIANCE OBLIGATIONS

RACING QUEENSLAND AS THE CONTROL BODY

445. RQ, as the control body for thoroughbred, harness and greyhound codes of racing, is responsible for the coordination, management and regulation of the greyhound racing industry in Queensland.

446. RQs statutory functions are set out in s9AD of the *Racing Act*.

447. The *Racing Act* also outlines the following ways the control body may generally perform its function of managing its code of racing, when it becomes responsible for managing the code:-[117]

(a) making policies about the management of its code of racing, especially about its licensing scheme for controlling activities relating to the animals, clubs, participants and venues and about the way in which races are to be held for its code of racing;
(b) making rules of racing; and
(c) giving directions to licensed clubs and ensuring compliance by taking disciplinary action relating to the licence of a club that does not comply with a direction.

[116] Racing Queensland, Annual Report 2013-14.
[117] *Racing Act 2002* (Qld) s 78(1).

448. These are in addition to the following obligations RQ has under various sections of the Act:

(a) Within 14 days after each anniversary day for an approved control body, the approved control body must give the chief executive a notice about whether the approved control body has been an eligible corporation for the year before the anniversary day and is, on that anniversary day, an eligible corporation;[118]
(b) Subject to the regulation conditions and stated conditions in the control body's approval, the control body must implement the plans as stated in the timetable for implementing its plans for developing, operating and managing its code of racing, as stated in its control body's approval application;[119]
(c) Within 14 days after an event happening that results in an executive officer of a control body being no longer an eligible individual, the executive officer must give notice about the event to the chief executive;[120]
(d) A control body must have internal controls to effectively perform its function of managing its code of racing;[121]
(e) A control body must prepare a racing calendar that includes certain particulars for the period in relation to which the racing calendar is published, and make the racing calendar for a calendar period available at least 7 days before the start of, and during, the calendar;[122]

449. RQ must, by 31 December each year, give to the Chief Executive a copy of its program, for the following year, to audit periodically the suitability of every licensed animal, club, participant and venue to continue to be licensed, and the control body must implement the program during the relevant year.[123]

450. RQ must enter into an agreement with an accredited facility, independent of RQ, for the provision of integrated scientific and professional services:-

(a) for analysing things relating to licensed animals for the presence of drugs and other substances; and

(b) for related matters.[124]

451. Within 14 days after each anniversary day of the commencement of this section, RQ must give to the Chief Executive a plan, attached to a notice in the approved form, for managing its code of racing for a period of at least 1 year starting on that anniversary day.[125]

[118] *Racing Act 2002* (Qld) s 32(1).
[119] *Racing Act 2002* (Qld) s 32A.
[120] *Racing Act 2002* (Qld) s 32B.
[121] *Racing Act 2002* (Qld) s 37.
[122] *Racing Act 2002* (Qld) s 38.
[123] *Racing Act 2002* (Qld) s 39.
[124] *Racing Act 2002* (Qld) s 40.
[125] *Racing Act 2002* (Qld) s 41.

452. If an executive officer of a control body resigns, or the executive officer's appointment or employment otherwise ends, the control body must give notice about the resignation, or the end of the appointment or employment, to the chief executive.[126]

453. RQ must have a policy for its code of racing about each of the matters set out in section 81 of the *Racing Act*.

454. RQ must make rules of racing for its code of racing, including matters that it believes necessary for the good management of racing under the code.[127]

QUEENSLAND GREYHOUND RACING BOARD

455. It is necessary to also outline the compliance obligations of the QGRB as it, together with RQ and the control boards of the other racing codes, oversee the strategic direction of racing in Queensland.[128]

456. A range of examples of activities to assist the board in managing the control board's racing code are set out in section 9BQ of the *Racing Act*, including the following:

(a) make recommendations to RQ to amend the code's rules of racing;
(b) consult with industry stakeholders; and
(c) develop strategic plans for the ongoing operation of the code.

457. The above activities have the potential to engage in, or contribute to, compliance management.

LICENSED INDUSTRY PARTICIPANTS

458. RQ is required to have a policy about its licensing scheme,[129] the purpose of which is to ensure the:[130]

(a) integrity of racing activities conducted as part of the code;
(b) safety of persons involved in racing or training animals; and
(c) welfare of licensed animals while involved in racing or training, or activities associated with racing or training.

459. The Licensing Scheme policy provides a system for assessing applicants seeking to participate in the Queensland racing industry and a system for ensuring the ongoing suitability of licensees to remain licensed.[131]

[126] *Racing Act 2002* (Qld) s 42(1).
[127] *Racing Act 2002* (Qld) s 91(1).
[128] Department of National Parks, Recreation, Sports and Racing, Annual Report 2013-14.
[129] *Racing Act 2002* (Qld) s 81(c).
[130] *Racing Act 2002* (Qld) s 86.
[131] Racing Queensland, Licensing Scheme Policy.

460. The policy statement for the Licensing Scheme policy explicitly states, inter alia, that persons will be licensed to participate in greyhound racing and race meetings supervised by RQ and training activities involving racing animals, if they:

(a) satisfy relevant competency levels for the role they are performing as specified;
(b) demonstrate an understanding of, commitment to and compliance with RQs policies and rules of racing relevant to that person's occupation or function;
(c) demonstrate that they can carry out their occupation or duties in a manner that ensures the safety of persons involved in greyhound racing; and
(d) maintain the required level of integrity while engaging in racing and training activities.

461. The policy provides for the following measures to support compliance with this statement:

(a) application forms requiring licensing and registration applicants to undertake to comply with process, policies and rules of racing;
(b) ongoing suitability criteria defining fit and proper standards which include, inter alia, propriety assessments based on general behaviour and conduct, including:
(c) disciplinary history;
(d) evidence of dishonesty;
(e) whether any conduct or statement likely to impact the person's reputation and more broadly on the reputation of other licensees, RQ, officials of RQ and the Queensland racing industry has been made;
(f) demonstrated ability to consistently operate within the rules and policies of RQ and any other laws and regulations applicable to the conduct of the industry and its participants including gaming laws;
(g) evidence of bad behaviour and misconduct including police records, court records and letters of complaint regarding the licensee; and
(h) where a licensee or applicant for a licence has been convicted of or pleaded guilty to a criminal offence in any state or territory of Australia or in any other country.

462. Conditions applicable to all licences requiring licensees to:

(a) make themselves available for any interview or inquiry if requested;
(b) allow access and inspection of any stable or property used for training or keeping of race horses or greyhounds;
(c) allow RQ officials access to staff employed in connection with the licence;
(d) allow RQ officials access to any licensed animal and provide details of its location and training; and
(e) notify RQ within 14 days if charged with any criminal offence, if made bankrupt or becomes the subject of a court judgement requiring payment to a Queensland racing industry participant or provider.

463. This is underpinned by a regular audit program for every category of licence based on risk management principles. Audit activity applies to racing animals, clubs, venues and participants for the purpose of deciding if they are suitable to continue to be licensed.

SCOPE OF THE COMPLIANCE MANAGEMENT SYSTEM

Better practice standards recommend that an organisation, in setting the scope of its compliance management system:

(a) Determine external and internal issues affecting its ability to achieve the intended outcomes of its compliance management system, including consideration of regulatory, social, cultural and economic factors and associated policy, procedural and resourcing requirements;

(b) Identify all relevant stakeholders, demonstrate an understanding of the requirements of these stakeholders and adequately consider associated compliance obligations;

(c) Document, and make readily available, its compliance management system;

(d) Adopt principles of good governance enabling direct access of the compliance function to the governing body, independence of the compliance function and appropriate authority and resourcing;

(e) Align the compliance management system with the organization's values, objectives, strategy and compliance risks;

(f) Identify its compliance obligations and their implications for its operations and review obligations on a regular basis to maintain awareness of any changes in compliance obligations; and

(g) Identify and assess risks in accordance with better practice standards

RACING QUEENSLAND - COMPREHENSIVE IDENTIFICATION AND CONSIDERATION OF COMPLIANCE OBLIGATIONS AND RISKS, INCLUDING CONSIDERATION OF NEEDS AND REQUIREMENTS OF RELEVANT STAKEHOLDERS

464. Material published by RQ, such as annual reports and policies, identify various third parties it consults with directly, or indirectly, in respect of compliance obligations. For example, in respect of animal welfare, reference is made to the Australian Veterinary Association and, indirectly through GA, the Australian Greyhound Veterinary Association.

465. Similarly, in respect of integrity matters, the RIC, QPS and other law enforcement agencies are identified as relevant stakeholders with whom RQ intends to pursue strategic initiatives.

466. Although material published by RQ references, generally, several relevant stakeholders and the nature of their interest in RQ activities, limited information

demonstrating an understanding of the requirements of each of these stakeholders is provided.

RACING QUEENSLAND - DOCUMENTED COMPLIANCE MANAGEMENT SYSTEM DEMONSTRATING CONSIDERATION OF GOOD GOVERNANCE PRINCIPLES AND ALIGNMENT WITH ORGANISATIONAL VALUES, OBJECTIVES AND STRATEGY

467. RQ has established elements of a compliance management system that adopt good governance principles and reflect relevant aspects of its stated mission, strategic initiatives and general compliance risks and obligations, including:

(a) The Audit and Risk Committee is responsible for providing independent assurance and advice on RQ's risk, control and compliance frameworks, including, reviewing the effectiveness of the system for monitoring RQ's compliance with relevant laws, regulations and government policies;

(b) Internal audit are in the process of completing a review of organisational governance, in line with one of its strategic initiatives around maintaining an appropriate governance framework; and

(c) Minutes of meetings of the RAWIB indicate that the General Manager, Stewarding and Integrity Operations, and Chief Steward (Greyhounds) have attended and presented to the RAWIB in the capacity of guests.

468. RQ has not provided the Commission with a documented Compliance Policy, or equivalent policy or procedural statement, defining the scope of its compliance management system.

469. Whilst various documents make reference to RQ's integrity and animal welfare obligations under the *Racing Act*, the Commission was not provided with any central coordinating document demonstrating how compliance obligations, stakeholder concerns and associated risks will be comprehensively identified and managed. It seems no document answering this description exists.

470. In response to the Commission's inquiry as to how the IRU or other areas within RQ identify and document its compliance obligations and associated non-compliance risks, with respect to the greyhound racing industry, RQ advised as follows:-

> *"The compliance obligations of the IRU are found within the rules of racing, which are detailed in the role profile of the IRU staff members. There are no further guidance documents in that regard. Strategies to ensure compliance include implementation of the Business Plan and Audit Plan, and conducting weekly meetings between Mr Torpey and Mr Birch. No minutes are recorded of these meetings, but the general points of discussion are recorded in Mr Birch's diary."*[132]

[132] Statement of Mr Condon, 17 April 2015 at [3.2].

471. Further, when the Commission asked how does the IRU or other areas within RQ document its compliance strategy for ensuring that specific actions to address compliance obligations and associated non-compliance risks are determined, responsibility for completing those actions delegated to an appropriately qualified person, timeframes for the targeted completion of those actions established and meaningful measures to monitor and evaluate the effectiveness of delivery of those actions developed, RQ responded as follows:-

"All complaints are entered into the computer system controlled by Racing Queensland's compliance department. The files (both hard copy and electronic) are reviewed by Mr Torpey on a regular basis to ensure all investigations are completed in a timely manner."

472. This response from RQ clearly demonstrates the absence of a compliance framework the purpose of which is to outline how it plans to set itself up to carry out its compliance functions and manage associated compliance risks.

473. RQ has submitted that it is not accurate for the Commission to say that RQ does not have a properly documented compliance framework.

474. In its submissions on this issue RQ focussed on an inference that they drew between the Commission's conclusion that RQ does not have a documented compliance framework and the fact that RQ has not been timely in reviewing its suite of policy documents (whatever the subject of the policy).

475. The Commission considers that no such inference is reasonably drawn.

476. Further, RQ submits that it has adopted a coordinated approach to compliance issues and that the compliance framework within which RQ operates includes a range of documents and approaches.

477. This submission articulates the very basis upon which the Commission finds RQ is deficient.

478. There is no properly documented compliance policy and accompanying compliance strategy. Such things would, ordinarily, form the basis of a robust compliance framework.

479. The purpose of such documents is to provide a framework for RQ to improve, and over time, achieve full compliance with their compliance management measures.

480. The framework should include a compliance plan which outlines actions to address priority compliance risks.

481. Such plans are not static. They should be reviewed, and confirmed or updated every year. The action plan will therefore be a 'rolling' document and over time its emphasis will change.

482. Documenting a compliance framework would have affirmed RQs commitment to transparency in the way that it conducts its compliance activities.

483. The activities undertaken as part of a compliance plan are founded on a targeted, risk-based and transparent approach to compliance which is supported by a strong, modern enforcement program. This enables the organisation to respond to current and emerging challenges.

484. This would have enabled RQ to respond to current and emerging challenges such as live baiting which, despite being advised of the risk, RQ appear to have neglected by failing to take any preventative action or, in fact, any proactive action to detect it, with only a small percentage of inspections of greyhound licensees completed in 2013 and 2014.

485. This represents a significant departure from the requirements of a system seeking to effectively ensure integrity in the industry. The absence of such an overarching document immediately identifies how RQ failed as a regulator of the greyhound racing industry.

GENERAL MANAGER, STEWARDING AND INTEGRITY OPERATIONS

486. RQ recognise there is a need to ensure there is a clear separation between the commercial and integrity arms of RQ and state in their annual report for 2013-14 that the General Manager, Stewarding and Integrity Operations is required to report directly to the RIC on all matters affecting the integrity of the Queensland racing industry.[133]

487. Despite this inclusion of the expected "separate" reporting line of the General Manager, Stewarding and Integrity Operations, there is no documentation, including a role description for the position of General Manager, Stewarding and Integrity Operations that evidences this expectation or in fact, the existence of such a reporting line. Further, there is no indication on any organisational charts provided to the Commission that this "reporting line" does in fact exist.

488. RQ has submitted that the reporting line to the RIC is a reporting framework that has been implemented by RQ to ensure that there is an appropriate separation between the regulatory and commercial arms of RQ and that the RIC is kept fully informed in relation to integrity matters arising within the Queensland racing industry.

489. The Commission accepts that the reporting line is not established under the *Racing Act* and has been implemented by RQ.

[133] Racing Queensland, Annual Report 2013-14, page 10.

490. In relation to the issue of a lack of a role profile for the position performed by Mr Birch, RQ submitted to the Commission that Mr Birch previously performed the role of Chairman of Stewards (3 Codes) which was a new position which commenced on 1 July 2012.

491. The role was created as a result of a review of the organisational structure by the then Racing Queensland Limited around that time.

492. RQ submitted to the Commission that there was no role profile for the role at that time as it was intended that the profile be developed in conjunction with the appointee Mr Birch.

493. A role profile for the position was never developed.

494. In February 2014 RQ went through another organisational restructure which caused the position of Chairman of Stewards (3 Codes) to cease to exist.

495. RQ appointed Mr Birch to the position of General Manager, Stewarding and Integrity Operations.

496. RQ has submitted that the key differences between the two roles were that the position of General Manager did not include the function of Chief Steward, Thoroughbred Racing but did assume responsibility for the Licensing and Registration Department.

497. Similarly to the role of Chairman of Stewards (3 Codes), the new position of General Manager also did not have a role profile.

498. Role profiles, especially for roles which attract a salary in excess of $300,00 per annum, would improve RQs ability to manage people and roles a number of ways, including by providing clarity of the employer's expectations for employees; providing a basis of measuring job performance; providing a structure and discipline for RQ to understand and structure all jobs and ensure necessary activities, duties and responsibilities are covered by one job or another and provide continuity of role parameters irrespective of manager interpretation.

499. RQ has explained that "there were a number of competing priorities for the organisation at the time of the restructure and due to this the formal position description was not developed."

500. The Commission has reviewed the following Risk Registers of RQ:-

(a) RQ Risk Register dated March 2014
(b) RQ Risk Register dated May 2014
(c) RQ Risk Register dated July 2014
(d) RQ Risk Register dated August 2014
(e) RQ Risk Register dated 2 September 2014

501. In each of those Risk Registers RQ describes a risk of lacking a workforce with appropriate knowledge, skills and succession planning and then lists the following existing controls to manage the risk:-

> "*1. Job descriptions are prepared for all positions and include requirements to undergo specific checks relative to the role of the position which are approved by the HR Manager.*
>
> 2. *A complete review of job descriptions is undertaken and aligned to business functions.*"

502. RQs explanation may have been reasonable for a short time. However, in circumstances where there was a control listed in a regularly updated risk register and where, as RQ has submitted, the CEO introduced a dedicated Human Resources Department[134] as one of the measures he has implemented with a view to ensuring integrity, not rectifying the situation in the more than 12 months since the restructure demonstrates a clear system failure.

503. RQ has submitted to the Commission that Mr Birch appreciated the scope and extent of this role and that Mr Birch was considered suitable for the role and had been appropriately appointed to the role.

504. The Commission considers RQs failure to have a role description in place for such a senior role to be unsatisfactory.

CHIEF EXECUTIVE OFFICER

505. The role description for the position of CEO of RQ includes duties which include management and leadership including:-

(a) overseeing the organisation's risk management;

(b) ensuring that all due diligence, legal regulatory and risk management responsibilities are proactively managed and met; and

(c) keeping the Board informed on all governance, staff, performance and risks associated with the running of the business.

506. Interestingly, nowhere in the role description for the CEO is there a "carving out" of responsibility for integrity or risks which affect the Queensland racing industry.

507. In contrast, as highlighted above, the role description is quite typical of role descriptions for the CEO of an organisation, including that the position has duties to ensure all risks are managed. The Commission's experience is that responsibility for risk management and integrity is always in a CEOs role description because it is a

[134] See paragraph 511 of this report.

vital asset of any business as once it is damaged it can be almost impossible to fully restore.

508. The Commission has advised Mr Condon that it is the Commission's view that he does not appreciate that his role as CEO includes all aspects of risk management including responsibility for ensuring the integrity of racing and has failed in the following key performance indicators articulated in the role profile of the CEO:-

(a) KPI 3: Assess present and future risks as they relate to the organisation and ensure appropriate action is taken to resolve unsatisfactory conditions.

(b) KPI 6: Ensure compliance with all legislation, standards, work procedures and practices.

509. In submissions to the Commission, RQ has denied that the CEO does not appreciate the scope of his duties in the context of risk management, including the integrity of racing and has failed to meet the identified KPIs.

510. RQ makes this denial on the basis that the integrity of racing has generally been maintained despite major threats.

511. RQ submits that the CEO put in place the following measures, which it says are measures which have a view to ensuring integrity:-

(a) Regular meetings between the CEO and other staff, such as the General Manager. Stewarding and Integrity Operations;
(b) Regular meetings of the Executive Leadership Team;
(c) Commencement of the internal audit function of RQ;
(d) Restructuring of Betting Compliance;
(e) Introduction of a risk and compliance lead;
(f) Facilitation of appropriate death and disability insurance cover being put in place for jockeys; and
(g) Introduction of a dedicated Human Resources department.

512. Further, RQ submits that it was the CEOs view that as CEO, he would have oversight, but not influence, of the integrity function of RQ.[135]

513. The Commission's view is that the very nature of the role of a CEO is to influence, to ensure integrity, to ensure compliance, to ensure the management of risks, to ensure a strong organisation which delivers strong, accountable and transparent outcomes right across the board.

514. The Commission finds that use of the explanation by the CEO of "oversight and not influence" with respect to how he is to discharge his duties concerning the integrity of the racing industry is naïve and impractical.

[135] Evidence of Mr Condon, 5 May 2015, page 11.

515. Further, the Commission considers that despite the establishment of the elements of a compliance management system, set out above, the absence of a documented Compliance Policy, and accompanying compliance management strategy, and a lack of appreciation by the CEO for the duties of his role, undermines RQ's ability to manage its compliance obligations and coordinate its control activities to the standard required to uphold the integrity of the industry, in accordance with stakeholder expectations.

RACING QUEENSLAND - ASSESSMENT OF RISKS IN ACCORDANCE WITH BETTER PRACTICE STANDARDS AND MECHANISMS FOR THE ONGOING REVIEW OF COMPLIANCE OBLIGATIONS AND RISKS

EXTERNAL (CLUBS) RISK MANAGEMENT

516. RQ has a Risk Management Policy (Clubs Risk Policy), the purpose of which is to outline RQ's preferred risk management approach and methodology to assist racing clubs in the development of appropriate risk management capabilities.

517. The Clubs Risk Policy is a summary of better practice risk management standards, with the objective being to facilitate the development of risk management capabilities, within racing clubs, and drive the implementation of a consistent standard of risk management practices across racing clubs.

518. The Clubs Risk Policy adopts a likelihood and consequence matrix to determine residual risk ratings, which aligns with better practice standards.

519. The Clubs Risk Policy requires clubs to submit forms and plans in respect of risk management activities performed.

520. RQ has provided the following explanation to the Commission for how RQ uses this information once collated, for example, in assessing whether inherent risks have been comprehensively identified, internal controls documented and level of effectiveness assessed on a reasonable basis, or whether information provided by licensed clubs is used as a source of intelligence to drive more targeted proactive compliance activities:-

"(a) RQ sets out below an explanation as to how the information and intelligence gathered is used by RQ. It also sets out the efforts made by RQ to enhance the ability of clubs to undertake their risk management activities and report on them.

(b) RQ has implemented an online application called ControlTrack to assist clubs to have greater visibility over their risks and controls, be able to undertake regular assessments, and submit their compliance documentation and risk management activities performed in a central location.

(c) Prior to this, RQ was not able to easily obtain the results and information from clubs as requested. The project of ControlTrack has been in progress for the last 2 years with it being implemented with RQ and clubs in the last quarter of FY2014. RQ has been building intelligence use from previous audits to build the controls library in ControlTrack.

(d) All TAB clubs have completed to date and clubs have been assessing their control libraries. The information provided by the cubs and the audits conducted have been used to build the control library in ControlTrack.

(e) Subsequently, it was determined that the introduction of ControlTrack would provide a structured and consistent approach to risk management activities and reporting at clubs. As part of the implementation of ControlTrack, a club specific internal control framework was developed and incorporated into the ControlTrack system. This control framework provides guidance to clubs on key internal control requirements in the areas of corporate governance, risk management, business planning and finance.

(f) Whilst the adoption of ControlTrack continues, RQ has implemented the system at its corporate operations at RQ and all TAB clubs across Queensland. This was the responsibility of the former Risk and Compliance lead who was one of 2 key compliance roles engaged by RQ in February 2014.

(g) ControlTrack is to be used by RQ Risk and Compliance to monitor these controls at clubs and work with RQ internal audit on the adequacy of those controls. The tool is now used to provide information to internal audit.

(h) To date all TAB clubs including Greyhound Clubs have participated in a self-assessment process to identify areas of improvement to specific control areas consisting of Club Corporate Governance, Club Finance, Club Operations and Club Infrastructure and Safety.

(i) Secondly, a Control Self-Assessment Report has now been produced for each of the TAB Clubs and provided to each CEO. This report highlights the strengths and weaknesses of a club controls performance.

(j) RQ will commence the next stage of the implementation of ControlTrack of the clubs with the process development, improvement and education to ensure there is capability across TAB clubs to manage all aspects of their operations.

(k) All clubs have been requested to submit the reports to the Chairman and Committee members have oversight of the priorities required to improve their club governance, financial performance and club operations.

(l) As part of the roll out of ControlTrack to TAB clubs across Queensland, RQ engaged the services of ControlTrack Pty Ltd to assist clubs with their assessment of key controls and to identify any associated internal control deficiencies.

(m) The results from the assessment process have been collated to determine where club compliance activities need improvement. As part of the next phase of assisting clubs with their risk management and compliance activities, ControlTrack Pty Ltd have again been engaged to provide assistance to clubs. ControlTrack is providing a more consistent and structured approach to club risk management activities and practices and is providing the insight needed to ensure that resources are allocated to areas of highest priority or greatest deficiency.

(n) As part of the assistance provided, specific activities will be focussed on the following:

- *Reviewing club risk registers, assisting with risk assessments and identifying risks specific to individual clubs;*
- *Reviewing any outstanding action plans and improvements that came out of the ControlTrack assessment process and assist with their implementation and follow up;*
- *Establishing ControlTrack as a repository for key club compliance documentation that requires visibility at the RQ level;*
- *Driving collaboration across clubs by identifying better practice initiatives, common deficiencies so that improvements can be made to all clubs where relevant;*
- *Understanding where improvements can be made to the club FMPM to help clubs more easily achieve the compliance requirements outlined in the manual; and*
- *Focusing on addressing systemic issues identified at clubs in relation to asset management planning, risk management, WHS and club policies and procedures.*

(o) ControlTrack Pty Ltd is also in the process of further developing the ControlTrack application in a number of ways. This includes the development of a more comprehensive risk management capability so that club risk registers can be captured and managed in ControlTrack with linkages to RQ strategic risks.

(p) In addition, ControlTrack Pty Ltd is developing applications for mobile devices so that key forms are completed and submitted through an online form. This will enable data capture to occur at the source, be captured and viewed in real time and allow data to be collated for business analysis and benchmarking."

521. The Commission recognises the investment RQ has made in ControlTrack and strongly encourages the continuance of such an initiative to ensure effective club risk management.

INTERNAL RISK MANAGEMENT

522. Risk management contributes to good corporate governance. It provides reasonable assurance to executive management that organisational objectives will be achieved within a tolerable degree of risk.

523. It also provides for the identification of factors that may impact on RQs ability to deliver its services and promote opportunities through a process of risk identification, analysis, evaluation, effective treatment and review.

524. Risk management is an ongoing management tool and assists employees to understand and manage their business more effectively and is not simply reporting or compliance, but an essential prerequisite for effective service delivery.

525. Additionally, risk management is an integral component of good management practice and a necessary element of sound corporate governance.

526. RQ has a responsibility to establish and maintain appropriate systems of risk management as required in the *Financial Accountability Act 2009* (*FAA*) and the *Financial and Performance Management Standard 2009* (the *FM Standard*).

527. Section 61(b) of the *FAA* states that statutory bodies such as RQ, must 'establish and maintain appropriate systems of internal control and risk management'.

528. Section 15(1)(h) of the *FM Standard* requires RQ to 'establish a risk management system'.

529. Section 28 of the *FM Standard* then provides that RQ 'must manage the strategic and operational risks of RQ in accordance with the risk management system established under s15(1)(h).

530. Risk management must be embedded in all decision-making and planning that underpins effective delivery of core business at all levels to ensure that identified risks impacting on RQ are managed.

531. RQ advised the Commission that, in addition to its Clubs Risk Policy it also has an "internal" risk management policy and it has established a "Risk Consequence Table" for internal use that is available on the RQ Intranet and is accessed by staff to guide staff and ensure a greater level of consistency in categorising risks identified.

532. As stated earlier in this report the Commission has reviewed the following Risk Registers of RQ:-

(a) RQ Risk Register dated March 2014;
(b) RQ Risk Register dated May 2014;
(c) RQ Risk Register dated July 2014;
(d) RQ Risk Register dated August 2014;
(e) RQ Risk Register dated 2 September 2014.

533. Those Risk Registers are, in the Commission's view, deficient.

534. They are deficient because they fail to recognise a program of risks which had been identified by the OoR in the 2013 CBAP, an assessment which focussed on ensuring the welfare of licensed greyhounds.

535. The Commission considers that RQ should have linked the risks identified through the 2013 CBAP to its enterprise risk register as a program of risks to be managed and monitored on a regular basis.

536. Further, it does not appear that RQ has considered the recommendations or findings of the 2014 NSW Select Committee Report into the NSW Greyhound Racing Industry when compiling its Risk Register.

537. As RQ has failed to scan its environment and failed to consider the above identified risks highlighted to it, it is clear to the Commission how a risk such as live baiting has materialised and failed to be managed.

538. The RQ Risk Policy also does not address how RQ intends managing risks associated with non-compliant behaviour by its own employees, nor managing potential systemic risks and unsanctioned activities by individuals occurring outside the realm of that which racing clubs would reasonably be able to monitor.

539. RQ submits, and the Commission agrees, that it is necessary to view the Risk Policy with the RQ Code of Conduct.

540. RQ has submitted to the Commission that it accepts it would be efficient to include a cross reference within the Risk Policy to a number of Human Resources policies where non-compliant behaviour will be addressed.

GLASSHOUSE MOUNTAIN TRIAL TRACK

541. During the course of its investigations, the Commission was advised by a number of industry participants about the investment by RQ in a training track at Barrs Road, Glasshouse Mountains (Barrs Rd Trial Track) which had not been registered by RQ, in breach of LR 52.

542. LR 52 provides as follows:-

> "***LR 52 Usage of training track***
> *(1) For the purpose of these Rules a training track is deemed to be-*
> *(a) a facility provided for the sole purpose of the education and training of greyhounds for which a charge may be imposed, by the proprietor, for the use of the facility; and*
> *(b) the racecourse, or such other property of a club, approved by Racing Queensland, when used for education or training purposes other than the conducting of trials.*
> *(2) A club shall be deemed to have been granted a licence to operate a training track.*
> *(3) A licensed or registered person who takes, or permits a greyhound in respect of which he is licensed or registered or which is under his control to be on a training track that is not operated by a club or a licensed training track proprietor,*
> *shall be guilty of an offence."*

543. The Commission has obtained a copy of an article promoting the Barrs Rd Trial Track in the March 2014 issue of the greyhound racing industry journal called *Chase*.

544. The article is titled "Track is a hidden treasure" and includes the following details about the Barrs Road Trial Track:-

(a) It is used by around 35 trainers;
(b) It is run in a cooperative style of operation which sees members pay $300 per year to have unlimited access;
(c) RQ contributed $15,000 toward the cost of building the track.

545. After enquiring as to the date of registration by RQ of the Barrs Rd Trial Track, the Commission was advised RQ registered the track on 25 March 2015.

546. RQ submitted there had been no breach of LR 52 by RQ.

547. RQ does, however, acknowledge that there was an "administrative oversight by the track operator in relation to the timely registration of the track operator as a licensed training track proprietor."

548. RQ also acknowledges that although entitled to, it did not take enforcement action against the training track operator.

549. Curiously, RQ also submits the following:-

> *"It is not accurate to suggest that this oversight has had any impact on the condition of the track or facilities. Further it should be noted that RQ has in fact inspected the track and assessed the track against the required standards. In this regard, it cannot be suggested that there was a lack of regulation of this particular track by RQ as it was in fact monitored."*

550. Firstly, the Commission makes no comments regarding the condition of the Barrs Rd Trial Track.

551. Secondly, the Commission highlights this as another example of failure by RQ to ensure compliance.

552. Thirdly, RQ has failed to ensure compliance from when it first agreed to contribute $15,000 in 2013 to when it registered the track on 25 March 2015.

553. Finally, the Commission considers RQs explanation that there was not a lack of regulation by RQ because the Barrs Rd Trial Track was "in fact monitored" to be even more curious from a compliance perspective.

554. The Commission cannot rationalise why a regulatory body like RQ would monitor non-compliance and take no positive action to correct an apparent "administrative oversight" for in excess of at least 15 months.

RQ ANNUAL AUDIT PROGRAM

555. Section 39(1) of the *Racing Act* requires RQ to give the Chief Executive of the Department, by 31 December each year, an annual program for the following year, to audit periodically the suitability of every licensed animal, club, participant and venue to continue to be licensed. This provides an opportunity for RQ to systematically review its compliance obligations and their implications for its operations.

556. The Commission required RQ to produce the annual programs for 2013, 2014 and 2015.

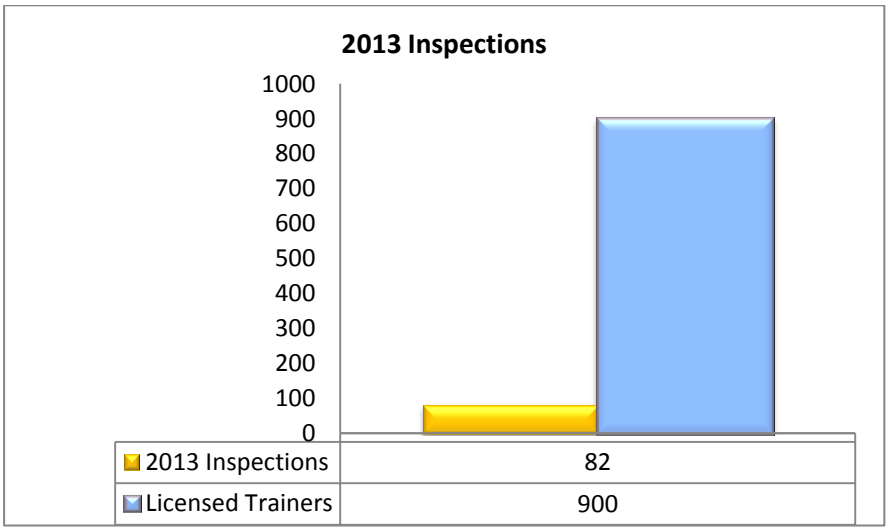
557. The audit program for 2013 stated the following routine audits and inspections would be undertaken in relation to Licensed Participants (underlining is the Commission's emphasis):

- *"all new participants to complete licensing process to ensure fitness and propriety. Process to include assessment of probity and competence and, in respect to trainers, standard of kennels.*
- *….*
- *….*
- *Regular random audits of the bona fides of licensees.*
- *Annual inspection of trainers kennels.*

……"

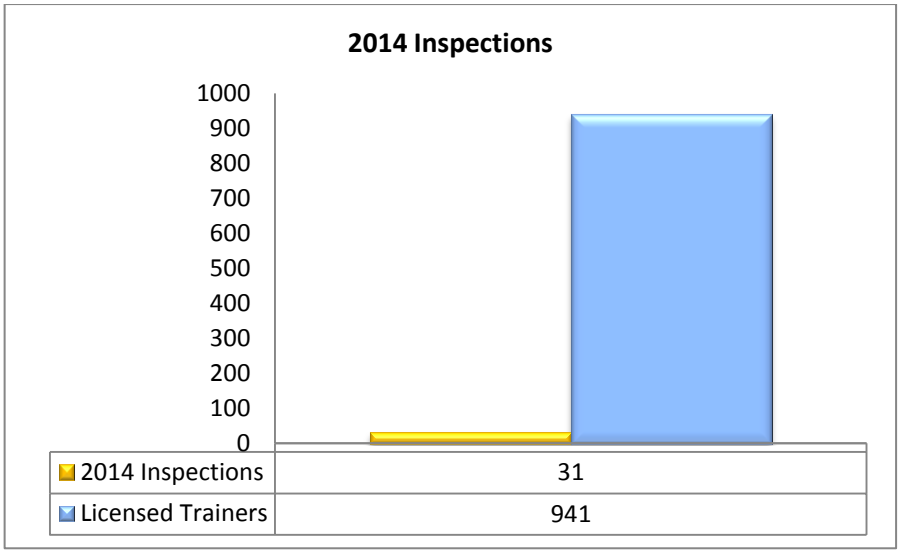
558. Section 39(2) of the *Racing Act* requires RQ to implement the audit program during the relevant year.

559. The table below shows RQs clear failure to implement the audit program for 2013 with only 82 inspections completed.



560. The audit program for 2014 stated exactly the same strategies as the 2013 program.

561. The table below shows RQs continued clear failure to implement the audit program for 2014 with only 31 inspections completed.



562. The audit program for 2015 was exactly the same as the 2013 and 2014 programs however the 2015 program was amended following the Four Corners Program to include a specific audit program to undertake kennel inspections and a specific program to undertake a review of compliance with the rules of racing relating to training tracks.

563. RQ has advised the Commission that as at 24 April 2015 it had inspected 510 kennel addresses. This represents an appropriate response by RQ following the airing of the Four Corners program, but it is too little too late and came at a time when those who may have been involved in unlawful activity were expecting such a response by the regulator and were no doubt fully prepared.

564. The Commission's investigations have identified that RQs activity in conducting kennel inspections or any inspections of licensed persons has, in most part been declining to the point that any detection of the occurrence of live baiting would have been extremely unlikely. The map below demonstrates the complete failure of RQ and its previous iterations to complete a routine activity which Licensed Participants were on notice could occur and which RQ had stated would be completed.

565. The fact that RQ, as the control body, has now undertaken a significant number of inspections in a relatively short time period demonstrates its total lack of understanding of what the requirements of s39 of the *Racing Act* are.

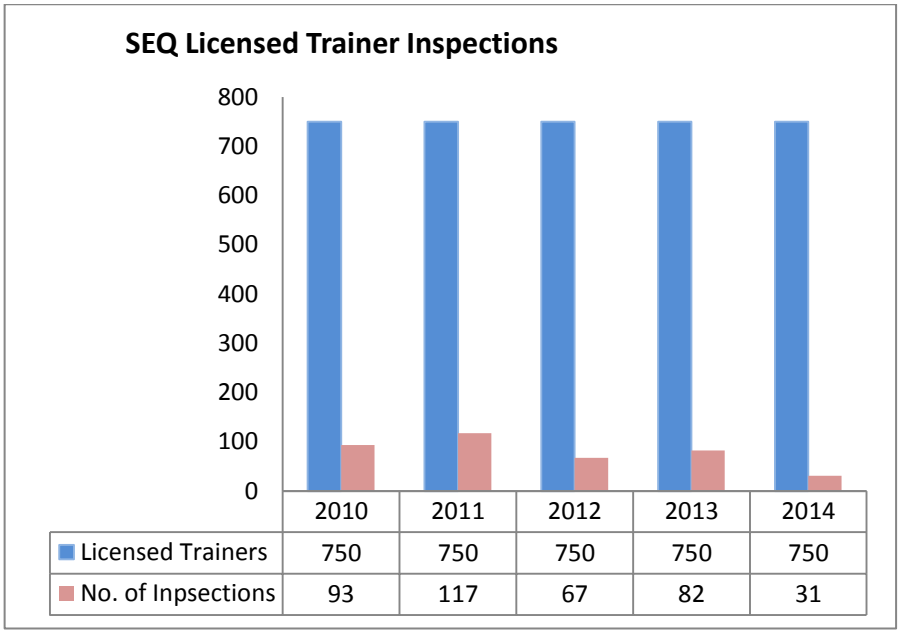
566. The map below outlines the number of inspections of licensed premises undertaken by RQ since 2010.

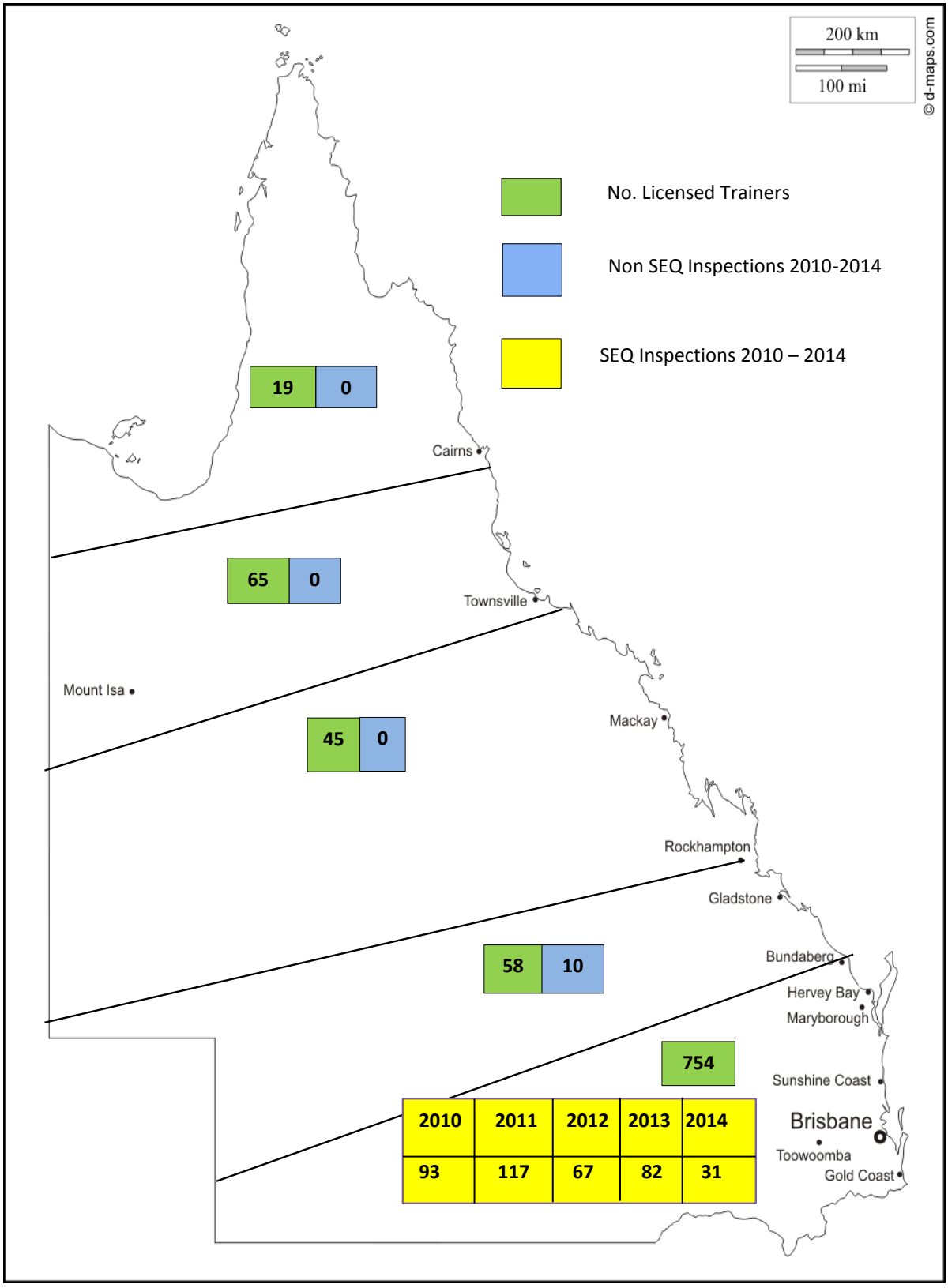
567. During the period 2010 – 2014 if a Licensee's premises were more than about 200 kilometres from Brisbane then the probability of being inspected by RQ during that five-year period was less than 1% if the premises were beyond Bundaberg and about 1% if they were closer to Bundaberg.

568. If a Licensee's premises were within a 200 kilometre radius of Brisbane, bearing in mind that this is where the majority of licensee's are situated, then the probability of being inspected by RQ during that five-year period was about 10%.

569. However, the map demonstrates the very low levels of inspections during the period 2012 – 2014 in comparison to 2010 and 2011, not that those two years should be interpreted as a benchmark because the Commission considers that effort to be woefully inadequate as well.

570. Significantly, it was widely appreciated within the industry that RQ was not regularly inspecting kennels. Those minded to engage in unlawful activity such as live baiting must have seen it as a green light to continue with impunity. The Four Corners program is evidence that they did.

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Rockhampton
Gladstone
Bundaberg
Hervey Bay
Maryborough
Sunshine Coast
Brisbane
Toowoomba
Gold Coast

LEADERSHIP AND COMMITMENT

Better practice standards recommend an organisation's governing body and senior management demonstrate leadership and commitment with respect to the compliance management system by:

(a) Establishing and upholding the core values of the organization;

(b) Ensuring that the compliance policy and compliance objectives are established and consistent with the values, objectives and strategic direction of the organisation;

(c) Ensuring that policies, procedures and processes are developed and implemented to achieve compliance objectives;

(d) Ensuring that the resources needed for the compliance management system are available, allocated and assigned;

(e) Ensuring the integration of the compliance management system requirements into the organisation's business processes;

(f) Communicating the importance of an effective compliance management system and the importance of conforming to the compliance management system requirements;

(g) Directing and supporting persons to contribute to the effectiveness of the compliance management system;

(h) Supporting other relevant management roles to demonstrate their leadership as it applies to their areas of compliance responsibility;

(i) Ensuring alignment between operational targets and compliance obligations;

(j) Establishing and maintaining accountability mechanisms, including timely reporting on compliance matters, including noncompliance;

(k) Ensuring that the compliance management system achieves its intended outcome; and

(l) Promoting continual improvement.

RACING QUEENSLAND

571. The following factors may reasonably be considered as providing some insight into the leadership and commitment demonstrated by RQ's governing bodies and senior management, with respect to RQ's compliance management system.

572. RQ has taken the following steps towards improving its compliance management system:

(a) Communicating to the industry and general public its commitment to upholding the integrity of the racing industry and animal welfare by

embedding these concepts in the organisation's Vision, Mission, Values and Strategic initiatives; and

(b) Establishing the IRU to assist with the upholding of the Rules of Racing and RQ policies, through activities geared towards protecting the welfare of animals and maintaining public confidence in the sport by ensuring that races are run with the highest propriety.

573. The Commission has not been provided with a copy of the detailed statutory Compliance Manual, said to have been planned for completion in early 2014.

574. RQ's efforts in recognising the importance of upholding the integrity of the industry and animal welfare through inclusion in its Vision, Mission, Values and Strategic initiatives, are undermined by its apparent failure to translate this messaging into a documented compliance policy and strategy to articulate its compliance objectives and map out a coordinated approach to practically manage its compliance obligations and risks to achieving those objectives.

575. RQ's compliance function is not adequately resourced to establish, develop, implement, evaluate, maintain and improve a robust compliance culture through intelligence driven, targeted prevention, detection and response measures.

576. In 2014, RQ negotiated a new wagering deal that delivered an additional $17 million in funding for Queensland's racing industry. These funds were applied, in part, to a 35% increase in prize money associated with greyhound racing.[136]

577. In evidence provided by Mr Condon, what the Commission understood to be the case was confirmed. Not one cent of the additional $17 million which was allocated to increased prize money in 2014-15 was allocated to initiatives associated with animal welfare, integrity management or risk management.[137]

578. What is possibly even more concerning to the Commission is that there is no indication that RQ ever considered increasing the funding for integrity management despite a number of risk indicators (namely the finding of a live kill trap in August 2013, the 2013 CBAP, the recommendations made by the Select Committee into the Greyhound racing industry in NSW and the concerns raised by Ms Cotton from ALQ.

579. This decision by RQ along with their complete failure to follow through on their identified concerns, strongly indicates that the pursuit of operational targets takes priority over compliance obligations and that RQ's governing bodies and senior management are not genuinely committed to upholding the integrity of the industry and animal welfare.

[136] http://www.couriermail.com.au/sport/superracing/queensland-pushes-up-prizemoney-in-wake-of-45billion-30year-deal-with-tatts-group/story-fnii0njy-1227027440625.
[137] Evidence of Mr Condon, 5 May 2015, p 40.

RAWIB CONSIDERATION OF THE RQ SYSTEMS

580. Minutes of RAWIB meetings, over the period January 2013 onwards, indicate a number of fundamental deficiencies in compliance functions carried out by RQ personnel.

581. In some instances the deficiencies identified remained unresolved over an extended period of time, despite efforts by RAWIB members to communicate with RQ representatives.

582. In other instances, RAWIB members questioned RQ's commitment to improving animal welfare outcomes.

583. RAWIB board members identified material variances between animal fatalities reported in Steward's reports, compared to equivalent statistics contained in injury and incident reports, with variances identified across all codes.

584. Inquiries into discrepancies identified that standard practice at the time was for greyhound fatalities occurring at race meetings to be recorded in the Steward's reports as "Stood down for three months", rather than as euthanasia.[138]

585. A subsequent audit of two months of race meetings identified what appears to be 11 instances of greyhound fatalities recorded in the injury and incident register having been described in Steward's reports as the greyhounds involved having been "Stood down for three months".[139]

586. The RAWIB also expressed concerns regarding the timeliness and quality of outcomes of some investigations into animal welfare matters.

587. These concerns prompted the RAWIB to request that transcripts of all future welfare cases handled by RQ be forwarded to the RAWIB for review to better understand the standard of RQ investigations and consistency of penalties.[140]

588. This also prompted the RAWIB to plan for RQ's investigations, timeframes and quality of evidence gathered to be audited albeit acknowledging the changes in the staff of all codes that had occurred in the prior year.[141]

589. The RAWIB also expressed concerns regarding aspects of the 2013 CBAP, noting in particular that matters should be taken more seriously and get more attention than one document, and that real changes should be made.

590. Specifically, the RAWIB expressed concerns regarding training and development being considered a long term goal, when it is important[142] and a licensing matter

[138] RAWIB minutes, 30 May 2013 (45th meeting).
[139] RAWIB minutes, 3 January 2014 (48th meeting).
[140] RAWIB minutes, 25 July 2013 (46th meeting).
[141] RAWIB minutes, 28 March 2013 (44th meeting).

regarding a person with previous animal welfare incidents, for which a RAWIB member expressed words to the effect that "Racing Queensland is not taking this seriously….welfare is not even mentioned in the letter".[143]

COMPLIANCE POLICY (INCLUDING DOCUMENTED FRAMEWORK)

Better practice standards recommend the governing body and executive team:

(a) Document, communicate and make available to a compliance policy that articulates the:

(i) scope of the compliance management system;

(ii) application and context of the system in relation to the size, nature and complexity of the organization and its operating environment;

(iii) extent to which compliance will be integrated with other functions, such as governance, risk, audit and legal;

(iv) degree to which compliance will be embedded into operational policies, procedures and processes;

(v) degree of independence and autonomy of the compliance function;

(vi) responsibility for managing and reporting compliance issues;

(vii) principles on which relationships with internal and external stakeholders will be managed;

(viii) required standard of conduct and accountability; and

(ix) consequences of noncompliance.

(b) Ensure the compliance policy is aligned with the organisation's values, objectives and strategy, and endorsed by the governing body;

(c) Ensure the policy is supported by complementary documents including:

(i) the objectives, targets, structure and content of the compliance management system;

(ii) allocation of roles and responsibilities for compliance;

(iii) register of relevant compliance obligations;

(iv) compliance risk registers and prioritisation of the treatment based on the compliance risk assessment process;

(v) register of non-compliances and near misses;

(vi) annual compliance plans; and

(vii) personnel records, including, but not limited to, training records.

[142] RAWIB minutes, 21 March 2014 (49th meeting); 3 January 2014 (48th meeting).
[143] RAWIB minutes, 21 March 2014 (49th meeting).

RACING QUEENSLAND

591. As noted above, although RQ has recognised the importance of upholding the integrity of the industry and animal welfare through inclusion in its Vision, Mission, Values and Strategic initiatives, it does not appear to have a documented compliance policy and strategy to articulate its compliance objectives and map out a coordinated approach to practically manage its compliance obligations and risks to achieving those objectives.

592. Risk registers supplied by RQ setting out strategic and operational risks, are relatively rudimentary in nature.

593. Although they exhibit some elements of better practice standards, for example through assigning consequence and likelihood ratings, the risks identified are very generic in nature and there is, generally, minimal recording of compensating internal controls, which provides limited opportunity to consider how reasonable the residual risk ratings applied are. The vast majority of risks identified are commercial in nature, with virtually no reference to animal welfare generally or greyhound racing specific risks.

594. RQ has put in place a range of policies and procedures, the majority of which are mandated under the *Racing Act*, which contribute to the documented compliance framework, including elements of compliance responsibilities, controls and elements of planning.

ROLES AND RESPONSIBILITIES

Better practice standards recommend the following with respect to compliance management system roles and responsibilities:

(a) responsibilities and authorities should be assigned for the following roles and communicated within the organisation:

(i) ensuring the compliance management system is consistent with better practice standards; and

(ii) reporting on the performance of the compliance management system to the governing bodies and senior management.

(b) a dedicated person (e.g. a compliance officer) or cross-functional compliance committee should be assigned responsibility for day-to-day compliance management and co-ordination across the organisation. Alternatively, overall responsibility for compliance management should be absorbed into an existing role or function, or outsourced, potentially in part, to a third party.

(c) responsibilities for persons in the following roles should be clearly documented in job descriptions, in accordance with guidance set out in better practice standards around responsibilities for each role:

(i) Governing bodies and committees;

(ii) Senior management;

(iii) The compliance function;

(iv) Management; and

(v) Employees.

RACING QUEENSLAND - AUDIT AND RISK COMMITTEE (ARC)

595. The role of the ARC is, amongst other things, to provide independent assurance and assistance to RQ on its risk, control and compliance frameworks. [144]

596. In respect of compliance, the ARC has a role in determining whether management has considered legal and compliance risks as part of RQ's risk assessment and management arrangements and also in reviewing the effectiveness of the system for monitoring RQ's compliance with relevant laws, regulations and government policies.

597. The ARC will act as a forum for internal audit and oversee its planning, monitoring and reporting processes.

598. The ARC is required to submit quarterly reports to RQ outlining relevant matters that have been considered by it as well as the ARC's opinions, decisions and recommendations.

SENIOR MANAGEMENT

599. Responsibilities for compliance management, including for ensuring appropriate resources are available at all times to deliver compliance services, are communicated in role descriptions for individuals operating in the following senior management roles:[145]

(a) General Manager Racing Operations –3 Codes

(b) General Manager of Corporate Services

[144] Racing Queensland, Audit and Risk Committee Charter, 25 March 2014.

[145] Racing Queensland role descriptions. Descriptions have not been provided for all senior management roles, including General Managers for Legal & Strategy, CFO or General Manager, Stewarding and Integrity Operations.

600. A role profile for the position of General Manager, Stewarding & Integrity Operations, has, rather remarkably, never existed.

601. A review of role descriptions for senior management indicate some inconsistencies in respect of the extent to which compliance responsibilities have been included in position statements of top managers.

602. As an example, neither of the role descriptions for the General Manager Marketing or Infrastructure roles refers to compliance with legislation, standards, work procedures or practices or otherwise maintaining effective governance and controls ensuring that legal and regulatory obligations are met.

603. Role descriptions for senior management do not consistently convey a responsibility of senior management to demonstrate and encourage behaviour consistent with RQ's values.

RISK AND COMPLIANCE – FINANCE DIVISION

604. RQ had appointed a Risk and Compliance Lead,[146] within the past year,[147] who is positioned within the Finance team, with the role being responsible for:

(a) implementing, monitoring, and testing of all risk and compliance for the business;

(b) preparing a risk and compliance strategy; and

(c) reviewing processes and procedures to recommend compliance, control and risk improvements.

605. RQ's Internal Audit function has a role[148] to examine, evaluate and monitor the adequacy and effectiveness of internal controls that exist to regulate the activities and operations of RQ and to report to the CEO and the ARC detailed assessments on the regulatory compliance of RQ.

606. The Internal Audit function is required to develop and maintain rolling three year strategic audit plans, as well as a flexible annual audit plan using appropriate risk-based methodology, each subject to review and approval by the ARC.

607. Role descriptions for RQ personnel in Stewarding and Integrity operations roles include compliance functions tailored to their respective roles, which in many respects are in line with better practice guidelines.

[146] As at 11 May 2015 the position is vacant.
[147] The person resigned from RQ and a new appointee will commence in June 2015.
[148] Racing Queensland, Internal Audit Charter, undated and unsigned.

608. However, as discussed above, there are overlapping compliance responsibilities between roles and a lack of coordination in respect of how resources are deployed.

MANAGEMENT

609. Role descriptions for management,[149] generally, include references to the following responsibilities:

(a) assessing present and future risks and ensuring appropriate actions are taken to resolve unsatisfactory conditions;

(b) developing sound work practices and procedures to ensure compliance in all integrity and stewarding related matters within the racing industry;

(c) personally complying with all legislation, standards, work procedures and practices.

610. However, role descriptions for management, generally, don't communicate any role for management in encouraging compliant behaviour or encouraging employees to report concerns of non-compliance.

EMPLOYEES

611. Role profiles for employees, generally, set out duties and in some instances key performance indicator criteria in respect of compliance with legislation, standards, work procedures and practices.

612. References to compliance obligations are not customised to particular positions or duties, other than in respect of those roles responsible for carrying out compliance duties.

613. Role profiles for employees do not set out any obligations for, or otherwise encourage, employees to report compliance concerns, issues and failures.

[149] The Commission's investigations have been limited to those management roles with a corporate focus supporting all codes, greyhound specific, or with a compliance performance function (such as stewarding and integrity).

PLANNING

Better practice standards recommend the following with respect to planning a compliance management system:

(a) determining the compliance risks that need to be addressed to:

  (i) assure the compliance management system can achieve its intended outcome(s);

  (ii) prevent, detect and reduce undesired effects; and

  (iii) achieve continual improvement.

(b) planning actions to address these compliance risks;

(c) planning how to integrate and implement actions into its compliance management system processes and evaluate the effectiveness of these actions over time;

(d) retaining documented information on compliance risks and on planned actions to address them;

(e) establishing objectives for its compliance management system, which are consistent with the compliance policy, measurable, monitored, communicated and updated as appropriate; and

(f) formulating an implementation plan for how to achieve its compliance objectives, including actions, resource requirements, delegated responsibilities, targeted deadlines, methods for evaluating results and targeted outcomes.

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614. The Commission has not been provided any form of plan that clearly outlines how RQ intends achieving compliance with obligations and managing associated risks of non-compliance.

615. This would necessarily involve detailing specific actions to be completed, delegating responsibility for achieving those actions, establishing timeframes for the targeted completion of those actions and defining meaningful measures to monitor and evaluate the effectiveness of delivery of those actions.

616. As stated earlier, the risk registers supplied by RQ setting out strategic and operational risks, are relatively rudimentary in nature. Although they exhibit some elements of better practice standards, for example through assigning consequence and likelihood ratings, the risks identified are very generic in nature and there is, generally, minimal recording of compensating internal controls, which provides limited opportunity to consider how reasonable the residual risk ratings applied are.

617. The vast majority of risks identified are commercial in nature, with virtually no reference to animal welfare generally or greyhound specific risks.

618. In fact it was not until after the airing of the Four Corners Program that a greyhound code specific risk assessment was initiated by RQ. However, RQ has advised that it is yet to be formally used.[150]

RESOURCES

Better practice standards recommend that organisations determine, and provide the resources needed for the establishment, development, implementation, evaluation, maintenance and continual improvement of the compliance management system appropriate to its size, complexity, structure and operations. This should include:

(a) financial resources

(b) human resources

(c) access to external advice and specialist skills

(d) organisational infrastructure

(e) contemporary reference material on compliance management and legal obligations

(f) professional development

(g) training

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619. As has been noted above the Commission considers the RQ staffing resources applied to servicing the Queensland greyhound racing industry are inadequate to meet the functionality requirements for proper compliance management in the industry.

620. This is reinforced by email correspondence, from July 2014, indicating the Chief Stipendiary Steward (Greyhounds) prepared a business case for additional staffing resources to support race day meetings as well as scheduled kennel inspections.

621. The accompanying business case appears to indicate that, as at 2 July 2014, current staffing arrangements provided for no kennel visits or training for current staff members outside of race day.

[150] Statement of Darren Condon, 27 April 2015 at [2.2].

622. The Commission has also been advised the IRU has experienced resource constraints associated with lack of access to employee pool cars, to be used to facilitate the carrying out of compliance functions.

623. From a corporate support perspective, it appears RQ's Internal Auditor does not have a team to support him in carrying out his compliance function, which includes reporting on the performance of RQ's compliance management function.

624. The Commission understands that this has been somewhat exacerbated by the Internal Auditor being tasked to assist with additional management requests to assist licensed clubs with certain matters, as well as limited funds allocated to engage supplementary external resources.

625. RQ does not operate any intelligence, complaints management or compliance case management systems.

OPERATIONAL PLANNING AND CONTROL

Better practice standards recommend that organisations plan, implement and control the processes needed to meet compliance obligations and implement actions to address compliance risks. This requires the organisation to:

(a) define the objectives of these processes;

(b) establish criteria for these processes;

(c) implement control of these processes in accordance with the criteria;

(d) keep documented information to the extent necessary to have confidence that these processes have been carried out as planned;

(e) implement preventative, detective and corrective controls to manage identified compliance obligations and associated compliance risks. This may include, such things as:

(i) clear, practical and easy to follow documented operating policies, procedures, processes and work instructions;

(ii) systems and exception reports;

(iii) approvals;

(iv) segregation of incompatible roles and responsibilities;

(v) automated processes;

(vi) annual compliance plans;

(vii) employee performance plans;

(viii) compliance assessments and audits;

(ix) demonstrated management commitment and exemplary behaviour and other measures to promote compliant behaviour; and

(x) active, open and frequent communication on expected behaviours.

(f) periodic evaluation and testing to ensure the continuing effectiveness of these controls;

(g) translate the compliance policy and obligations into practice, by:

(i) integrating compliance obligations into existing procedures, computer systems, forms, reporting systems, contracts and other legal documentation;

(ii) ensuring consistency with other review and control functions in the organization;

(iii) facilitating on-going monitoring and measurement;

(iv) assessing and reporting on employee compliance with procedures;

(v) establishing specific arrangements for identifying, reporting and escalating instances of noncompliance and risks of noncompliance.

(h) monitor contractor performance to ensure that standards and commitment to compliance are not lowered, in respect of any outsourced processes.

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626. The requirement for RQ to provide annual plans for managing its respective codes of racing provides a structured mechanism for it to actively plan to meet its compliance obligations, albeit that is not the specific purpose of this process.

627. RQ's compliance obligations are extensive and varied. Accordingly, appropriate controls may differ depending on the nature of the activity, compliance obligations and associated compliance risks.

628. The Commission considers that this can only be addressed effectively through the preparation and maintenance of a comprehensive compliance management strategy of the kind RQ does not possess.

629. In considering RQ's compliance obligations, quite broadly, the Commission notes the existence of the following measures, which provide some preventative, detective or corrective control around compliance. This is not intended to be an exhaustive list:

(a) Manuals, suitability criteria and forms to control licensing and registration of industry participants, including such requirements as declarations by applicants, criminal history checks and applicant assessments;

(b) Annual renewal processes providing for the on-going and periodic application of fitness and propriety standards;

(c) Audit program, including random audits, in respect of licensed individuals and clubs;

(d) Maintenance of a licensing register detailing the history and conduct of applicants;

(e) Corrective controls providing for the imposition of conditions on, or suspension or revocation of licenses and registrations, subject to certain conditions;

(f) Licensing and registration conditions provided for authorised access to properties, facilities, staff and animals in connection with compliance inspections;

(g) A complaints management system providing guidance in respect of the handling of complaints;

(h) Information kit available to breeders and trainers;

(i) Publication of steward reports; and

(j) Reporting of integrity matters by the General Manager, Stewarding & Integrity Operations, or a nominated delegate, through to the RIC as well as RAWIB oversight of RQ's handling of animal welfare matters.

630. The Commission has received limited information in respect of the execution of planned control measures, including those set out above. However, based on information available, the Commission notes the following observations that may provide some insights into how these controls have been implemented.

631. A review of all 83 Steward reports published since July 2012 identified the following:

(a) Approximately 55% of matters related to charges associated with a greyhound testing positive for a prohibited substance.

(b) Approximately 72% of steward reports related to matters alleged to have occurred at race meetings.

(c) Six instances, or approximately 7% of instances related to animal welfare concerns, including the death of greyhounds, all but one of which occurred otherwise than at a race meeting.

(d) A Stewards report from 23 January 2014 makes reference to a metal trap having been identified during an inspection. However, the report does not directly reference the risk associated with the trap potentially being used for the purpose of trapping animals for live baiting. Further, that particular aspect of the inquiry did not proceed due to Stewards not being able to conclusively establish the ownership and purpose of the trap.

(e) Prior to March 2015, no Steward reports highlight any sanctions in connection with the practice of live baiting.

632. It is apparent to the Commission that the focus of Stewards is directed towards race meetings, whereas the majority of animal welfare issues are detected outside of race meetings.

633. A red flag indicator of potential live baiting was identified approximately a year prior to media reports depicting footage of live baiting.

634. Similarly, the issue of animals testing positive for prohibited substances appears to occur largely unabated.

635. These are two examples of lead and lag indicators that should inform the intelligence and proactive functions of an effective compliance management system.

636. A review of summary reports in connection with licensed person inspections undertaken during the period July 2012 - December 2014 identified the following:

(a) Approximately 110 inspections were completed;

(b) Summary information is captured in a MS Excel workbook.

(c) Information on the outcome and observations from inspections is minimal, recorded inconsistently and in many instances no information in this regard is provided.

(d) In instances where adverse outcomes are recorded, outstanding non-compliance items are not segregated and logged in any orderly fashion and it is unclear what mechanism is used to assign accountability for following up and closing out non-compliance items.

(e) With reference to the example identified above in relation to the metal trap incident mentioned in the Stewards report, the Commission attempted to trace this through to the inspections register and noted that there is no reference to the inspection having been performed on the date referenced in the Stewards report. Further, an inspection occurring approximately two months later at what appears to be the same property, identifies the outcome of the inspection as “OK”. The report does not refer to the earlier inspection and the finding of the trap or give any detail as to the nature of the inspection being in any way linked to the previous issue;

(f) Based on the summary figures contained in the report, there appears to have been a significant drop in the number of inspections, performed from the 2012-13 financial year to the 2013-14 financial year, of approximately 80 to 30; and

(g) A review of the underlying inspection checklist indicates they are quite rudimentary in nature, and inconsistent in terms of assessing a property against predefined criteria.

637. It is unclear what percentage of licensed industry participants have been subject to inspection within any given timeframe. Also, the lack of detail recorded from prior inspections renders the register effectively unusable requiring a user to locate the physical underlying report to gain any meaningful insights into prior history of non-compliance.

638. RQ has submitted to the Commission that there are three documents relevant to kennel inspections and complaints. These are the kennel inspection register, the complaints register and the complaint files. RQ acknowledge that the information could be recorded in a more coordinated fashion in a unified database and have recently sought to improve their record keeping through the use of the OzChase database.

639. RQ has taken a range of reactive and proactive measures to deal with the issues exposed by the Four Corners program. However, the approach is what was required as part of an appropriate response to identified risks much earlier and certainly before the program went to air.

ASSESSMENT OF THE OFFICE OF RACING'S PERFORMANCE IN REGULATING THE QUEENSLAND GREYHOUND RACING INDUSTRY

INTRODUCTION

640. The OoR is responsible for administering the *Racing Act*, with the objective of delivering Queensland a racing industry operating with integrity.

641. The OoR focuses on assessing, on an ongoing basis, the suitability of control bodies to manage the relevant codes of racing. This involves the following key compliance functions, as defined under the *Racing Act*:

(a) Gathering information on potential members of control bodies and boards;

(b) Investigating a control board, body and associates, to consider suitability to carry out its function, or otherwise be associated with the control body's operations;

(c) Assessing control body applications;

(d) Preparing and implementing a program for assessing the suitability of control bodies to manage the relevant codes of racing;

(e) Appointing authorised compliance and integrity officers for the purpose of, collectively:[151]

(i) monitoring control bodies activities for its code of racing about licensed clubs, participants and venues and in relation to the welfare of licensed animals;

(ii) auditing control bodies to assess whether the control body is complying with the *Racing Act*; and

(iii) auditing accredited facilities to assess for compliance with conditions under the *Racing Act*.

(f) Accrediting and oversighting of accredited facilities.

642. Given the obligations set out above, the OoR is effectively responsible for oversighting RQ in ensuring it manages the greyhound racing code in a manner which upholds the integrity of the industry.

643. Whilst the function of authorised officers, as compliance and integrity officers, includes investigating and enforcing compliance with the *Racing Act*, this is largely limited to assessing the performance of compliance functions by the control body in the form of annual Control Body Assessment Programs.

[151] *Racing Act 2002* (Qld) s 262.

644. RQ, and not the OoR, has the responsibility for the compliance performance of industry participants.

THE OFFICE OF RACING'S INDUSTRY COMPLIANCE OBLIGATIONS

645. The OoR is a division within the Department and is responsible for administering the *Racing Act*, with the objective of delivering Queensland a racing industry operating with integrity.[152]

646. The OoR is comprised of two organisational units, namely the Office of Racing Regulation and the Racing Science Centre (RSC).

647. The OoR has established the following strategic initiatives towards meeting that objective:-[153]

(a) Provide assessments and investigation services to ensure an accountable, ethical and responsible Queensland racing industry;
(b) Provide financial assistance including funding for facility upgrades and additional country race meetings;
(c) Deliver independent, effective and quality assured drug control services to the Queensland racing industry;
(d) Ensure effective oversight and governance of the Queensland racing industry; and
(e) Respond to the Queensland Racing Commission of Inquiry report.

648. The OoR is responsible for the following functions, in the context of ensuring probity and integrity of racing, and the need to protect the public interest:-

(a) Implement and monitor a regulatory and policy framework to sustain a commercially responsive and contemporary Queensland racing industry;
(b) Collaborate with and assist the industry to meet its regulatory responsibilities under the *Racing Act*;
(c) Assess and report on applications for control bodies and accredited facilities;
(d) Audit, assess and report on compliance with the *Racing Act*; and
(e) Research, analyse and advise on international, national and state developments and trends in racing, wagering and related industries.

649. The RSC is an accredited facility under the *Racing Act*. It carries out the following integrity functions for the Queensland Racing industry:

[152] Department of National Parks, Recreation, Sport and Racing, Annual Report 2013-14.
[153] Department of National Parks, Recreation, Sport and Racing, 2014-2018 Strategic Plan.

(a) provision of drug testing, research and other scientific services; and
(b) monitoring for, and provision of advice and recommendations to the Department's Chief Executive about, matters related to the welfare of licensed animals and drug control in the Queensland racing industry.[154]

SCOPE OF THE COMPLIANCE MANAGEMENT SYSTEM

Better practice standards recommend that an organisation, in setting the scope of its compliance management system:

(i) Determine external and internal issues affecting its ability to achieve the intended outcomes of its compliance management system, including consideration of regulatory, social, cultural and economic factors and associated policy, procedural and resourcing requirements;

(ii) Identify all relevant stakeholders, demonstrate an understanding of the requirements of these stakeholders and adequately consider associated compliance obligations;

(iii) Document, and make readily available, its compliance management system;

(iv) Adopt principles of good governance enabling direct access of the compliance function to the governing body, independence of the compliance function and appropriate authority and resourcing;

(v) Align the compliance management system with the organization's values, objectives, strategy and compliance risks;

(vi) Identify its compliance obligations and their implications for its operations and review obligations on a regular basis to maintain awareness of any changes in compliance obligations; and

(vii) Identify and assess risks in accordance with better practice standards

THE OFFICE OF RACING - COMPREHENSIVE IDENTIFICATION AND CONSIDERATION OF COMPLIANCE OBLIGATIONS AND RISKS, INCLUDING CONSIDERATION OF NEEDS AND REQUIREMENTS OF RELEVANT STAKEHOLDERS

650. The OoR has provided operational and strategic risk registers and statements in respect of the OoR, RSC and the Department more broadly.

651. The Commission notes that the risk assessment has, over an extended period, identified and monitored risks in respect of both the OoR and RQ failing to comply with its obligations under the *Racing Act*, as well as the Racing Act failing to deliver in accordance with its stated objectives.

652. The Commission has reviewed the risk registers of the OoR approved on 28 January 2014, 21 July 2014, 22 October 2014 and 20 March 2015.

[154] Department of National Parks, Recreation, Sport and Racing, Annual Report 2013-14.

653. Although risk registers include relevant compliance risks, as set out above, limited detail is provided in respect of factors identified as likely to contribute to that risk, and what measures the Department may consider in further mitigating any of those contributing factors.

654. In each of the four risk registers referred to above, the following risk was described:-

"Racing control body fails to meet its obligations, as approved control body under the Racing Act 2002. May result in: (1) Loss of public confidence in administration of racing. (2) Loss of revenue. The causes of this risk are:

- *The control body does not understand and/or comply with its obligations under the Racing Act 2002*
- *The government fails to identify non-compliance of the control body and/or to act on instances of non-compliance of the control body.*

The consequences would be:

- *Widespread criticism from industry should the control body fail to meet its obligations*
- *Should public confidence be eroded by the control body failing to meet its legislative obligations, potential for loss of revenue (for both government and industry) as wagering turnover may be affected."*

655. The risk control to manage the stated risk is listed as:-

"*An annual assessment program of the control body is undertaken by the Office of Racing under s46 of the Racing Act".*

656. The OoR has assessed the effectiveness of the risk control as "Good" and overall the current risk level is assessed as "Medium".

657. In each of the risk registers the following comment is included in the "Risk Action Plan" column under the heading "Action Description":-

"N/A – This risk was de-escalated from the Strategic Risk Register following the EMT meeting on 5 March 2014. Current controls within the Office of Racing are considered sufficient to address the risk. No further treatment is considered necessary."

658. The Commission considers the absence of the annual audit program required to be provided by RQ to the Chief Executive,[155] to be a signficant omission from the risk register. The s39 obligation placed on RQ as the control body is an important risk control that the OoR does not appear to have recognised when compiling its risk register.

[155] *Racing Act 2002* (Qld) s 39.

659. The failure to recognise the statutory obligation placed on RQ does, in some way, provide an explanation to the Commission as to why only new licensee applicant premises were the subject of the recommendation in the 2013 CBAP.

660. As stated earlier in this report, one of the recommendations of the OoR in the 2013 CBAP was that the inspection of kennels and housing should be mandatory for all new licensees. RQs response was that a restructure of RQ as at 1 February 2014 would enable the premises of all new applicants for a licence to be inspected prior to approval of the licence.

661. This proposal to inspect all kennels prior to the issuance of a licence was planned to be in place by 1 April 2014 according to the action plan attached to the response to the OoR.

662. The OoR in the final version of the 2013 CBAP dated 1 April 2014 sought a stronger commitment to achieving this goal and an update as to whether this target for the kennel inspections by 1 April 2014 had been met.

663. On 26 September 2014, RQ notified the OoR that of 26 new applicants who had been granted a trainers licence after 1 April 2014, 10 of those premises had been inspected. It was noted that there was an approximate three week delay between the granting of the licence and the inspection of the kennels and that an increase in staffing levels in December 2014 would ensure that the position was regularised.

664. On 27 February 2015, after the Four Corners program had gone to air, the OoR again wrote to RQ in relation to the 2013 CBAP and advised that although many of the recommendations involved medium to long term objectives, it was believed to be prudent to undertake an additional six-monthly review in relation to their progress.

665. In relation to the issue of kennel inspections the subject of Recommendation 4 of the 2013 CBAP, confirmation was sought that the proposal indicated in the correspondence from RQ in September 2014, namely that staffing levels were to be increased in December 2014 to ensure all new applicants premises would be inspected, was by then being implemented.

666. RQ replied by letter dated 23 March 2015. In relation to Recommendation 4, it was noted that RQ was currently assessing ongoing workforce requirements and that it was expected that the review would be completed within the next few months with recruitment of positions to follow.

667. It is reasonable to infer that the OoR was on notice during the entirety of 2014 that RQ was not inspecting all new licensee applicants' kennels prior to issuing a licence.

668. There is no doubt, in the Commission's view that the OoR knew, from at least 26 September 2014 that RQ was continuing to issue licences to new applicants without conducting an inspection.

669. Notwithstanding this knowledge, the OoR did not adjust its overall residual risk rating or amend its controls when it reviewed its risk register in July 2014, in October 2014 and quite incredibly, in March 2015 after the Four Corners program had aired, despite a prompt from the Department's performance management unit questioning whether the risk was still acceptable or whether additional treatments were required.

670. The OoR has submitted that the Risk Register was reviewed at the mandated time four weeks after the Four Corners program went to air and that RQ took significant action to deal with the emerging issue.

671. However, the Commission considers that as a regulator the OoR should at least have elevated the risk rating, in light of the disclosures in relation to live baiting, coupled with the demonstrated absence of a satisfactory regime of kennel inspections in the period immediately preceding the airing of the program.

672. The Department of National Parks, Sport and Racing submitted to the Commission that it undertakes whole-of-Department risk assessment in accordance with its Risk Management Policy and Risk Management Procedure documents.

673. The Department's Risk Management Procedure refers to the possibility of stakeholder consultation as a means to identify relevant risks.

674. The OoR advised that RQ is its key external stakeholder however, because of its regulatory function the OoR does not consider it appropriate to consult with RQ as a means to identify relevant risks.

675. The Department submitted that the risk register provided by the OoR recognises the risk of RQ failing to comply with its obligations, even though no external stakeholder consultation with RQ was done specifically for this purpose.

676. The Commission considers that one of the challenges for the OoR is to find effective ways to elicit risks from RQ. After all, it cannot manage risks or assess the management of risks if they don't know what they are.

677. One of the key regulatory functions of the OoR is to determine annually whether RQ, as the control body is suitable to manage the relevant codes of racing and that program may focus on a particular criterion. [156]

678. The Commission considers that the OoR ought to have consulted with RQ in determining the risks.

679. The object of the consultation with RQ should have been to collect as many risks as possible to assist the OoR in determining the program for the annual control body assessment program the Chief Executive of the Department is required to give the Minister each year and to ensure it is focussed on priority risks and not peripheral ones.

THE OFFICE OF RACING - DOCUMENTED COMPLIANCE MANAGEMENT SYSTEM DEMONSTRATING, CONSIDERATION OF GOOD GOVERNANCE PRINCIPLES AND ALIGNMENT WITH ORGANISATIONAL VALUE, OBJECTIVES AND STRATEGY

680. The OoR has established elements of a compliance management system that adopt good governance principles and reflect relevant aspects of its stated mission, strategic initiatives and general compliance risks and obligations, including:

(a) The Audit and Risk Committee is responsible for providing independent advice to the Director-General on matters including corporate governance practices, risk management and provides stewardship of audit activities and recommendations, financial reporting, risk management processes and compliance practices.[157]

(b) An independent internal audit function is established, however, the Commission is yet to receive any relevant information in respect of its charter, annual and strategic planning and focus on compliance matters.

(c) From an integrity perspective, the 2013-14 Annual Report references the Department's efforts in integrating ethics and integrity into key plans, frameworks, policies and processes.

THE OFFICE OF RACING - ASSESSMENT OF RISKS IN ACCORDANCE WITH BETTER PRACTICE STANDARDS AND MECHANISMS FOR THE ONGOING REVIEW OF COMPLIANCE OBLIGATIONS AND RISKS

681. The Department advised the Commission that the positions of Director, Investigations and Compliance and the Executive Director in the OoR have responsibility for ensuring compliance obligations under the *Racing Act* are met.

[156] *Racing Act 2002* (Qld) s 46.
[157] Department of National Parks, Recreation, Sport and Racing, Annual Report 2013-2014.

682. In addition to the two positions within the OoR, identified above, the Department also has a position within its Governance and Strategy unit which has the lead responsibility for the development and implementation of appropriate and effective performance management, strategic planning, performance reporting and risk management frameworks.

683. The Department has a Risk Management Policy and a Risk Management Procedure, the purpose of which is to ensure that risks to the Department's objectives are identified and managed at an acceptable level.

684. The Risk Policy outlines the Department's risk appetite and the Department's different levels of acceptance for risks of different categories.

685. The Risk Management Procedure provides a risk level table which determines the management action required for each risk.

686. A risk which is determined to be at a "Low" or "Medium" level is assessed to be a risk which can be managed at the business level, in the case of a "Low" risk, by either routine procedures or established controls or in the case of a "Medium" risk, by specific monitoring or response procedures.

687. As stated earlier, s39(1) of the *Racing Act* requires RQ to give the Chief Executive of the Department, by 31 December each year, an annual program for the following year, to audit periodically the suitability of every licensed animal, club, participant and venue to continue to be licensed.

688. Pursuant to s39(2) of the *Racing Act*, RQ must implement the annual program.

689. So far as the annual audit programs for 2013 and 2014 were concerned, there was a clear failure on the part of RQ to implement them with respect to inspections of licensed persons.

690. As a result of reviewing the risk assessments and the Best Practice Procedures Manual developed by the OoR, it is the Commission's view that the OoR may not appreciate the importance of the s39 annual audit program and its role in ensuring compliance.

691. This view is based on the following examples:

(a) The OoR risk registers do not include the s39 requirement to implement an annual audit program as a risk control.

(b) The Commission has not been provided with any documentation from the OoR which demonstrates that it has reviewed the progress of implementing the audit program developed by RQ.

(c) The Best Practice Procedures Manual does refer to the s39 requirement but only in the following terms:-

(i) *"A control body is required to give the Chief Executive a copy of its audit program for the following year for periodically auditing the suitability of every licensed animal, club, participant and venue, to continue to be licensed. This must be supplied by 31 December each year in the approved Form 9 – Annual Audit Program. This date should be included in the OoR's compliance calendar."*

(d) There is no reference in the Best Practice Procedures Manual to the requirement under the *Racing Act* that the annual audit program be implemented.

(e) The inclusion of it in a compliance calendar misconceives the obligation under the *Racing Act*. The obligation is that the control body, RQ, must implement the program during the relevant year.

LEADERSHIP AND COMMITMENT

Better practice standards recommend an organisation's governing body and senior management demonstrate leadership and commitment with respect to the compliance management system by:

(a) Establishing and upholding the core values of the organization;

(b) Ensuring that the compliance policy and compliance objectives are established and consistent with the values, objectives and strategic direction of the organisation;

(c) Ensuring that policies, procedures and processes are developed and implemented to achieve compliance objectives;

(d) Ensuring that the resources needed for the compliance management system are available, allocated and assigned;

(e) Ensuring the integration of the compliance management system requirements into the organisation's business processes;

(f) Communicating the importance of an effective compliance management system and the importance of conforming to the compliance management system requirements;

(g) Directing and supporting persons to contribute to the effectiveness of the compliance management system;

(h) Supporting other relevant management roles to demonstrate their leadership as it applies to their areas of compliance responsibility;

(i) Ensuring alignment between operational targets and compliance obligations;

(j)	Establishing and maintaining accountability mechanisms, including timely reporting on compliance matters, including noncompliance;
(k)	Ensuring that the compliance management system achieves its intended outcome; and
(l)	Promoting continual improvement.

THE OFFICE OF RACING

692. The OoR has not provided the Commission with a documented Compliance Policy, or equivalent policy or procedural statement, defining the scope of its compliance management system.

693. In the absence of any central coordinating document demonstrating how compliance obligations, stakeholder concerns and associated risks will be comprehensively identified and managed, it is difficult to identify planned actions which demonstrate the OoR's commitment to a compliance management system.

694. Notwithstanding the absence of a clearly identifiable compliance policy and strategy, the corresponding 2014 – 2018 strategic plan references strategic initiatives back to compliance objectives which are aligned with the Department's purpose and values.

695. The Commission also notes that compliance focused key performance indicators, based on the following measures are identified in the 2013 - 14 Annual report for the Department of National Parks, Recreation, Sport and Racing as being monitored on a quarterly basis:

(a) Percentage of *Racing Act* annual assessment non-compliance issues resolved within required timeframes (Performance Measure 1); and

(b) Percentage of drug sample analyses from licensed racing animals completed and reported within 10 working days.[158]

[158] Department of National Parks, Recreation, Sport and Racing, Annual Report 2013-14, page 40.

696. The relevant section of the annual report of the Department states:

"

Performance measures as published in the 2013–14 SDS	***2013–14 Target / estimate***	***2013–14 Estimated actual***	***2013–14 Actual***
Percentage of Racing Act 2002 annual assessment non-compliance issues resolved within required timeframes	*80%*	*85%*	*100%*
Percentage of drug sample analyses from licensed racing animals completed and reported within 10 working days	*95%*	*95%*	*99%*

Strategy Implementation

4a Provide assessments and investigation services to ensure an accountable, ethical and responsible Queensland racing industry.

The Office of Racing Regulation provides a framework for the regulation of the Queensland racing industry, leading to improved integrity and public confidence that the industry is being operated in an accountable and responsible manner. This is achieved through:

- *implementing and monitoring a regulatory and policy framework to sustain a commercially responsive and contemporary Queensland racing industry*
- *collaborating with and assisting the racing industry to meet its regulatory responsibilities under the Racing Act 2002*
- *assessing and reporting on applications for control bodies and accredited facilities*
- *auditing, assessing and reporting on compliance with the Racing Act 2002*
- *researching, analysing and advising on international, national and state developments and trends in racing, wagering and related industries.*

The annual control body assessment was undertaken. The assessment reviewed the effectiveness of the policy in ensuring the welfare of licensed greyhounds.

The assessment found that Racing Queensland was a suitable control body in managing its greyhound welfare obligations, with 12 recommendations identified for Racing Queensland's consideration."

697. It is the Commission's view that Performance Measure 1 is misleading, because on one view, the measure may be interpreted as measuring failures to respond to follow up requests from the OoR or the other view, and the better view in the Commission's opinion, that RQ had failed to implement non-compliance issues within required timeframes.

698. On either view, it is the Commission's opinion that actual performance of 100% against Performance Measure 1 is misleading for the following reasons:-

(a) In December 2013 the OoR provided the draft 2013 CBAP to RQ. The 2013 CBAP reviewed the effectiveness of the policy in ensuring the welfare of licensed greyhounds.

(b) In February 2014 RQ responded to the OoR with comments on the draft 2013 CBAP and enclosed an action plan with dates for implementing various recommendations.

(c) Included in the February 2014 response was the plan for RQ to inspect every new licensee applicant's kennels prior to issuing a licence and to have this strategy in place by 1 April 2014. The RQ response to the OoR stated:-

"An internal restructure at RQ as of 1 Feb 2014 will enable improved integration between Licensing & Registration, the IRU and the operational Stewards Panel and it is envisaged that this will facilitate a process whereby the premises of all new applicants for a licence is inspected prior to approval."

(d) In April 2014 the OoR sent RQ the final 2013 CBAP and requested an update on progress against the February 2014 implementation plan. This letter stated in part, that the OoR believed a stronger commitment should be made to achieving the goal of inspecting each new licence applicant's kennels and that OoR would like an update as to whether this deadline (i.e. 1 April) has been met.

(e) RQ did not respond to the April 2014 letter.

(f) On 15 July 2014 the OoR sent another letter to RQ, but rather than referring to their April letter they, rather strangely, refer back to the letter sent in February 2014 and they request a status report in relation to actions due to be completed by July 2014. They include the new applicant inspection in that list to be updated, despite it having an implementation date of April 2014.

(g) RQ responded to the 15 July letter on 23 September 2014 and in relation to the new applicant inspection recommendation, RQ advised:-

"There has been 26 new applicants successful in being granted a trainers licence since 1 April 2014. Ten have had premises inspected. RQ acknowledges a 3 week delay (approx.) between the granting of a licence and the inspection of premises and advises that staffing levels will be increased in the regulatory unit in December to ensure recommendation is completed."

(h) During the period December 2013 to September 2014 RQ gave no indication to the OoR that it had fully implemented the recommendations from the 2013 CBAP and in relation to the recommendation concerning new licensee inspection, the only conclusion one can reasonably draw, based on the 2013

CBAP and the letters from RQ in February 2014 and in September 2014, was that they had not achieved compliance.

699. To report that RQ was a suitable control body in managing its greyhound welfare obligations is, in the Commission's view a conclusion which has been drawn without basis and in the face of clear evidence to the contrary.

700. The Commission finds that it was unreasonable for the OoR to draw a conclusion that RQ was a suitable control body in managing its greyhound welfare obligations in circumstances where it was issuing licences to new applicants when it had not conducted a prior inspection of the kennel facilities and when it had, in 2013, conducted inspections of less than 15% of its licensee's premises.

COMPLIANCE POLICY (INCLUDING DOCUMENTED FRAMEWORK)

Better practice standards recommend the governing body and executive team:

(a) Document, communicate and make available to a compliance policy that articulates the:

(i) scope of the compliance management system;

(ii) application and context of the system in relation to the size, nature and complexity of the organization and its operating environment;

(iii) extent to which compliance will be integrated with other functions, such as governance, risk, audit and legal;

(iv) degree to which compliance will be embedded into operational policies, procedures and processes;

(v) degree of independence and autonomy of the compliance function;

(vi) responsibility for managing and reporting compliance issues;

(vii) principles on which relationships with internal and external stakeholders will be managed;

(viii) required standard of conduct and accountability; and

(ix) consequences of noncompliance.

(b) Ensure the compliance policy is aligned with the organisation's values, objectives and strategy, and endorsed by the governing body;

(c) Ensure the policy is supported by complementary documents including:

(x) the objectives, targets, structure and content of the compliance management system;

(xi) allocation of roles and responsibilities for compliance;

(xii) register of relevant compliance obligations;

(xiii) compliance risk registers and prioritisation of the treatment based on the compliance risk assessment process;

(xiv) register of non-compliances and near misses;

(xv) annual compliance plans; and

(xvi) personnel records, including, but not limited to, training records.

THE OFFICE OF RACING

701. The Commission understands the OoR does not have a documented compliance policy framework.

702. However, the OoR has developed a Best Practice Procedures Manual which was developed following the Racing Commission of Inquiry in 2014 and which sets out: inter alia, the following content relevant to compliance management:

(a) the OoR's main responsibilities under the *Racing Act*;

(b) an overview of other authorities, provided for under the *Racing Act*, with regulatory compliance responsibilities;

(c) information regarding the roles and powers of compliance and integrity officers, together with some guidance around the application of those roles;

(d) information regarding the OoR's audit program, and guidance around the formulation and delivery of audits;

(e) control body compliance responsibilities and guidance for the OoR's handling and processing of information in connection with the discharge of those responsibilities;

(f) general guidance around the handling of complaints and carrying out of investigations; and

(g) handling of evidence.

ROLES AND RESPONSIBILITIES

Better practice standards recommend the following with respect to compliance management system roles and responsibilities:

(a) responsibilities and authorities should be assigned for the following roles and communicated within the organisation:

(i) ensuring the compliance management system is consistent with better practice standards; and

(ii) reporting on the performance of the compliance management system to the governing bodies and senior management.

(b) a dedicated person (e.g. a compliance officer) or cross-functional compliance committee should be assigned responsibility for day-to-day compliance management and co-ordination across the organisation. Alternatively, overall responsibility for compliance management should be absorbed into an existing role or function, or outsourced, in part, to a third party.

(c) responsibilities for persons in the following roles should be clearly documented in job descriptions, in accordance with guidance set out in better practice standards around responsibilities for each role:

(i) Governing bodies and committees;

(ii) Senior management;

(iii) The compliance function;

(iv) Management; and

(v) Employees.

DIRECTOR-GENERAL

703. The Director-General of the Department of National Parks, Sport and Racing is the responsible Chief Executive under the Racing Act.

704. The Director-General is responsible for ensuring the OoR has met its compliance and integrity obligations under the Racing Act.

SENIOR MANAGEMENT

705. Responsibilities for compliance and integrity management, including for ensuring appropriate resources are available at all times to deliver compliance and integrity services, are communicated in the role description of the following senior management role:

(a) Executive Director, Office of Racing

MANAGEMENT

706. Role descriptions for management, generally include references to the following:-

(a) Providing strategic, policy and operational advice to the department and stakeholders in relation to regulatory issues impacting on the development of a contemporary and responsive racing industry in Queensland that accords with the highest principles of integrity and probity;

(b) Manage the development and implementation of a program of assessment and evaluation that ensures control bodies' or accredited facilities' activities comply with the *Racing Act*;

(c) Manage and undertake audits of control bodies or accredited facilities to assess whether the organisation is complying with the *Racing Act*.

EMPLOYEES

707. Role descriptions for employees are generally customised to particular positions and duties, particularly for those employees who perform integrity or compliance functions.

708. Six employees in the OoR have been appointed under s261 of the *Racing Act* as Compliance Officers and three of those employees are also appointed as Integrity Officers.

709. In addition, a further one employee is also appointed as an Integrity Officer under the *Racing Act*.

710. The position of Principal Integrity Officer requires the holder to be a registered Veterinary Surgeon.

711. The Commission does not consider the resourcing of the OoR to be sufficient to adequately regulate RQ

PLANNING

Better practice standards recommend the following with respect to planning a compliance management system:

(a) determining the compliance risks that need to be addressed to:

(i) assure the compliance management system can achieve its intended outcome(s);

(ii) prevent, detect and reduce undesired effects; and

(iii) achieve continual improvement.

(b) planning actions to address these compliance risks;

(c) planning how to integrate and implement actions into its compliance management system processes and evaluate the effectiveness of these actions over time;

(d) retaining documented information on compliance risks and on planned actions to address them;

(e) establishing objectives for its compliance management system, which are consistent with the compliance policy, measurable, monitored, communicated and updated as appropriate; and

(f) formulating an implementation plan for how to achieve its compliance objectives, including actions, resource requirements, delegated responsibilities, targeted deadlines, methods for evaluating results and targeted outcomes.

OFFICE OF RACING

712. As mentioned above, although risk registers provided by the OoR include relevant compliance risks, limited detail is provided in respect of factors identified as likely to contribute to that risk, and what measures the OoR may consider in further mitigating any of those contributing factors.

713. The Department has undertaken regular reviews of the rating of the risk of RQ failing to comply with its obligations under the *Racing Act*, including a review in March 2015, without adjusting the overall residual risk rating.

RESOURCES

Better practice standards recommend that organisations determine, and provide the resources needed for the establishment, development, implementation, evaluation, maintenance and continual improvement of the compliance management system appropriate to its size, complexity, structure and operations. This should include:

(a) financial resources

(b) human resources

(c) access to external advice and specialist skills

(d) organisational infrastructure

(e) contemporary reference material on compliance management and legal obligations

(f) professional development

(g) training

OFFICE OF RACING

714. As stated above, the Commission considers the OoR staffing levels servicing the Queensland greyhound racing industry are inadequate to meet the functionality requirements for proper compliance management in the industry.

OPERATIONAL PLANNING AND CONTROL

Better practice standards recommend that organisations plan, implement and control the processes needed to meet compliance obligations and implement actions to address compliance risks. This requires the organisation to:

(a) define the objectives of these processes;

(b) establish criteria for these processes;

(c) implement control of these processes in accordance with the criteria;

(d) keep documented information to the extent necessary to have confidence that these processes have been carried out as planned;

(e) implement preventative, detective and corrective controls to manage identified compliance obligations and associated compliance risks. This may include, such things as:

(i) clear, practical and easy to follow documented operating policies, procedures, processes and work instructions;

(ii) systems and exception reports;

(iii) approvals;

(iv) segregation of incompatible roles and responsibilities;

(v) automated processes;

(vi) annual compliance plans;

(vii) employee performance plans;

(viii) compliance assessments and audits;

(ix) demonstrated management commitment and exemplary behaviour and other measures to promote compliant behaviour; and

(x) active, open and frequent communication on expected behaviours.

(f) periodic evaluation and testing to ensure the continuing effectiveness of these controls;

(g) translate the compliance policy and obligations into practice, by:

(i) integrating compliance obligations into existing procedures, computer systems, forms, reporting systems, contracts and other legal documentation;

(ii) ensuring consistency with other review and control functions in the organization;

(iii) facilitating on-going monitoring and measurement;

(iv) assessing and reporting on employee compliance with procedures;

(v) establishing specific arrangements for identifying, reporting and escalating instances of noncompliance and risks of noncompliance.

(h) monitor contractor performance to ensure that standards and commitment to compliance are not lowered, in respect of any outsourced processes.

OFFICE OF RACING – ANNUAL AUDIT PROGRAM

715. Section 39 of the *Racing Act* which requires RQ to implement an annual program to audit the suitability of every licensed animal, club, participant and venue to continue to be licensed provides an opportunity for RQ to systematically review its compliance obligations and their implications for its operations.

716. The Commission has already stated earlier in this report that RQ has failed to comply with this requirement.

717. The OoR have also failed to ensure compliance with this requirement, firstly that the annual audit program is submitted in accordance with s39 and secondly, that once it is submitted, that it is implemented.

718. The Commission has identified that the 2013 audit program which was required to be submitted by 31 December 2012, was not submitted to the Chief Executive until 6 March 2013.

719. The Commission has been advised that no correspondence was sent to RQ in 2013 by OoR concerning the failure to provide.

720. The Commission has also identified that the 2015 audit program which was required to be submitted by 31 December 2014, was not submitted to the Chief Executive until 7 April 2015.

721. It was not until 5 March 2015 that the OoR wrote to RQ reminding them of the requirement to provide the program.

722. The point to be made is that the very basic requirements, those that are required by law and, in the case of s39, has been a requirement since the enactment of the *Racing Act* in 2002, are not complied with and the regulator (OoR) of the regulator (RQ), has at least for the last couple of years, not ensured compliance with the *Racing Act*.

723. While the non-compliance with a timeframe might just as easily be forgiven in the context of the amendments to the *Racing Act* in December 2012, the consequent focus on the creation and operation of the new RQ and with the focus on the State election from January 2015, the fact that the audit program itself was not implemented cannot be.

724. Each year's audit programs provided that routine annual inspections of trainers kennels and regular random audits of the bona fides of licensees would be conducted.

725. RQ did not do it and the Commission has not been provided with any evidence the OoR checked the implementation of the audit program.

726. The OoR has submitted to the Commission that the audit programs were implemented because the OoR was notified by RQ that in 2013 there were 85 inspections and in 2014 there were 41 such inspections.

727. The submission, as the Commission understands it, is that implementation of an audit program which provided in part for annual inspections of trainers kennels was satisfied by the inspection of 85 kennels in 2013 and 41 kennels in 2014.

728. It was submitted that the OoR undertook checks on RQs compliance by writing to RQ on 8 January 2014 requesting confirmation that the 2013 audit program had been implemented and was informed on 29 January 2014 that the program had been implemented and that ongoing periodic audits were being conducted in accordance with the plan.

729. Bearing in mind there were approximately 900 licensed trainers and some 780 premises at the relevant time, it is difficult to characterise the activity reported by RQ as "implementation" of the audit program.

730. Furthermore, even accepting this assurance from RQ at face value, for reasons advanced earlier,[159] there was ample reason to question such assurances in the course of implementing the recommendations of the 2013 CBAP when it became apparent that RQ was not even inspecting the facilities of all new licence applicants prior to their licences being granted.

731. The OoR has submitted that one of the factors taken into account in assessing the risk for the assignment of a rating in the risk register was the limitation on the role of the OoR in overseeing the management of RQ.

[159] See [244] - [247]

732. This was also said to be a factor in the approach by the OoR to its role under s39 of the *Racing Act*.

733. It was submitted, correctly in the Commission's view, that the OoR is just one part of a regulatory structure that oversees RQ and the racing industry.

734. It was further submitted that the *Racing Act* does not create a duty on the OoR to ensure compliance with the *Racing Act* and that the OoR has discretion to appoint authorised officers to carry out investigation and monitoring functions but is under no duty to do so.

735. Where the *Racing Act* requires in s39 that RQ give the OoR by 31 December in each year the audit program for the following year, coupled with an obligation that RQ implement the program, there is at least an implied obligation on the OoR to ensure compliance by RQ.

736. In any event, whatever be the correct interpretation of these provisions, the OoR has acknowledged that in this context it has come to rely on its annual assessment of RQs suitability under s46 of the *Racing Act* as the main mechanism for consideration of RQs compliance with the *Racing Act*.

737. For the reasons earlier articulated, those assessment programs should have alerted the OoR to the inadequate compliance by RQ with the requirements of the *Racing Act*.

738. In making this finding the Commission wishes to make clear that it is not to be taken as a criticism of the work carried out by the Principal Integrity Officer who was responsible for the conduct of the CBAP in 2013 and 2014. The Commission has carefully reviewed the correspondence to and from that officer and it is the Commission's clear view that the officer appropriately identified issues and flagged areas of concern.

739. This officer performed a similar role as secretariat to the RAWIB and again flagged areas of concern where appropriate.

740. The problem seems to have arisen in the mistaken perception by the OoR at a more senior level that the *Racing Act* did not permit a greater role for the OoR in the regulation of RQ and the racing industry more generally.

741. This perception had unfortunate consequences because it rendered this further layer of regulation largely ineffective.

742. Had either, RQ or the OoR fulfilled their duty then there may well have been a regime of regular, random targeted inspections of kennels and training facilities designed to achieve the dual purposes of uncovering unlawful practices and sending the message to licensees that the regulator was serious about enforcing compliance.

OFFICE OF RACING – 2013 CONTROL BODY ASSESSMENT PROGRAM

743. A key control administered by the OoR relates to the Control Body Assessment Program report prepared as part of the OoR's annual program for assessing the suitability of control bodies to manage the relevant codes of racing.[160]

744. The Commission has detailed certain important aspects of the 2013 CBAP earlier in this report.

745. The 2013 CBAP incorporates comments from the OoR, RQ and the RAWIB, which is important in bringing independence, transparency and an additional layer of scrutiny to the assessment process.

746. The report includes an action plan setting out the targeted implementation dates for recommendations arising out of the report.

747. The OoR have also written to RQ on a number of occasions requesting an update on implementation.

748. The OoR has made some attempt at monitoring the compliance of RQ however, in the Commission's view, it has not been sufficient.

749. The Commission has been advised that the approach the OoR has always taken has been one of education rather than enforcement.

750. Education is an important element in regulation however enforcement is required to assess the effectiveness of the education. The OoR does not appear to have effectively assessed RQs compliance with either the 2013 CBAP or the 2013 and 2014 annual audit programs.

751. Had they done so, the OoR would have identified, just as the Commission has, that RQ has not conducted regular inspections and has not prioritised the integrity system in the greyhound racing industry.

[160] *Racing Act 2002* (Qld) s 46.

ASSESSMENT OF THE PERFORMANCE OF THE RACING INTEGRITY COMMISSIONER IN REGULATING THE QUEENSLAND GREYHOUND RACING INDUSTRY

752. The focus of the RIC is similar to that of the OoR, in that the position focuses on the integrity processes of RQ as the control body.

753. However, the powers of the RIC extend beyond those of the OoR in respect of its investigative function.

754. The RIC can require the giving of evidence and production of documents.[161]

755. The RIC is also mandated to monitor the implementation status of recommendations arising from audits and investigations and to notify the Minister where recommendations have not been adequately addressed.[162]

THE RACING INTEGRITY COMMISSIONER'S INDUSTRY COMPLIANCE OBLIGATIONS

756. The RIC function was established in May 2013.

757. Generally, the role of the RIC is to:[163]

(a) conduct audits of and investigate the integrity processes of a control body;

(b) investigate complaints about an integrity process of a control body;[164] and

(c) report findings and make recommendations to the Minister, in respect of audits and investigations undertaken in relation to the integrity processes of a control body.

758. As the Commission has stated earlier in this report, the RIC role is part-time, with part-time administrative support provided by a compliance officer from the OoR.

759. The RIC investigated 12 integrity processes during 2013-14 as well as personally visiting 17 race clubs in order to build awareness of the role and the RICs functions.

760. The Commission considers the budget allocated for the RIC in 2013-14, being $186,412, inadequate to fairly execute the functions of the office.

[161] *Racing Act 2002* (Qld) ss 113 AT, 113AU, 113AV.
[162] *Racing Act 2002* (Qld) s113AN.
[163] *Racing Act 2002* (Qld) s 113AN.
[164] See *Racing Act 2002* (Qld) s 113AN(3) for definition of "integrity process".

761. The output in the first year of operations on such a meagre funding allocation is, in the view of the Commission, testament to the work ethic of Mr O'Sullivan.

ASSESSMENT OF THE RACING ANIMAL WELFARE AND INTEGRITY BOARD'S PERFORMANCE IN REGULATING THE QUEENSLAND GREYHOUND RACING INDUSTRY

762. The RAWIB is an independent board, established under the Act, to monitor, advise and make recommendations to the chief executive of the Department about:

(a) the policies of each control body about the welfare of licensed animals and other matters affecting the integrity of a control body's code of racing;

(b) the performance of functions and exercise of powers by integrity officers;

(c) the quality and range of services for drug control relating to licensed animals and associated services that accredited facilities, including accreditation applicants, or secondary facilities provide;

(d) the way things for analysis are taken or dealt with, and the way accredited facilities analyse things; and

(e) other matters the Chief Executive refers to the integrity board or the integrity board considers appropriate. [165]

763. The RAWIB is focused on the performance of compliance management functions by RQ, the OoR and accredited facilities, as they pertain to animal welfare, in particular, the policy framework of control bodies, the performance and exercise of powers by OoR integrity officers and the quality and range of drug control services provided by accredited facilities.

764. The RAWIB is chaired by Dr Fred Manahan and is constituted by Michael C'Occhio and Graham Kerven as members.

765. The Commission reviewed the minutes of RAWIB meetings for the period 1 January 2013 to 6 February 2015 together with the supporting board papers.

766. The RAWIB necessarily works closely with the OoR and relies heavily upon the role that the OoR plays in following up on advice and recommendations made to the Chief Executive of the Department.

[165] *Racing Act 2002* (Qld) s 115.

767. It is clear from the material the Commission has reviewed that the RAWIB is conscientious and well-motivated to monitor and deal with animal welfare issues.

768. The RAWIB has been proactive in maintaining a close working relationship with those having regulatory functions within the industry.

769. Mr Birch, as General Manager, Stewarding & Integrity Operations was invited to attend a RAWIB meeting as a guest to foster a relationship with the members and to keep the RAWIB members informed as to developments within Mr Birch's area of responsibility.

770. Similarly, Mr O'Sullivan as the newly appointed RIC was invited to attend a RAWIB meeting as a guest.

771. The minutes reviewed by the Commission indicate the substantial workload of the RAWIB and the detailed consideration given to matters of significance to the maintenance of integrity in the industry.

772. The Commission has already commented on the role performed by the RAWIB[166] but it is instructive to give some further examples of the matters dealt with at RAWIB meetings in order to illustrate the approach of the RAWIB.

773. At its meeting on 30 May 2013 the RAWIB secretary, Ms Fischer reported on her visit to a night meeting at the Albion Park race track. It was noted that the one euthanasia on the track on that occasion was reported in the Stewards report as the dog having been "stood down for three months due to injury". Ms Fischer discussed the matter with the then Chief Steward who advised there had been some issues with animal welfare advocates and the death of greyhounds due to racing and that euthanasia was not being recorded in the Stewards reports.

774. The minutes noted that the OoR proposed to investigate the matter further. This resulted in the issue being flagged and ultimately to the proper recording of euthanasia at the track as outlined earlier.

775. The RAWIB meeting of 21 March 2014 dealt with the 2013 CBAP and the RAWIB noted there needed to be a stronger commitment in relation to training and development from RQ by proposals to put a timeline on the completion of nominated projects.

[166] See paragraphs [580]- [590].

776. At the same meeting the RAWIB was briefed by the OoR in relation to a matter where a live animal trap had been located during an inspection of a licensed trainer's property.

777. The RAWIB received a briefing note from the OoR which made the following recommendations:-

"We have advised RQ that although there was no evidence of ownership or purpose of the trap, under GAR 86(q) a person shall be guilty of an offence if 'the persons commits or omits to do any act or engages in conduct which is in any way detrimental or prejudicial to the interest, welfare, image, control or promotion of greyhound racing'.

We advised that we believe that the mere existence of such a contraption at a place used in relation to the training of a greyhound can be considered an offence under this section. The perception that arises due to the existence of a trap on this property is that animals are being used as a lure to train greyhounds, an activity expressly forbidden by the Act. This can only serve to damage the image, if not the welfare, of greyhound racing.

Given that the decision was already handed down in relation to this investigation, we recommend that perhaps RQ could monitor closely the activities of the licensees involved in this case, to ensure no other acts are committed which could bring the greyhound racing code into disrepute, or jeopardise the welfare of licensed animals.

We note that this is in keeping with the approach adopted by the RAWIB in your letter to us regarding monitoring of the activities of previously disqualified licensees.

We ask that the RAWIB consider the above notes and the information provided in the attachments, and offer any further recommendations they deem appropriate in this regard."

778. The sentiments expressed in the briefing note mirrored the approach taken by the OoR in its correspondence of 21 February 2014 to Mr Condon of RQ. The letter noted the following:-

"We have been provided with details of an investigation by RQ into the finding of a metal trap and unprescribed medications at the [redacted] property of Mr [redacted], a licensed greyhound trainer. Mr [redacted] has been charged with possession of unprescribed prohibited substances. However, no action has been taken in relation to the possession of the metal trap. The basis of this decision was that 'the ownership and purpose of the trap at the property could not be conclusively established and therefore stewards took no further action in relation to that matter'.

Although there is no evidence of ownership or purpose of the trap under GAR 86(q) a person shall be guilty of an offence if 'the persons commits or omits to do any act or engages in conduct which is in any way detrimental or prejudicial to the interest,

welfare, image, control or promotion of greyhound racing.' We believe that the mere existence of such a contraption at a place used in relation to the training of a greyhound can be considered an offence under this section. The perception that arises due to the existence of a trap on the property is that animals are being used as a lure to train greyhounds, an activity expressly forbidden by the Act. This can only serve to damage the image, if not the welfare, of greyhound racing. We believe the approach taken in this case is not consistent with, or is effective as, that applied by RQ in the first two cases above. With this in mind, we recommend that perhaps RQ could monitor closely the activities of the licensees involved in this case, to ensure no other acts are committed which could bring the greyhound racing code into disrepute, or jeopardise the welfare of licensed animals. This is consistent with the approach adopted by the Racing Animal Welfare and Integrity Board (RAWIB) in their letter to us regarding monitoring of the activities of previously disqualified licensees. Given the gravity of this case, we also intend to prepare a briefing note to the RAWIB to make them aware of the facts therein."

779. The documentation included the full transcript of the Stewards Inquiry into the matter which had been heard in January 2014.

780. The licensed trainer concerned had given evidence that the metal trap had been brought to his property by two other trainers who were living there earlier. He said that he had seen the trap underneath the caravan where he resided in the months preceding the inspection. The trap had in fact been located about a metre in front of the caravan as opposed to underneath it and when asked to explain the apparent movement of the trap from where he had last seen it, the trainer gave the following explanation:-

"I've got no idea. [redacted] has a suggestion that maybe one of the cattle hooked it out. There's cattle on that same paddock – one of the cattle had hooked it out with their horns, because they do pick around – under the – the last little bits of surviving green that is around under the caravan from grey water from inside the van. Maybe one of them have hooked it out. I don't know. As for the – they are turkey feathers that are in there. I will tell you what they are now. And the place – there are turkey feathers everywhere. …… As for a kill trap, I take offence to that. I don't use live kills. Never have and never will. And one of the reasons I have been allowed to rent this place off [redacted] is the fact that they know I don't. They are very, very green people. They are involved with Friends for Life and what have you to rescue greyhounds, of which I have taken up a part of that as well. We have been kennelling dogs for them for free until they find houses for them to go to. Now had I ever arrived there with that trap, I'm sure I wouldn't be there. These people wouldn't – they just wouldn't tolerate it. Now, I use rubber squeaker toys, and that's as far as my dogs go. I can assure you of that."

781. Mr [redacted] referred to in the above quote gave evidence on behalf of the trainer. His explanation is worth noting:-

"Well, again, I didn't see it moved, but there are a couple of possibilities I have thought of. I have cattle roaming around that do forage around. They may have rolled it out. But the most likely thing is, I – looking at it, I think the evidence clearly says that the trap wasn't set. What happened was I have turkeys all over the property. I think a turkey has got into the trap and it – I mean, it doesn't lose feathers getting in, and then it has got itself out of the trap and it could only have done that if the trap wasn't set, and that's how it lost the feathers. Now, there were no feathers in any yards or anything; they were simply outside the trap. I think that turkey has gone into the trap and then got itself out of the trap."

782. In light of these highly implausible explanations from the trainers, the recommendations from the OoR and the RAWIB were entirely appropriate.

783. The difficulty is that the recommendation was never acted upon, presumably for the reason of lack of resources or failure to appreciate the risk noted earlier in this report.

784. This example in particular highlights the inadequacy of the system being employed. Although the work of the RAWIB was well directed and motivated, there was inadequate follow up and enforcement.

785. In summary, the RAWIB performed the tasks allotted to it well but much of the good work was wasted in light of the cumbersome and largely ineffective means by which the recommendations were followed up and dealt with by the OoR.

786. The work of the RAWIB and the OoR would in the Commission's view be much better directed by being placed within a separate integrity unit whose entire focus is on maintaining and enforcing integrity within the industry.

OPTIONS FOR A FUTURE COMPLIANCE AND ENFORCEMENT FRAMEWORK FOR THE QUEENSLAND GREYHOUND RACING INDUSTRY

787. The implementation of any future compliance and enforcement program provides the regulator with a challenge in balancing the need to allow racing to be undertaken with a minimum of regulatory "red tape", whilst ensuring the integrity of the greyhound racing industry through a comprehensive compliance and enforcement program capable of detecting, assessing, mitigating and prosecuting breaches of the *Racing Act* or any other applicable act.

788. Managing the risk of non-compliance requires the regulator to have in place a range of proactive and reactive compliance strategies and for the regulator to take a policy position, which may vary from time to time, with regard to the focus of those compliance strategies.

789. Current leading practice in regulatory compliance risk management involves the use of strategies, which prevent, detect and respond to the risk of non-compliance, regardless of where in the racing industry the risk arises.

790. The key is to get the right balance between risk and control and to manage risk while allowing the racing industry to operate efficiently and effectively.

791. The regulator also needs to be cognisant of the costs associated with regulatory compliance and as such, needs to plan at both a strategic and operational level to best meet its responsibilities within its allocated resources and budget.

792. This means planning its regulatory compliance activities based on addressing priority areas and providing for a method of measuring the outcomes of those activities, in terms of their success or otherwise, in meeting its primary objectives.

793. For regulatory compliance purposes, the focus is on increasing the level of voluntary compliance with the regulatory requirements, through integrated strategies around prevention, detection and response.

794. This means that licensees in the greyhound racing industry have to play a significant role in ensuring compliance with all applicable laws as well as the rules of racing and the industry licensing requirements.

795. The structure proposed below is designed to assist with the design and execution of integrated compliance strategies. However, without the support of industry participants themselves, then the future of greyhound racing in this State will, in the Commission's view, rightly be subject to question from the public.

THE NEED FOR INDEPENDENCE OF COMPLIANCE FUNCTIONS FROM THE COMMERCIAL OPERATIONS OF THE QUEENSLAND RACING INDUSTRY IN ORDER TO MAINTAIN A SOCIAL LICENCE

796. The legislative framework governing the greyhound racing industry in Queensland is designed with the objectives of:[167]

(a) maintaining public confidence in the racing of animals in Queensland for which betting is lawful;

(b) ensuring the integrity of all persons involved with racing or betting; and

(c) safeguarding the welfare of all animals involved in racing.

797. Fulfilment of the first of the above objectives, maintaining public confidence, necessarily requires the industry to demonstrate a genuine commitment to the other primary objectives, being to ensure the integrity of industry participants and safeguard the welfare of racing animals.

798. This sets the general framework for the industry's social licence to operate, with continuing public acceptance of the industry contingent on the industry complying with the conditions that underpin that social licence.

799. RQs strategic objectives outline initiatives aimed at ensuring the sustainability of the industry. These initiatives include measures designed to ensure the industry continues to operate within the boundaries of its social licence to operate. However, the strategic plan is dominated by initiatives aimed at maximising the commercial returns to be earned by the industry, which is necessary to ensure the financial viability of the industry.

800. There is potential for a conflict between the industry's need to maximise commercial returns and its obligations to uphold the integrity of industry participants and safeguard the welfare of racing animals.

[167] *Racing Act 2002* (Qld) s 4.

801. This potential for conflict of interest has been starkly demonstrated in the findings of this Inquiry. There is no doubt that the viability of the racing industry depends in large measure upon the adequacy of the rewards generated by the prize money offered to participants. There is also no doubt that there is a very difficult balancing exercise to be undertaken in deploying resources within the industry to maintain commercial viability whilst safeguarding integrity to ensure the maintenance of public confidence. It is not suggested that getting the balance right is a simple exercise. This Inquiry has demonstrated that if appropriate resources are not committed to issues of integrity and animal welfare, no amount of prize money will save the industry if there is a collapse of public confidence.

802. Fundamentally, failure to comply with obligations in relation to integrity and animal welfare presents a risk to the industry's commercial prospects, through the loss of the industry's social licence to operate. In that regard, it is in the industry's interests to prioritise actions aimed at mitigating and preventing this risk, in order to reduce any potential impact on the industry's commercial interests.

803. However, this assumes a certain level of transparency and trust and a commitment to disclosing any failures to protecting these interests, as there is a potentially competing incentive to suppress any failures to safeguard against these risks.

804. Further, it may also challenge the organisation to genuinely commit to activities that may highlight deficiencies in the organisation's strategy for combatting such risks, as this may undermine the industry's commercial interests.

805. This can often be exacerbated when dealing with systemic issues and, in particular, if the organisation is somewhat constrained by the level or capability of resources at its disposal.

806. Although the Racing Act requires control bodies to implement internal controls providing for the separation of their commercial operations from their regulatory operations,[168] given the scale and nature of recent events across the industry nationally, the Commission's view is that the self-regulation model does not adequately provide for separation of these functions, and it is in the interests of the industry to formally vest the functions entirely with the QRIC.

807. Relevant considerations in this regard are set out below.

[168] *Racing Act 2002* (Qld) s 37.

CONSIDERATIONS REGARDING THE PLACEMENT OF A REGULATORY COMPLIANCE FUNCTION

808. In considering the challenges of ensuring adequate separation of the industry's future compliance function from its commercial operations, the Commission has taken the approach of setting out potential arguments for and against the formal vesting of regulatory compliance functions within the QRIC, independent of the commercial operations of any control body for the racing industry.

ARGUMENTS FOR VESTING REGULATORY COMPLIANCE FUNCTIONS WITHIN A SEPARATE BODY

809. Better practice standards require a compliance function to not be compromised by conflicting priorities, particularly where compliance is embedded in the business.

810. It is reasonable to expect that such a move would contribute to improved public confidence in the industry's ability to meet it regulatory compliance obligations.

811. Removing the regulatory compliance management burden from the racing control body may result in a more efficient allocation of resources, enabling the control body to focus on commercial operations.

812. Establishing the QRIC as a statutory authority which represents the State will enable it to draw upon complementary resources, such as methodologies, case tools and technical expertise, more effectively than it is able to leverage under current arrangements.

813. With the removal of any perception of conflicting priorities, an independent body will have an unfettered opportunity to seek involvement of the requisite technical specialists and relevant stakeholders required to deliver optimal compliance outcomes for the industry.

814. The Commission considers the control body's allocation of compliance function resources to particular racing codes is not optimally aligned with compliance risks and objectives. An independent body would be able to more effectively consider the allocation of compliance function resources, based on compliance risks and obligations, free of any conflicting commercial interests.

ARGUMENTS AGAINST VESTING REGULATORY COMPLIANCE FUNCTIONS WITHIN A SEPARATE BODY

815. Better practice standards require controls for compliance risks to, where possible, be embedded into normal organisational processes. Outsourcing of compliance functions to an independent body does not necessarily prevent this from occurring but the 'red tape' accompanying such things as communication protocols may impede controls being efficiently embedded.

816. Effectively managing risks associated with animal welfare obligations requires insights into the drivers and motivators of certain behavioural aspects of licensed industry participants. Whilst this can be acquired over time, through experience, those charged with operating in the industry are potentially more attuned and better placed to detect indicators of non-compliance in a timelier manner. However, recent events would appear to indicate this is debatable.

817. Achieving an effective compliance culture within the industry will still require leadership and an appropriate 'tone at the top' to be promulgated by the control body, which will necessarily require the control body to retain a regulatory compliance function, at least in respect of maintaining requisite policies, procedures and a complementary education and awareness program.

818. It is unclear how effectively the existing control body's organisational governance frameworks and operational model would integrate with the significantly reconfigured and enhanced regulatory function

RECOMMENDED INSTITUTIONAL AND FUNCTIONAL MODEL FOR INTEGRITY MANAGEMENT OF THE QUEENSLAND RACING INDUSTRY

819. The Commission recommends a new statutory authority be created which is dedicated to ensuring the integrity of the Queensland racing industry.

820. The Commission recommends the new authority be created as soon as possible and be created in parallel with a review of the *Racing Act*.

821. The Commission recommends consideration be given to the head of power for the new entity to be established in a new Act which will provide for the naming of the entity; commencement; application of other Acts; purpose and objectives; functions of the entity; appointment of a full-time RIC and other staff; accountabilities of the RIC; reporting requirements; financial arrangements; operational issues; delegations and forms; miscellaneous administrative matters and consequential amendments to other Acts.

822. The Commission recommends the new statutory authority be called the QRIC and be headed by the statutory position of RIC.

823. The RIC must be a full-time position.

824. The QRIC should represent the State and the RIC is to report directly to the Minister responsible for administering the *Racing Act*.

825. The QRIC should be distinct from the control body and not form part of the Department.

826. The control body should focus on the commercial operations of the industry.

827. The QRIC is recommended to comprise the resources of the following existing entities:

(a) The OoR from the Department;

(b) The Stewarding and Integrity Operations department from RQ;

(c) The functions of Grading and Handicapping in the Racing Operations Department from RQ;

(d) Rotating officers (a total of four) on secondment from the QPS on staggered 1 – 2 year terms; and

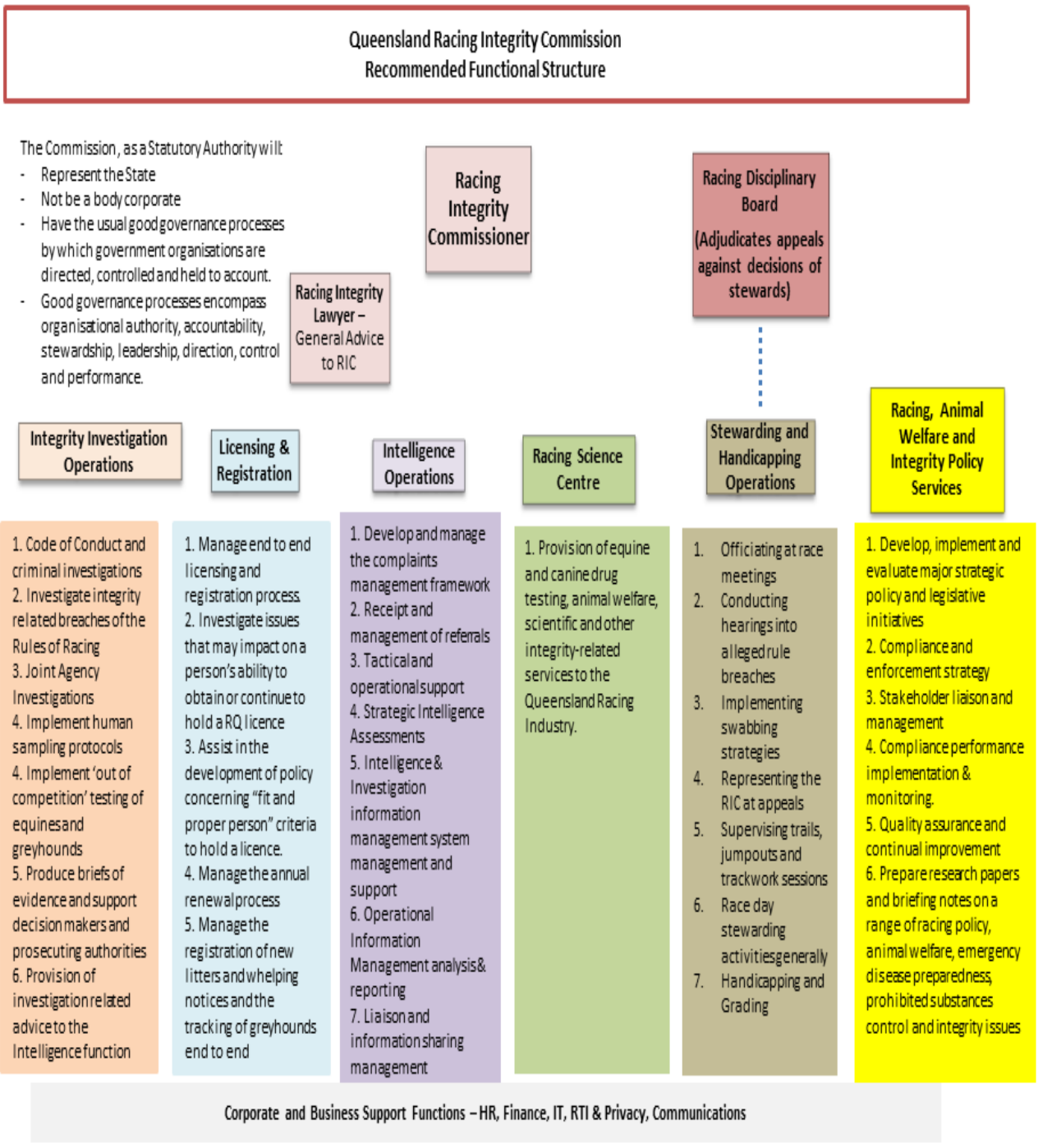
(d) A reasonable proportion of corporate support function personnel and funding from RQ.

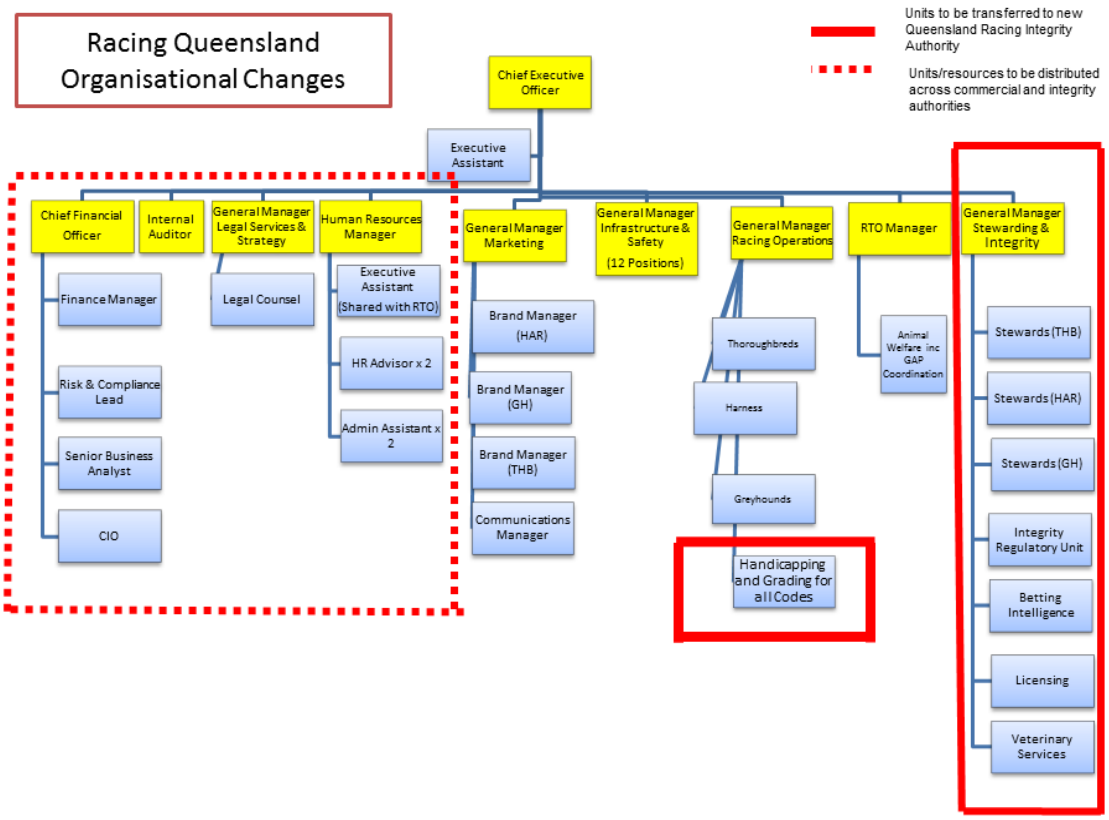
828. Although the scope of this Inquiry is limited to the Queensland greyhound racing industry, the Commission appreciates that the greyhound industry represents one code of racing within the broader racing industry, currently under the management of a single control body.

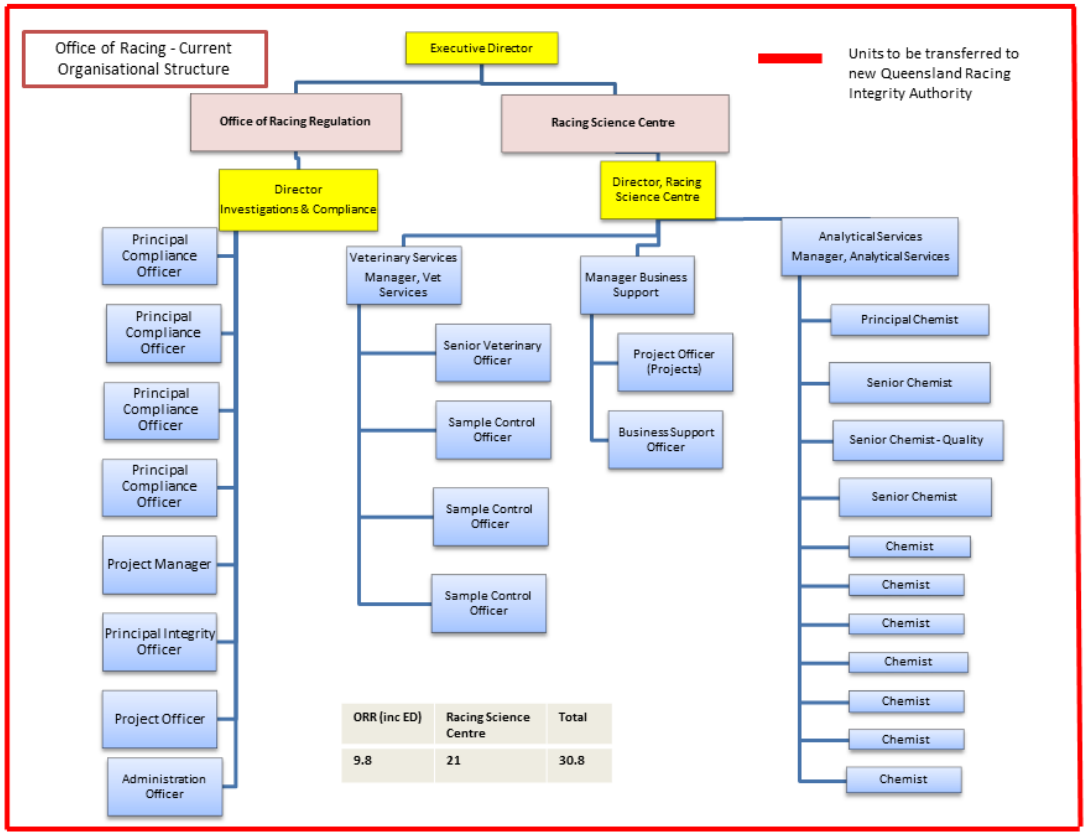
829. It is therefore relevant to consider potential efficiency gains through consolidation of certain functions in an overarching racing integrity unit and how other compliance functions may be delivered more effectively through mechanisms administered by a body focussed on the specific challenges faced.

830. Recommended changes to the industry must be practical in the context of the continuity of the greyhound racing industry's social licence to operate, the interests of industry participants and the fact that no code of racing is limited by jurisdictional borders.

831. The following charts display the recommended functional model and the existing units or functions proposed to be transitioned to the QRIC.


Queensland Racing Integrity Commission
Recommended Functional Structure
The Commission, as a Statutory Authority will:
- Represent the State
- Not be a body corporate
- Have the usual good governance processes by which government organisations are directed, controlled and held to account.
- Good governance processes encompass organisational authority, accountability, stewardship, leadership, direction, control and performance.
Racing Integrity Commissioner
Racing Integrity Lawyer – General Advice to RIC
Racing Disciplinary Board
(Adjudicates appeals against decisions of stewards)
Integrity Investigation Operations
Licensing & Registration
Intelligence Operations
Racing Science Centre
Stewarding and Handicapping Operations
Racing, Animal Welfare and Integrity Policy Services
1. Code of Conduct and criminal investigations
2. Investigate integrity related breaches of the Rules of Racing
3. Joint Agency Investigations
4. Implement human sampling protocols
4. Implement 'out of competition' testing of equines and greyhounds
5. Produce briefs of evidence and support decision makers and prosecuting authorities
6. Provision of investigation related advice to the Intelligence function
1. Manage end to end licensing and registration process.
2. Investigate issues that may impact on a person's ability to obtain or continue to hold a RQ licence
3. Assist in the development of policy concerning "fit and proper person" criteria to hold a licence.
4. Manage the annual renewal process
5. Manage the registration of new litters and whelping notices and the tracking of greyhounds end to end
1. Develop and manage the complaints management framework
2. Receipt and management of referrals
3. Tactical and operational support
4. Strategic Intelligence Assessments
5. Intelligence & Investigation information management system management and support
6. Operational Information Management analysis & reporting
7. Liaison and information sharing management
1. Provision of equine and canine drug testing, animal welfare, scientific and other integrity-related services to the Queensland Racing Industry.
1. Officiating at race meetings
2. Conducting hearings into alleged rule breaches
3. Implementing swabbing strategies
4. Representing the RIC at appeals
5. Supervising trails, jumpouts and trackwork sessions
6. Race day stewarding activities generally
7. Handicapping and Grading
1. Develop, implement and evaluate major strategic policy and legislative initiatives
2. Compliance and enforcement strategy
3. Stakeholder liaison and management
4. Compliance performance implementation & monitoring.
5. Quality assurance and continual improvement
6. Prepare research papers and briefing notes on a range of racing policy, animal welfare, emergency disease preparedness, prohibited substances control and integrity issues
Corporate and Business Support Functions – HR, Finance, IT, RTI & Privacy, Communications


Racing Queensland Organisational Changes
Units to be transferred to new Queensland Racing Integrity Authority
Units/resources to be distributed across commercial and integrity authorities
Chief Executive Officer
Executive Assistant
Chief Financial Officer
Internal Auditor
General Manager Legal Services & Strategy
Human Resources Manager
General Manager Marketing
General Manager Infrastructure & Safety (12 Positions)
General Manager Racing Operations
RTO Manager
General Manager Stewarding & Integrity
Finance Manager
Risk & Compliance Lead
Senior Business Analyst
CIO
Legal Counsel
Executive Assistant (Shared with RTO)
HR Advisor x 2
Admin Assistant x 2
Brand Manager (HAR)
Brand Manager (GH)
Brand Manager (THB)
Communications Manager
Thoroughbreds
Harness
Greyhounds
Handicapping and Grading for all Codes
Animal Welfare inc GAP Coordination
Stewards (THB)
Stewards (HAR)
Stewards (GH)
Integrity Regulatory Unit
Betting Intelligence
Licensing
Veterinary Services


Office of Racing - Current Organisational Structure
Executive Director
Units to be transferred to new Queensland Racing Integrity Authority
Office of Racing Regulation
Racing Science Centre
Director Investigations & Compliance
Director, Racing Science Centre
Principal Compliance Officer
Principal Compliance Officer
Principal Compliance Officer
Principal Compliance Officer
Project Manager
Principal Integrity Officer
Project Officer
Administration Officer
Veterinary Services Manager, Vet Services
Senior Veterinary Officer
Sample Control Officer
Sample Control Officer
Sample Control Officer
Manager Business Support
Project Officer (Projects)
Business Support Officer
Analytical Services Manager, Analytical Services
Principal Chemist
Senior Chemist
Senior Chemist - Quality
Senior Chemist
Chemist
Chemist
Chemist
Chemist
Chemist
Chemist
Chemist
ORR (inc ED) | Racing Science Centre | Total
9.8 | 21 | 30.8

RESTRUCTURING THE ALL CODES BOARD AND INDIVIDUAL CONTROL BOARDS

832. The purpose of the QRIC will be to regulate the Queensland racing industry by providing strategic compliance and enforcement services with the effect that a significant component of the existing RQ functional structure will be performed by the QRIC.

833. In this context the Commission has considered the governance structure of the individual control boards and the control body board.

834. As stated earlier in the report the Commission considers the individual code boards to be an unnecessary expense and recommends they be abolished.[169]

835. The Commission considers the All-Codes board should also be enhanced and be constituted by no less than seven (7) members with three (3) members being representatives of the individual codes of racing and the remaining four (4) members being able to provide broad representation and experience across the areas of business, accounting, law, commercial and marketing development.

836. The Commission considers four (4) members need to be independent of the racing industry while sitting on the board and should not have had ownership interests in race horses or racing greyhounds for a minimum of two years.

837. Further, the Commission recommends that the chair and deputy chair of the All-Codes board should be one of the non-industry board members and that person should have demonstrated experience in leadership and chairing a Board.

QUEENSLAND RACING INTEGRITY COMMISSION

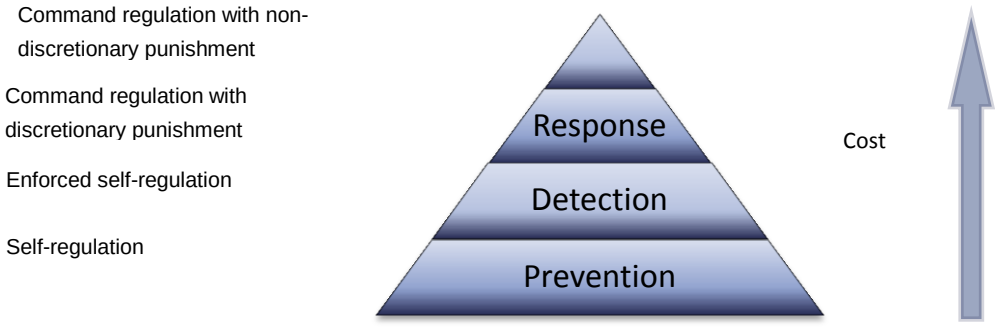
838. The recommendation for the establishment of the QRIC is supported by the Braithwaite model for compliance and enforcement which the Commission considers provides a useful structure for understanding how regulatory compliance can be delivered in a cost effective way, as well as providing an overall model for developing an appropriate mix of regulatory compliance strategies.

839. The model assumes that most of the regulated industry participants will voluntarily comply with regulatory requirements if they are aware of them.

[169] See [134] – [136].

840. The model promotes self-compliance, emphasises education, cooperation, and cooperative assistance, but employs enforcement tools as necessary. This model has been widely adopted and adapted by many agencies charged with regulatory compliance responsibilities.

Adaption of Braithwaite model for compliance and enforcement[170]



841. The diagram above is an adaptation of the original Braithwaite compliance and enforcement model, adapted to bring in a strategic model of prevention, detection and response,[171] as set out in the Australian Standard on Fraud and Corruption Control (AS 8001:2008) and aligned to the Braithwaite model of self-regulation, enforced self-regulation and a punishment regime.

842. In the following sections each of the three components and their relevance to a regulatory compliance regime for the Queensland racing industry is detailed.

PREVENTION

843. At the base of the model, self-regulation essentially results in substantial compliance for a large portion of the population. However, this would require planning to manage the racing industry with a deep understanding of the regulatory compliance risks, effective controls in place, adequate information being made available to the industry participants and, as best as possible, a relatively simple regulatory regime for participants to follow, in order to obtain a high level of co-operation and self-regulation.

[170] Responsive regulation: Transcending the deregulation debate (Ian Ayres and John Braithwaite), 1992, Oxford Press.

[171] The approach adopted in the Australian Standard on Fraud and Corruption Control (AS 8001:2008) has been adopted in other relevant standards and publications, relating to risk and compliance. The ISO 19600-2014 (Compliance management systems guidelines) can also be viewed along the prevention, detection and response structure.

844. There are several key preventative control attributes required to support an effective regulatory compliance model that drives self-regulation.

THE REGULATORY FRAMEWORK

845. Many cases of non-compliance can be attributed to a weakness, gap or failure in the control framework, which either allowed the incident to occur or failed to detect it in a timely manner, after it occurred. Therefore a comprehensive, well documented regulatory framework is required.

ASSESSING THE COMPLIANCE RISK

846. The QRIC must undertake a comprehensive compliance risk assessment to identify non-compliance risks in the industry and understand how and where those risks are likely to occur in order to prioritise the threat that those risks pose to the integrity of the racing industry.

847. The risk assessment should comply with the Australian and New Zealand standard on risk management,[172] which involves:

(a) identifying all potential risks;

(b) analysing the effectiveness of the controls currently in place;

(c) rating the risks in terms of likelihood and consequence, having regard to the effectiveness of internal controls in place; and

(d) formulating proposed actions to address all risks assessed as outside the regulators tolerance.

848. The compliance risk assessment is not a static process and needs to be regularly reviewed in light of intelligence relating to the industry, or the occurrence of any significant event.

COMPLIANCE AND ENFORCEMENT PLANNING

849. The risk assessment underpins the development of a plan which provides for the effective and efficient delivery of regulatory compliance strategies, ensuring that a range of preventative, detective and response strategies are being implemented that address specific risks identified.

850. The plan should also take into consideration the QRIC's policy position on compliance and enforcement.

[172] AS/NZS ISO 31000:2009 Risk Management Principles and Guidelines.

851. These measures should be continually monitored for effectiveness over time.

COMMUNICATION AND AWARENESS

852. Communication and awareness needs to be directed at two groups of people.

853. Industry participants need to be fully informed of regulatory requirements and the potential consequences of non-compliance. This can be effectively achieved through training in respect of industry licensing obligations/conditions, regular reminders and updates issued as part of regular interfacing with the QRIC, notifications and warning signs, designed to continually remind industry participants of their obligations.[173]

854. Those who work in the QRIC need to be fully informed of the risks the racing industry faces.

855. They need a clear understanding of the QRIC's compliance and enforcement objectives, direction as to the implementation of strategic compliance activities, regular communications from the RIC as to the QRIC's policy position on emerging compliance and enforcement issues, and access to intelligence sources in order to ensure the compliance and enforcement regime remains acutely aware of potential non-compliance indicators and trends and can therefore adjust its focus accordingly.

DETECTION

856. At the next level, an amount of non-compliance requires some escalation to a level of enforced self-regulation. A smaller section of the regulated population, who may be inclined not to voluntarily comply, will do so if it is evident that the QRIC is undertaking activities aimed at detecting non-compliance.

857. Underpinning the QRIC's detection capability is comprehensive intelligence, targeted at collecting and analysing industry information, as well as a whistle-blower, anonymous complaint service that enables the broader community to report allegations, suspicions, concerns or general intelligence.

858. The types of activities that may be considered under a detection program include audits, inspections, surveillance, participant monitoring, compliance declarations and mandatory reporting.

[173] For example, this can be likened to road traffic management and its licence testing, speed signs and advertising campaign, though on a smaller scale.

859. The nature of the racing industry is such that specific non-compliance detection activities will need to be developed to meet the risks identified through the risk assessment stage. Whilst a coordinated approach across the broader racing industry will be required, activities will need to be targeted towards specific challenges that particular codes of racing face, in order to ensure that intelligence resources, including any associated technologies used, are effectively deployed.

860. This reinforces the need for a clear, industry-wide framework for the reporting of non-compliance and commitment, from all industry participants, to reporting concerns.

RESPONSE

861. When activity escalates to deliberate non-compliance (including negligent or reckless activity), active enforcement needs to occur. This may include administrative penalties, deregistration or greater restrictions on licensing conditions, injunctions or other actions designed to discipline the non-compliant population.

862. At the top of the model are the serious non-compliant or the totally disengaged population. People or organisations engaged in these activities only respond to criminal sanctions or strict administrative penalties, and regulatory compliance activities need to be directed at that outcome.

863. Effective compliance and enforcement activities addressing this behaviour require policies and procedures to be developed to ensure that allegations or concerns of non-compliant behaviour are investigated and, as required, escalated to senior management or reported to external parties such as law enforcement agencies.

864. Clear protocols providing guidance around escalation and referral of matters should be developed outlining how these processes should be administered.

865. The model demonstrates, as non-compliant behaviour escalates in seriousness, and with it the likely impact on the industry, the more costly it is to conduct effective regulatory compliance activities.

866. The ideal philosophy is to keep as many of the population as possible within the base level of the model, where self-regulation strategies are generally effective.

INFORMING V ENFORCEMENT: THE COMPLIANCE AND ENFORCEMENT CONTINUUM

867. Although the QRIC's preference may typically lean towards self-regulation, primarily through education and awareness, it will necessarily be required to become more enforcement focused from time to time particularly when recent experience has demonstrated that self-regulation has been ineffective.

868. This will depend upon a range of factors that may impact on the industry, in particular the effectiveness of preventative initiatives. The QRIC can expect to find this swings between the two requirements throughout its planning cycles.

869. This might be likened to a pendulum, moving across the continuum, being pushed in either direction by policies and political issues.

870. Operationally, this will impact at a micro level and those involved in regulating the racing industry must be continually aware of movements in the "policy pendulum", to ensure that compliance management strategies are updated to ensure compliance actions are planned and coordinated in line with compliance objectives.

APPLYING THE COMPLIANCE AND ENFORCEMENT CONTINUUM TO THE QUEENSLAND RACING INDUSTRY

871. The basis of the enforce/encourage continuum is the risk assessment.

872. It is essential that comprehensive compliance risk assessments are conducted for the racing industry.

873. Strategic and operational planning can then be conducted and the appropriate mix of encouragement and enforcement activities undertaken to meet the priority risks identified in the coming period.

874. The QRIC must, however, be prepared to respond to changing or unforeseen industry developments on an ongoing basis.

875. In a new regulatory environment, the policy pendulum would usually be heavily in favour of encouragement through education and awareness, rather than enforcement through appropriately planned administrative or criminal sanctions. Only when it becomes evident that non-compliance is occurring, would the policy move towards stricter enforcement.

876. However, in applying the policy pendulum to Queensland's racing industry, having regard to recent events as well as knowledge gleaned from this Inquiry and other inquiries, the QRIC should consider a stronger emphasis on detection and response in addition to education and encouragement. This is important to ensure that a clear message is delivered to industry participants and more broadly the general public that serious non-compliance amounting to animal cruelty and failure to protect the welfare of racing animals, will not be tolerated.

877. With that in mind, the QRIC needs to be cognisant of the impact and requirements of formal administrative or criminal proceedings, the evidentiary standards and relevant prosecution polices, along with the resourcing, qualifications and training requirements for the undertaking of effective enforcement activities. These considerations have a greater impact on the effectiveness of compliance activities escalating to the "enforcement" level.

PROPOSED FRAMEWORK FOR THE QUEENSLAND RACING INTEGRITY COMMISSION

878. Earlier in this report the Commission set out an assessment of existing compliance arrangements within Queensland's greyhound racing industry, compared to attributes of better practice standards for compliance management systems guidelines.

879. These standards set out the key considerations for, and attributes of, a compliance management system, which the QRIC should consider in developing and finalising a framework for regulatory compliance.

880. Recent events, alleging extensive suspected serious non-compliance, including instances of licensed industry participants facing criminal charges of animal cruelty, indicates ineffective compliance and enforcement was in operation throughout Queensland's greyhound racing industry.

881. Accordingly, the QRIC must be in a position to undertake the full spectrum of compliance and enforcement activities so as to keep the population informed of their obligations, as well as to enforce them as required.

882. This maximises the opportunity for industry participants to voluntarily comply with regulatory obligation, whilst also ensuring industry regulatory bodies are capable of responding swiftly to concerns or allegations of serious non-compliance, so that those inclined to engage in unacceptable behaviour are aware of the QRIC's stance and likely response and, as a result, be deterred by the possible outcomes.

883. The QRIC must demonstrate a capability to detect and respond to deliberate non-compliance with a full law enforcement (criminal or civil action) response to those persons or organisations who engage in serious non-compliance, irrespective of any underlying circumstances.

884. A strategic plan for managing non-compliance should be in place at the commencement of any regulatory regime.

885. The effectiveness of the implementation of that plan and the performance of compliance strategies should be monitored, and updated on a regular basis.

STRATEGY

886. There has been a failure, by several key stakeholders in the Queensland greyhound racing industry, to harmonise and co-ordinate regulatory compliance activities.

887. Going forward, it is critical that shared cultural values are translated into clearly defined and well communicated behavioural norms, removing any potential ambiguity around what is considered to be unacceptable conduct.

888. Failure to do so will continue to expose the industry to the risk of serious non-compliance and criminal activity, as well as posing an ongoing risk to the reputation of the regulatory bodies.

889. A strategic, intelligence driven approach to compliance activities should underpin frameworks, functions and activities. Clearly defined functions / teams and associated roles and responsibilities are the cornerstones of any successful regulatory compliance group.

890. Key stakeholder engagement, communication strategies and related responsibilities must be well defined and continuously nurtured.

891. Oversight and consultation with relevant stakeholders must be ongoing, fluid and timely, in order to ensure that transparent, defensible decision making techniques are applied across all compliance activities undertaken in response to the receipt of a complaint / allegation, through to its conclusion.

892. Following on, efficient and effective workflow management processes and practices, technology platforms and complementary support tools must be developed, implemented and quality assured.

893. The establishment of the QRIC is based on these philosophies.

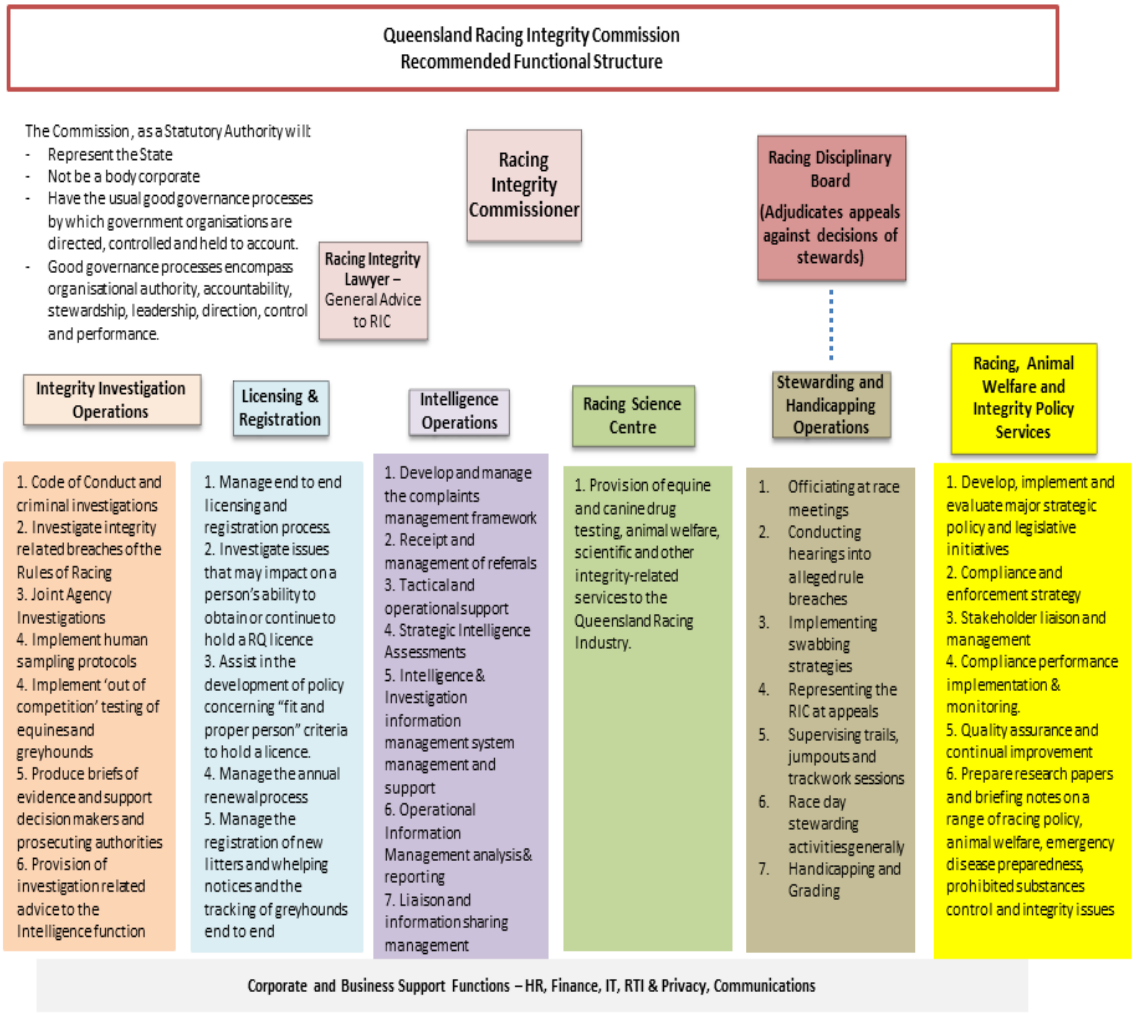
CAPABILITY STRUCTURE

894. The figure below outlines the functional structure of the recommended QRIC.

895. The recommended model proposes the functional capability required to regulate the industry, based on the scale and nature of its activities.

896. The actual organisational structure to support this capability will necessarily be subject to consultation and will require the development of transitional arrangements.

897. Accordingly, if the recommendation to establish the QRIC is accepted, the Commission further recommends that a dedicated team be formed to manage the establishment of and to guide the transitional arrangements to the new authority.



898. The proposed model delivers the following core capabilities:

(a) Racing, Animal Welfare and Integrity Policy Services (Co-ordination and delivery of proactive regulatory compliance measures including, Policies and Procedures, Training);

(b) Licensing and Registration assurance (Assessing suitability of industry participants);

(c) Intelligence Operations, (Intelligence, liaison and information management);

(d) Investigation Operations (Investigations);

(e) Racing Science Centre (Scientific Testing); and

(f) Stewarding and Handicapping Operations (Race day integrity compliance).

899. The names used are functional and descriptive (rather than prescriptive) and designed to inform both the Government and the recommended implementation team, who will consider and ultimately determine the appropriate functional structure, placement and delivery model of the recommended QRIC.

900. As the Commission stated earlier in this report, the recommended changes to the industry must be practical in the context of the continuity of the greyhound racing industry's social licence to operate, the interests of industry participants and the fact that no code of racing is limited by jurisdictional borders.

901. Accordingly, this following part of the report focuses on the functional capabilities practically required to deliver an intelligence driven compliance function, irrespective of where those functions are ultimately vested.

RACING, ANIMAL WELFARE AND INTEGRITY POLICY

902. This function would encompass responsibilities primarily of a policy development and compliance nature. It would be responsible for establishing the framework for industry compliance with the *Racing Act*, other relevant legislation, regulations and policies.

903. In carrying out its function, the QRIC would, as required, assemble working groups of subject matter experts, drawn from relevant industry stakeholders. These subject matter experts would augment regulatory compliance personnel, whom it is anticipated would possess skills and experience in risk management, regulatory compliance, policy development and training.

904. An overview of responsibilities the Commission anticipates would be assigned to the function is summarised below.

RESPONSIBILITY	DESCRIPTION
Compliance Risk Assessments	Undertake compliance risk assessments in accordance with ISO 31000 Risk Management and ISO 19600-2014 (Compliance management systems guidelines), aimed at identifying regulatory and integrity risks within the greyhound racing industry.
Compliance policy	Establish a documented compliance management policy, setting out objectives aligned with the strategic initiatives for the industry. Formulate procedures and other guidance, as required, to facilitate the compliance and enforcement strategy being operationalised.
Compliance and enforcement strategy	Develop a Compliance and Enforcement strategy, setting out the preventative, detective and responsive strategies for addressing identified compliance risks. This should also include clearly delineated roles and responsibilities.
Stakeholder liaison and management	Develop and maintain Memoranda of Understanding and Service Level Agreements, as required, with key industry stakeholders. This may include, for example, industry control bodies and boards, other regulatory bodies and relevant industry and community bodies, such as the RSPCA, CCC, ACC, Bio-Security Queensland.
Compliance performance implementation and monitoring	Deliver or oversight, as required, strategic initiatives aimed at proactively encouraging self-regulation, as well as oversight the broader implementation of the compliance and enforcement strategy, through continual monitoring, periodic review and in response to emerging issues.
Quality assurance and continual improvement	Introduce continuous improvement and quality assurance reviews of the performance of the compliance management function, to provide that feedback loop ensuring that functions are carried out in accordance with better practice standards, lessons learned are shared and credible and timely intelligence continues to drive targeted preventative and detective functions.

LICENSING AND REGISTRATION ASSURANCE

905. The Licensing and Registration Integrity Assurance function would primarily administer assessments of applicants seeking to participate in the Queensland racing industry and a system for ensuring the ongoing suitability of licensees to remain licensed.

906. This may, for example, take the form of compliance functions in connection with the existing licensing scheme, which provide for certain inquiries and investigations to be undertaken on applicants to ensure they meet fit and proper standards.

907. An overview of responsibilities the Commission anticipates would be assigned to the function is outlined below.

RESPONSIBILITY	DESCRIPTION
Industry participant suitability assessments	The team would undertake suitability assessments for all licensing and registration applicants and as required on a risk and intelligence led basis.
Change of circumstances notification procedures	Shifting the onus to licensed and registered industry participants to declare changes in circumstances, which may impact on one's suitability to participate in the industry, would enhance the industry's demonstrable commitment to integrity measures. It would also contribute to more efficient allocation of on-going intelligence and suitability assessments and potentially constitute a valid consideration in the application of penalty provisions for identified instances of non-compliance.
Management of decline applications	Should a licensing or registration application produce an adverse finding resulting in the application being declined, the team would be responsible for drafting and issuing associated information notices and any other on going correspondence. This may include being a liaison point in connection with matters referred for review.
Management of applicant data	The team would be responsible for the on-going management of applicant data stores. This would extend from data entry tasks through to the implementation of policies and procedures to ensure the integrity and security of data collected, including compliance with applicable privacy principles.

INTELLIGENCE OPERATIONS

908. The Intelligence Operations function is responsible for delivering operational and tactical support, upon request, and strategic assessments in accordance with specific terms of reference issued by the RIC.

909. It is responsible for the management of a report/ complaint/ tip-off (referrals), from point of receipt.

910. It is also responsible for collecting and analysing industry related information, to provide strategic risk advice to the RIC.

911. Apart from the front end function of lodgement and initial consideration of a report/ complaint/ tip-off, all activities of the Intelligence Operations function will be directed by the RIC.

912. The Intelligence Operations function would be staffed by analysts with appropriate skills and experience, including a sound understanding of intelligence models ('cycle') and related activities.

913. An overview of responsibilities the Commission anticipates would be assigned to the function is outlined below.

RESPONSIBILITY	DESCRIPTION
Receipt and management of referrals	The Intelligence function would be responsible for the receipt of referrals, including logging the referral and making an initial determination as to whether: • The referral is without basis and should be discarded or is more appropriately forwarded to another stakeholder; • Insufficient information has been provided and the referral should be logged as intelligence; or • There is sufficient information in the complaint to warrant a preliminary assessment and categorisation to be undertaken. The RIC would have responsibility to endorse, or reject, initial Intelligence assessments.
Preliminary assessment and categorisation of referrals	The Intelligence function would, for those referrals endorsed by the RIC as suitable for case assessment, undertake a preliminary assessment and categorisation of the complaint according to a Case Categorisation and Prioritisation Model, with the outcome of the assessment, including recommendations, forwarded to the RIC. The purpose of the preliminary assessments would be to determine whether there is a prima facie case that warrants investigation as either a criminal or Code of Conduct matter. The Intelligence function would be responsible for the identification of relevant offences / breaches (if any) and the development of the evidence matrix which may be used by the RIC to task investigators.
Tactical / operational support	The Intelligence function would be responsible for providing tactical and operational support to the Investigations function, and would act under the direction of the relevant case manager from within the Investigations function. Ideally, the Intelligence function officer assigned to provide tactical support would have undertaken the corresponding preliminary assessment of the matter.
Strategic Assessments	From time to time, the Intelligence function may be tasked, by the RIC, to undertake strategic intelligence assessments of certain activities, persons or organisations. These strategic assessments may form part of the regulatory compliance function's proactive initiatives, or arise in response to an emerging issue.
Intelligence & investigation information management system	The Intelligence function would be responsible for the maintenance of an Intelligence and investigation information management system (IIMS). Referrals would be logged in IIIMS and would only be transitioned into 'cases' as directed by the RIC, whereupon the Investigations function would

RESPONSIBILITY	DESCRIPTION
	be provided with access to the case.
Operational Information management analysis and reporting	The Intelligence function would be responsible for analysing and regularly reporting on information sources available within the industry, such as steward reports, non-compliance reports, breach notices and all other forms of intelligence collected. This would be used in producing industry intelligence holdings, for the purpose of informing the RIC.
Liaison and information sharing management	Where arrangements exist for information sharing or multi agency activity, this role would be undertaken by the Intelligence function, under the direction of the RIC.

INTEGRITY INVESTIGATION OPERATIONS FUNCTION

914. The Integrity Investigation Operations function must be capable of investigating the full spectrum of matters likely to be referred for investigation, including alleged breaches of applicable legislation, breaches of the Code of Conduct or associated policies and procedures and potentially, criminal offences.

915. The Commission considers the investigative functions would be most effectively implemented through an internal staffing model, providing appropriately skilled and qualified investigators and a rotating secondment model with the QPS providing a total of four experienced investigators.

916. An overview of responsibilities the Commission anticipates would be assigned to the function is outlined below.

RESPONSIBILITY	DESCRIPTION
Investigations	The Investigation and operations function would be responsible for investigating matters, as tasked by the RIC. Investigation protocols governing case management principles would need to be established, requiring phased investigation planning techniques and mandatory utilisation of Critical Decision Records (CDRs). Consistent application of these investigation protocols are important in ensuring robust oversight of investigations, together with defensible decision making through the life of a case. Key roles within the Investigations function would include: • **Case officer (Investigator) –** responsible for identifying and gathering evidence in a lawful manner, to assist a decision maker to determine the veracity of an allegation. The role must be independent, with the investigator having an open mind and seeking out inculpatory and exculpatory evidence, with the view to clarifying the facts in issue. A key case management tool to assist in this regard is the 'Evidence Matrix'.

RESPONSIBILITY	DESCRIPTION
	• **Case Managers** –responsible for approving investigation plans. The Case Manager would seek guidance and advice from the RIC for major directional changes, such as change of priority level, closure or general status (e.g. criminal to code). The Australian Government Investigation Standards (AGIS) provide investigations standards and advice, in the event investigation protocols are not independently issued by the RIC with imput from the QPS.
Joint Agency investigations	From time to time, the Investigations operations function may be directed by the RIC to support joint agency operations.
HR and legal liaison	The Investigation operations functions would be responsible for liaising with representatives from legal and HR, as required, in respect of investigations. Should the facts identified during a Code of Conduct investigation identify, prima facie, that a breach of the Code of Conduct may have occurred, the Investigations function would provide support to the relevant Code of Conduct Delegate, including the drafting of letters for consideration and approval by the Delegate.
Produce briefs of evidence and support decision makers and prosecuting authorities	Investigators tasked with criminal investigations, will, under the guidance of the case manager and the RIC, liaise with the QPS and DPP and produce briefs of evidence to support prosecutions.
Provision of investigation related advice to Intel	The Investigations operations function will provide advice to Intelligence Operations as required. This may include advice as to the likelihood of obtaining sufficient, admissible evidence to prove a suspected offence during the preliminary assessment undertaken by Intelligence Operations.

917. The flow chart attached at Appendix C provides an overview of the management of a complaint and the role that the RIC has in the case assessment process.

GOVERNANCE

918. The Commission recommends a Regulatory Compliance Committee (RCC) be established as part of the QRICs internal governance regime.

919. The RCC would assist the RIC in the strategic oversight and performance of the QRIC.

920. The Commission recommends the RCC be comprised of sufficiently experienced people to provide strategic guidance in respect of managing the range of compliance challenges the industry faces.

921. The principal function of the RCC would be to monitor the performance of the compliance management function, ensuring that planned actions adequately addressing compliance risks are implemented on a timely basis and performed to a robust and defensible standard.

TOOLS TO SUPPORT THE EFFECTIVE HANDLING OF NON-COMPLIANCE REPORTS (REFERRALS)

922. In this section, the Commission provides an overview of tools and resources to support the effective handling of non-compliance reports (referrals) and how they may be applied in the context of the racing industry, in the context of working towards a regulatory compliance function that is more proactive and intelligence driven in its actions.

OVERVIEW

923. The Australian Government Investigation Standards (AGIS) delivers framework technical level instruction and guidance on investigation activities, which can also include intelligence processes which directly support the gathering of admissible evidence.

924. Chapter 2 of the AGIS prescribes the recommended minimum standards for agencies to apply in receiving and evaluating complaints or conduct identified as allegedly, apparently or potentially breaching the law.

925. In the context of Queensland's racing industry, concerns, allegations or tip-offs (referrals) may come from a range of sources, including but not limited to:

(a) Licensed industry participants, including trainers, breeders or owners;
(b) Licensed clubs, their members, or visitors to accredited facilities;
(c) Members of the general public;
(d) Local councils;
(e) Veterinary practitioners and associated staff;
(f) Industry stakeholder groups, including animal welfare and community interest groups;
(g) Controlling bodies or associated regulatory bodies in other jurisdictions;
(h) Other Commonwealth or State/Territory agencies;
(i) Ministerial complaints;
(j) Audit and compliance activities;
(k) Intelligence activity; and
(l) Self-reported breaches.

CULTIVATING AN ENVIRONMENT THAT ENCOURAGES REFERRALS OF NON-COMPLIANCE

926. Effective education and awareness initiatives for industry participants are critical in cultivating an environment that encourages referrals of non-compliance.

927. These initiatives should promote a stance that behaviour which undermines the integrity of industry participants, or fails to safeguard the welfare of racing animals, will not be tolerated, must be reported and will be acted upon.

928. Deficiencies in this area may confuse industry participants, and cause the general public to doubt the industry's commitment to compliance with these obligations, resulting in a reluctance or failure to report non-compliant behaviour.

929. Equally, if compliance function personnel with inspection / audit responsibilities are not well informed, they may independently deal with a matter inappropriately, without any discussion or consultation with relevant personnel, which can lead to systemic issues going untreated.

930. Compliance function personnel should be encouraged to seek guidance, if they require assistance in determining whether matters which have come to their attention require referral as a potential non-compliance matter.

TRACKING AND MANAGING REFERRALS

931. A robust electronic Investigations & Intelligence Information Management System (IIIMS) is an essential management and operational support tool.

932. Ideally, the IIIMS should support key intelligence and investigation activities – from point and time of initial contact, through to resolution and closure of a case.

933. Whilst a key function of the system is to support intelligence analysts and investigators in the day-to-day management of investigations (cases), it should also support referrals, intelligence activities and deliver real time reporting capability.

934. The following information should be captured from referrals, at a minimum:

(a) Date of contact;

(b) Time of contact;

(c) The name of the complainant or the source of the allegation, subject to whistle-blower anonymity and protection controls;

(d) Contact details;

(e) Nature of the allegation;

(f) Alleged time or period of the offence;

(g) Circumstances of the offence;

(h) Location of the offence;

(i) Name(s) of the suspect(s);

(j) Address of the suspect(s);

(k) Reason for providing the information (this is critical as it may indicate 'whistleblowing'); and

(l) How the complainant became aware of the matter.

935. Referrals should be handled in a timely and responsive manner, as ongoing feedback at all critical phases is an important aspect of whistle-blower/ complainant management.

936. Accordingly, the following should occur within one working day of receipt of the referral:

(a) Record the referral details in the IIIMS system;

(b) Acknowledge receipt via email (or other documented method), to the source(s) of the complaint. This message should:

(i) Note the status as being 'not yet assessed';

(ii) Advise that the information will be assessed and that further advice will follow; and

(iii) Identify which Intelligence Officer/Analyst is assessing the complaint and that they should contact that person should they have any further information or questions.

937. Any written complaints received should be date stamped and attached to the relevant file.

THE CASE ASSESSMENT PROCESS

938. Once a referral has been accepted and recorded in the IIIMS, it must then be assessed. It is essential that all reports or allegations of non-compliance are recorded, for the purpose of:

(a) Future reference;

(b) Intelligence and reporting activities; and

(c) Possible inclusion as evidence.

939. The Intelligence function should determine whether, on face value, the information readily available through intelligence gathering and assessment activities suggests there may have been a breach of applicable legislation.

940. If the Intelligence function assesses the referral as falling within the definition, subject to endorsement by the RIC, a recommended priority level would be assigned using a Case Categorisation Priority Model (CCPM) and a case assessment report prepared for consideration by the RIC.

941. Ultimately, the RIC should develop, review and amend the CCPM to meet the racing industry's needs. But, typically, an agency should have a written case prioritisation policy to assist staff responsible for investigations.

942. When developing an investigation function's case prioritisation policy, it should be based on a range of factors, including:

(a) The likelihood of achieving the aim of the investigation;
(b) The incident type;
(c) Potential or confirmed seriousness of the alleged offences;
(d) The impact the offence has on the organisation's programs, and the agencies priorities concerning a particular program;
(e) The impact the offence has on other organisations;
(f) The general and specific deterrent value of the investigation;
(g) Available resources;
(h) Cost benefit analysis;
(i) Comparison with other matters under investigation;
(j) Experience of similar case(s);
(k) Directions from the Executive; and
(l) The effect of any other relevant advice.

943. When considering an investigation function's case prioritisation model, there are a number of relevant factors that can form the basis of a model, including:

(a) Case prioritisation criteria grading:

(i) Impact on the reputation of the organisation and its stakeholders;

(ii) Strategic value;

(iii) Political / media sensitivity;

(iv) Cost of an investigation;

(v) Recovery potential; and

(vi) Investigators required.

(b) Case complexity grading:

(i) Jurisdiction;

(ii) Clarity of offences;

(iii) Management resources required for the investigation;

(iv) Access to information;

(v) Identification of witnesses / suspects; and

(vi) Budget / time estimate.

944. Upon reviewing the case assessment report, the RIC may recommend any of the following:

(a) Task the Intelligence function to conduct further analysis;

(b) Reject the complaint as a case for investigation and refer the matter back to the intelligence function for reporting and recording of outcomes in the IIMS;

(c) Transfer the complaint to an outside agency (i.e. the Crime and Corruption Commission) or refer the matter to an internal section for management action; or

(d) Accept the complaint as a case for investigation action, strategic intelligence assessment or other proactive action.

945. In respect of all referrals, the RICs decision should be signed off as a critical decision record (CDR).

DECISION MAKING & CRITICAL DECISION RECORDS (CDR)

946. Rigorous, timely, transparent and well considered decision making methodologies incorporating regular, consultative review activities are perhaps the most powerful business risk mitigation practices available.

947. This approach generally delivers defensible decisions and solutions.

948. As the Commission has found that there has been a failure to detect systemic serious non-compliance in the greyhound racing industry, records detailing critical decisions will be integral in restoring public confidence in the industry's commitment to actively enforcing compliance obligations.

949. Better practice standards[174] explain that critical decisions are those decisions made during the course of an investigation that lead to a significant change of direction in the investigation, resources involved in the investigation or any decision that may impact on the investigation achieving the stated outcomes for the investigation.

950. All critical decisions should be made by an authorised person(s), with the decision documented on the investigation file or electronic system:

(a) The decision itself including the reason for the decision, person making the decision and the date of the decision;

(b) Information relied on to make the decision; and

(c) Any expected or potential significant impact of the decision.

951. Whilst many critical decisions are made during the course of the operational stages of an inquiry or operation, many other critical decisions are made well before and after those stages.

952. Whether or not a matter is referred for investigation and the reasons behind that decision, is a good example of a critical decision for the racing industry, in demonstrating its commitment to eradicating behaviour which undermines the integrity of industry participants, or fails to safeguard the welfare of racing animals.

953. Use of CDRs also provides a mechanism enabling a more consultative, multi perspective and holistic view of a situation, resulting in a greater likelihood for producing a defensible, 'best outcome' and buy in and ownership of the decision by all stakeholders.

[174] Australian Government Investigation Standards (August 2011), p 10.

INVESTIGATION MANAGEMENT PRINCIPLES

954. Organisations carrying out investigations must standardise investigative practices and procedures. Once these fundamentals are in place, more sophisticated IT based support tools (such as an electronic investigation management system) can be developed to support those practices.

955. The Commission recommends the following AGIS, at a minimum, be applied by the QRIC:

(a) Investigation planning;

(b) Evidence collection, handling and storage;

(c) Operational Orders / Search Warrant Field operational planning (SMEAC model);

(d) Execution of Search and Seizure Warrants; and

(e) Use of surveillance.

COMPLIANCE CAPABILITY (SKILLS AND QUALIFICATIONS)

956. The Commission recommends that employees engaged in compliance function roles attain relevant qualifications within twelve (12) months of starting employment, if requisite qualifications are not already held.

957. Appropriate supervision should be maintained until such time that requisite qualifications have been obtained.

958. Ongoing professional development should also be maintained in order to further develop their expertise and ensure that skills remain current and reflect better practice standards.

959. The minimum specified level of training or qualification recommended for investigations staff are:

(a) **Certificate IV in Government (Investigation) / Certificate III in Investigations** - This qualification should be obtained before a staff member is primarily engaged as an investigator, otherwise the officer should be under the supervision of a qualified investigator.

(b) **Diploma of Government (Investigation)** – Applicable for staff primarily engaged in the coordination and supervision of investigations.

960. Regulatory compliance function employees who are primarily engaged in intelligence collection should also possess or attain relevant qualifications or training to effectively carry out their duties.

APPENDIX A

TERMS OF REFERENCE

COMMISSIONS OF INQUIRY ORDER (NO. 2) 2015

SHORT TITLE

1. This Order in Council may be cited as the Commissions of Inquiry Order (No. 2) 2015.

COMMENCEMENT

2. This Order in Council commences on 10 April 2015.

APPOINTMENT OF COMMISSION

3. UNDER the provisions of the *Commissions of Inquiry Act 1950* the Governor in Council hereby appoints Mr Alan MacSporran QC, from 10 April 2015, to make full and careful inquiry in an open and independent manner in relation to the Queensland Greyhound Racing Industry with respect to:
    a. the effectiveness of the current regulatory framework of the Queensland Greyhound Racing Industry in detecting, assessing, mitigating and prosecuting all breaches of the *Racing Act 2002*, or any other relevant act;
    b. the regulatory arrangements for the protection of animal welfare of racing dogs and other animals, including the extent of live-baiting practices in Queensland;
    c. the suitability of the current regime of monitoring, regulation and integrity, including of statutory (including licensed clubs) and departmental bodies, in the management and oversight of the industry meeting all racing and legal obligations;
    d. the Queensland Greyhound Racing Industry's need to maintain a social licence with the community;
    e. any other aspect of the Queensland Greyhound Racing Industry (including registered trainers operating from unlicensed premises) or its regulations that the Commissioner considers necessary.

COMMISSION TO REPORT

4. AND directs that the Commissioner deliver an interim report to the Honourable the Minister for Sport and Racing on 10 April 2015 and that the Commissioner make full and faithful report and recommendations on the aforesaid subject matter of inquiry, and transmit the same to the Honourable the Premier by 1 June 2015.

COMMISSION TO MAKE RECOMMENDATIONS

5. IN making recommendations the Commissioner should consider the need to promote integrity and public confidence into the Queensland Greyhound Racing Industry and any recommended changes that need to be made to existing laws or regulations to ensure that the Queensland Greyhound Racing Industry is compliant with all racing, animal welfare and legal obligations.

APPLICATION OF ACT

6. THE provisions of the Commissions of Inquiry Act 1950 shall be applicable for the purposes of this inquiry except for section 19C-Authority to use listening devices.

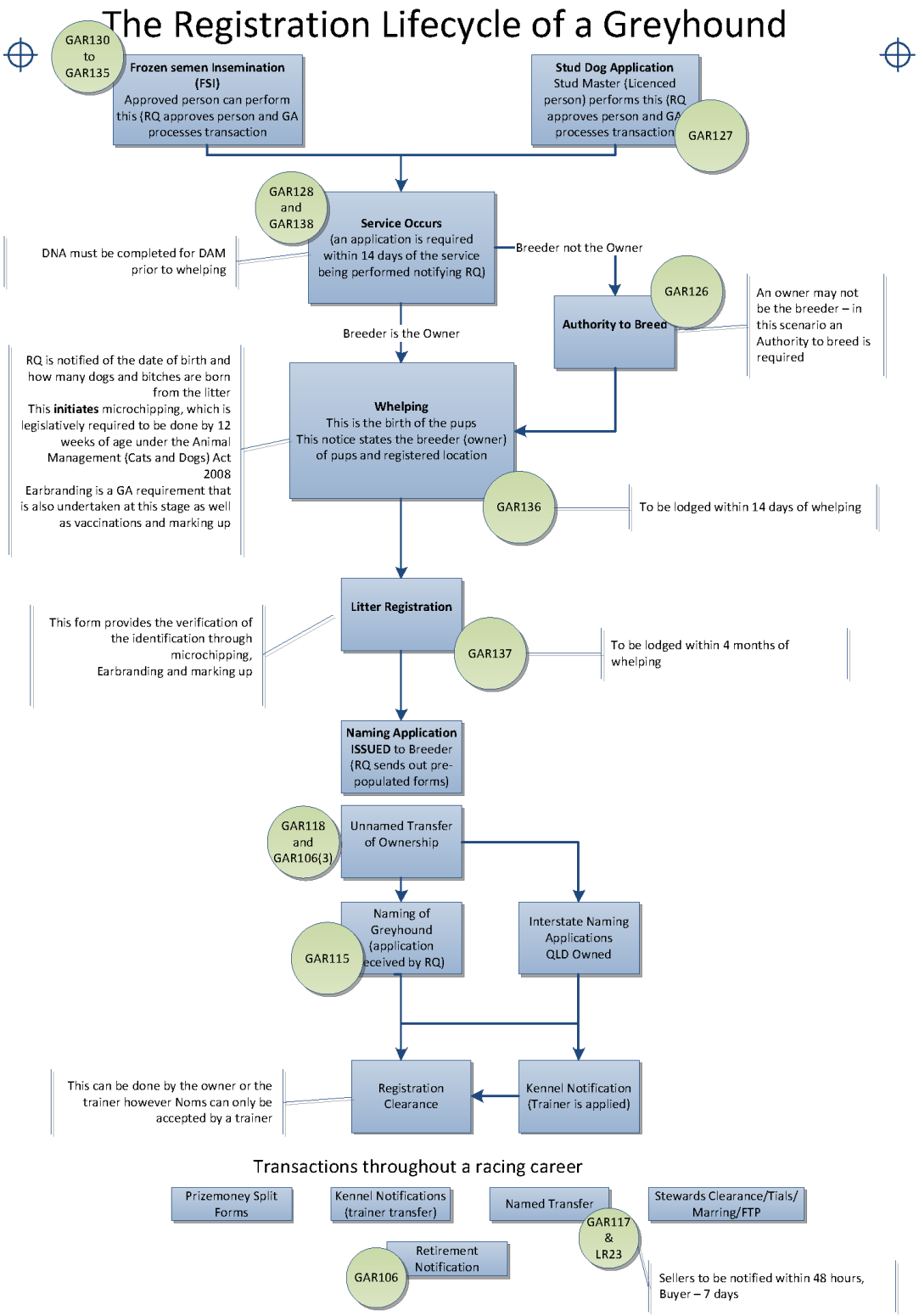
CONDUCT OF INQUIRY

7. THE Commissioner may hold public and private hearings in such a manner and in such locations as may be necessary and convenient.

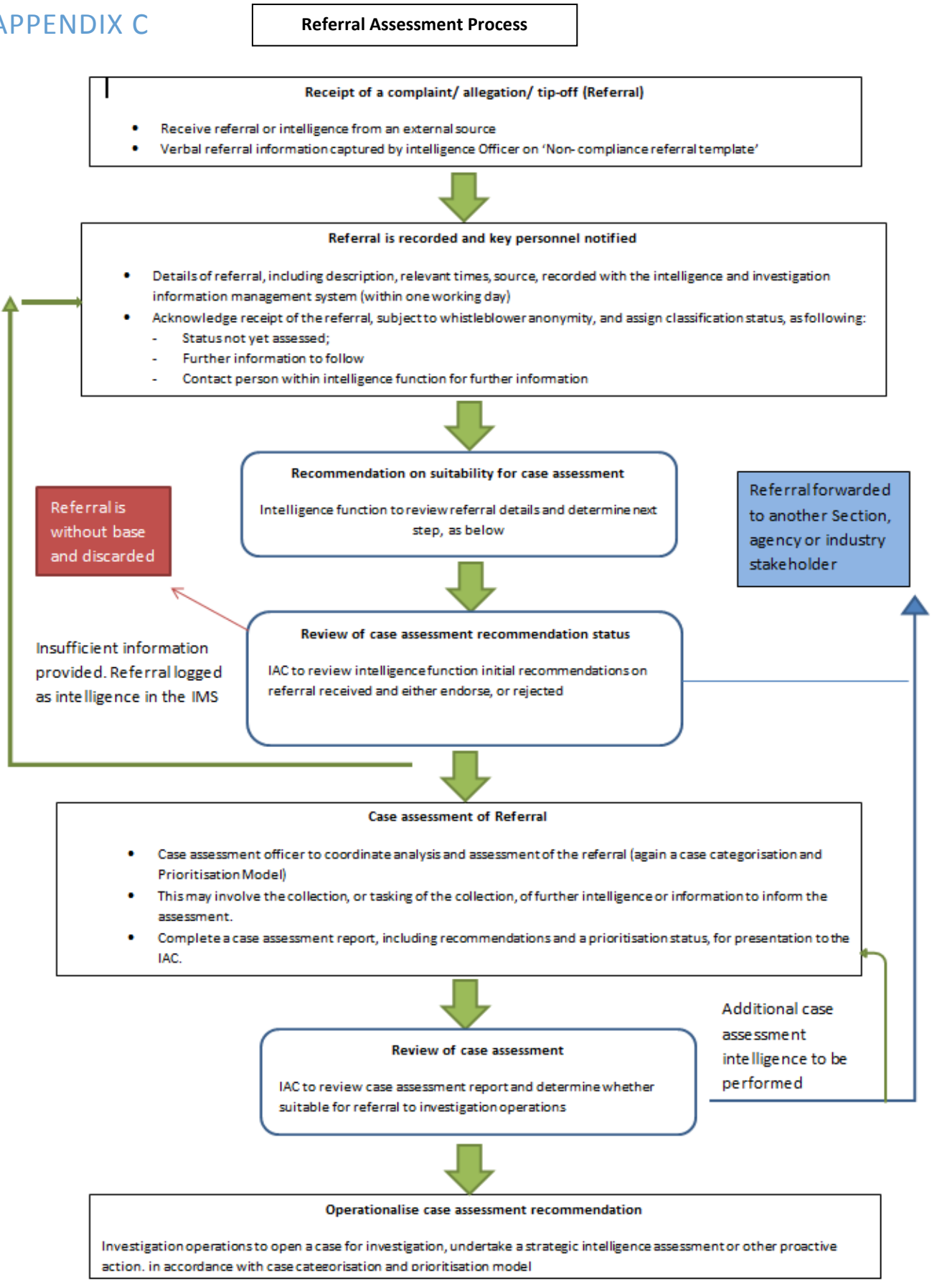
ENDNOTES

1. Made by the Governor in Council on 9 April 2015.
2. Notified in the Gazette on 10 April 2015.
3. Not required to be laid before the Legislative Assembly.
4. The administering agency is the Department of Justice and Attorney-General.

APPENDIX B


The Registration Lifecycle of a Greyhound
GAR130 to GAR135
Frozen semen Insemination (FSI)
Approved person can perform this (RQ approves person and GA processes transaction
Stud Dog Application
Stud Master (Licenced person) performs this (RQ approves person and GA processes transaction
GAR127
GAR128 and GAR138
Service Occurs
(an application is required within 14 days of the service being performed notifying RQ)
DNA must be completed for DAM prior to whelping
Breeder not the Owner
GAR126
Authority to Breed
An owner may not be the breeder – in this scenario an Authority to breed is required
Breeder is the Owner
RQ is notified of the date of birth and how many dogs and bitches are born from the litter
This initiates microchipping, which is legislatively required to be done by 12 weeks of age under the Animal Management (Cats and Dogs) Act 2008
Earbranding is a GA requirement that is also undertaken at this stage as well as vaccinations and marking up
Whelping
This is the birth of the pups
This notice states the breeder (owner) of pups and registered location
GAR136
To be lodged within 14 days of whelping
Litter Registration
This form provides the verification of the identification through microchipping, Earbranding and marking up
GAR137
To be lodged within 4 months of whelping
Naming Application ISSUED to Breeder (RQ sends out pre-populated forms)
GAR118 and GAR106(3)
Unnamed Transfer of Ownership
GAR115
Naming of Greyhound (application received by RQ)
Interstate Naming Applications QLD Owned
This can be done by the owner or the trainer however Noms can only be accepted by a trainer
Registration Clearance
Kennel Notification (Trainer is applied)
Transactions throughout a racing career
Prizemoney Split Forms
Kennel Notifications (trainer transfer)
Named Transfer
GAR117 & LR23
Stewards Clearance/Tials/ Marring/FTP
Sellers to be notified within 48 hours, Buyer – 7 days
GAR106
Retirement Notification

APPENDIX C


Referral Assessment Process
Receipt of a complaint/ allegation/ tip-off (Referral)
Receive referral or intelligence from an external source
Verbal referral information captured by intelligence Officer on 'Non- compliance referral template'
Referral is recorded and key personnel notified
Details of referral, including description, relevant times, source, recorded with the intelligence and investigation information management system (within one working day)
Acknowledge receipt of the referral, subject to whistleblower anonymity, and assign classification status, as following:
Status not yet assessed;
Further information to follow
Contact person within intelligence function for further information
Recommendation on suitability for case assessment
Intelligence function to review referral details and determine next step, as below
Referral is without base and discarded
Referral forwarded to another Section, agency or industry stakeholder
Insufficient information provided. Referral logged as intelligence in the IMS
Review of case assessment recommendation status
IAC to review intelligence function initial recommendations on referral received and either endorse, or rejected
Case assessment of Referral
Case assessment officer to coordinate analysis and assessment of the referral (again a case categorisation and Prioritisation Model)
This may involve the collection, or tasking of the collection, of further intelligence or information to inform the assessment.
Complete a case assessment report, including recommendations and a prioritisation status, for presentation to the IAC.
Additional case assessment intelligence to be performed
Review of case assessment
IAC to review case assessment report and determine whether suitable for referral to investigation operations
Operationalise case assessment recommendation
Investigation operations to open a case for investigation, undertake a strategic intelligence assessment or other proactive action, in accordance with case categorisation and prioritisation model

APPENDIX D

KEY STATISTICS

NUMBER OF GREYHOUND OWNERS (INCLUDING SYNDICATES)[175]

Year	ACT	NSW	NZ	NT	SA	Tas	Vic	Qld	WA	Total
2013	N/A	N/A	653	40	1,313	291	8,980	3,853	2,014	**N/A**
2012	N/A	N/A	717	37	1,654	258	10,236	3,689	1,707	**N/A**
2011	N/A	N/A	486	37	1,442	289	10,824	3,340	2,011	**N/A**
2010	N/A	N/A	821	43	1,492	267	10,780	2,995	1,605	**N/A**
2009	168	15,828	756	32	1,502	225	10,211	2,897	1,873	**33,492**
2008	51	2,493	1,000	49	1,468	269	8,753	2,439	1,538	**15,643**
2007	45	2,593	735	36	1,528	303	6,494	2,350	1,281	**15,365**
2006	43	2,084	794	35	1,264	216	6,284	1,586	1,297	**13,603**
2005	37	2,343	841	43	799	211	4,180	551	1,228	**10,213**
2004	48	1,877	795	35	671	186	9,444	318	1,042	**14,416**
2003	41	2,438	767	33	554	181	8,398	105	1,309	**13,826**

NUMBER OF PARTICIPANTS IN QUEENSLAND

Year	Total no. of participants - Queensland	
	Greyhounds[176]	All codes[177]
2013	1,832	7,029
2012	1,231	6,469
2011	1,436	6,912

961. The term 'participants' is not defined by RQ. However, the term 'participant' is defined in Schedule 3 of the *Racing Act* as meaning a person involved with a code of racing, other than a club or a person who participates merely by either attending a race meeting or placing a bet with a racing bookmaker at a race meeting or by doing both.

962. That is, a participant is not a club or an attendee (a member of the public) who goes to a race meeting, regardless of whether or not they place any bets with a bookmaker. While this definition does not exclude members of the public who place bets online, without ever attending a race meeting, it is presumed that such people are not included in the numbers of 'participants'.

[175] http://www.galtd.org.au/GreyhoundsAustralasia/index.php?q=node/111 accessed on 2 April 2015.
[176] Racing Queensland, Annual Reports, 2011, 2012 and 2013.
[177] The figures for thoroughbred and harness racing are sourced from Australian Racing Fact books (2011, 2012 and 2013) and Harness Racing Australia Annual Reports (2011, 2012 and 2013) respectively.

963. RQ uses the term 'industry participants' to describe different types of people in the three racing codes. For example, in the greyhound racing industry, 'industry participants' includes stud masters, track operators, trainers and attendants.

964. The types of people also changes over time. For example, in 2012-13, RQ introduced breeder's licences and as a consequence, the number of breeders was added to the number of industry participants.

CATEGORIES OF PARTICIPANTS

Participants	2011-12	2012-13
Stud masters	33	48
Track operators	6	7
Trainers	826	959
Breeders[178]	N/A	380
Attendants	366	438
TOTAL	**1,231**	**1,832**

PARTICIPANTS AS A PROPORTION OF ALL RACING CODE PARTICIPANTS

Code	2011-12	%	2012-13	%
Thoroughbreds	4,647	72%	4,646	66%
Harness	591	9%	551	8%
Greyhounds	1,231	19%	1,832	26%
TOTAL	6,469	100	7,029	100

NUMBER OF LICENSED PERSONS[179]

Year	ACT	NSW	NZ	NT	SA	Tas	Vic	Qld	WA	Total
2013	N/A	4,129	1,107	68	1,797	645	12,256	5,781	2,440	N/A
2012	N/A	4,841	1,191	61	1,850	584	13,151	5,354	2,112	N/A
2011	N/A	5,267	872	59	1,842	546	14,625	5,099	2,343	N/A
2010	N/A	N/A	1,409	65	1,901	534	14,513	4,991	1,919	N/A
2009	197	5,977	1,270	47	1,924	475	14,012	5,033	2,211	31,146
2008	178	5,904	1,359	77	1,906	564	12,635	4,521	1,851	28,995
2007	165	9,857	1,012	57	2,010	605	10,387	4,471	1,605	30,169
2006	152	8,711	1,058	55	1,756	556	9,416	3,742	1,666	27,112
2005	147	9,858	1,075	88	1,360	558	7,929	3,053	1,619	25,687
2004	161	8,646	1,118	82	1,268	556	13,032	2,795	1,417	29,076
2003	147	10,772	1,048	85	1,199	553	12,014	2,886	1,782	30,486

[178] Racing Queensland Annual Report 2012-13. Breeders licence came into effect in October 2012. Therefore, the 2012-13 figures are more accurate. The Racing Queensland Annual Report for 2013-2014 did not contain figures for categories of participants.

[179] http://www.galtd.org.au/GreyhoundsAustralasia/index.php?q=node/111 accessed on 2 April 2015. The number of licensed persons reported by GA appears to include registered trainers, attendants, owners (including syndicates), breeders and owner/trainers.

NUMBER OF REGISTERED TRAINERS[180]

965. RQ has advised that in Queensland there are currently 941 registered trainers.[181]

Year	ACT*	NSW	NT	SA	Tas	Vic	Qld	WA	Australia*
2013	N/A	1,432	14	200	133	2,682	524	84	**5,158**
2012	N/A	1,589	12	218	128	2,273	553	83	**4,940**
2011	N/A	1,595	12	216	126	2,962	1,073	86	**6,145**
2010	N/A	1,553	12	210	129	2,970	1,143	86	**6,173**
2009	13	1,753	11	214	132	2,963	1,215	91	**6,496**
2008	28	1,607	16	229	153	2,970	1,174	85	**6,339**
2007	25	1,690	13	240	152	3,011	1,263	85	**6,556**
2006	26	1,497	12	243	227	2,981	1,313	81	**6,470**
2005	28	1,687	16	272	228	2,939	534	89	**5,871**
2004	31	1,498	20	247	235	2,943	483	85	**5,609**
2003	27	1,770	15	250	244	2,958	467	101	**5,898**

NUMBER OF ATTENDANTS[182]

Year	ACT	NSW	NT	SA	Tas	Vic	Qld	WA	Australia
2013	11	1,170	14	3	151	594	438	154	2,535
2012	12	942	12	13	139	642	496	141	2,397
2011	10	1,342	10	13	42	839	506	35	2,797
2010	10	1,233	10	15	45	763	647	21	2,744
2009	10	1,502	4	20	116	662	667	27	3,008
2008	13	1,400	12	23	90	912	656	24	3,130
2007	10	802	8	36	94	882	617	29	2,478
2006	7	700	8	46	113	818	606	32	2,330
2005	6	936	23	77	119	810	641	63	2,675
2004	8	748	18	99	135	645	505	55	2,213
2003	7	1,116	15	121	128	658	439	73	2,557

[180] http://www.galtd.org.au/GreyhoundsAustralasia/index.php?q=node/111 accessed on 2 April 2015. Due to the unavailability of ACT information from 2010 to 2013, the ACT and Australia figures are estimates only in those years.

[181] Racing Queensland provided this figure on 30 March 2015.

[182] Attendants are those licensed holders permitted to handle a greyhound on behalf of a licensee or registered person.

NUMBER OF CLUBS

Year	ACT	NSW	NT	SA	Tas	Vic	Qld	WA	Australia	NZ
2014	1	36	1	9	3	13	7	3	**73**	8
2013	1	34	1	6	3	13	7	3	**68**	10
2012	1	35	1	8	3	13	7	3	**71**	10
2011	1	35	1	8	3	13	7	3	**71**	10
2010	1	35	1	9	3	13	7	3	**72**	10
2009	1	35	1	10	3	13	9	3	**75**	12
2008	1	35	1	10	3	14	9	3	**76**	12
2007	1	38	1	10	3	14	9	3	**79**	12
2006	1	38	1	10	3	14	9	3	**79**	12
2005	1	41	1	10	3	14	9	3	**82**	12
2004	1	42	1	10	3	14	10	3	**84**	12
2003	1	42	1	10	3	14	10	3	**84**	12

NUMBER OF RACE MEETINGS HELD PER YEAR [183]

Year	ACT	NSW	NT	SA	Tas	Vic	Qld	WA	Australia	NZ
2013	44	1,298	50	352	158	1,015	542	307	**3,766**	429
2012	44	1,333	53	318	160	933	526	296	**3,663**	418
2011	44	1,380	51	321	154	933	488	288	**3,659**	409
2010	43	1,384	51	322	157	869	544	285	**3,655**	410
2009	44	1,384	51	318	154	835	633	293	**3,712**	357
2008	45	1,372	50	335	157	839	639	287	**3,724**	360
2007	45	1,302	51	339	156	836	632	276	**3,637**	327
2006	42	1,427	48	354	155	824	632	259	**3,741**	307
2005	44	1,436	51	362	156	867	636	259	**3,811**	287
2004	42	1,422	50	325	155	839	644	260	**3,737**	270
2003	45	1,429	52	322	156	850	634	256	**3,744**	256

NUMBER OF RACES HELD PER YEAR [184]

Year	ACT	NSW	NZ	NT	SA	Tas	Vic	Qld	WA	Australia	Total
2013	440	13,225	5,288	282	3,964	1,636	11,789	5,128	3,650	**40,114**	**45,402**
2012	440	13,916	5,024	312	3,973	1,662	10,804	4,993	3,558	**39,658**	**44,682**
2011	422	14,209	4,879	255	3,284	1,547	10,607	4,567	3,489	**38,380**	**43,259**
2010	387	14,231	4,204	311	3,213	1,568	9,994	5,152	3,472	**38,328**	**42,532**
2009	454	14,260	4,188	332	3,105	1,537	10,003	5,763	3,569	**39,023**	**43,211**
2008	465	14,316	3,954	263	3,139	1,564	10,086	5,827	3,484	**39,144**	**43,098**
2007	451	13,651	3,687	270	3,176	1,546	9,196	5,787	3,379	**37,456**	**41,143**
2006	441	14,983	3,652	241	3,234	1,545	9,056	5,787	3,119	**38,406**	**42,058**
2005	470	14,888	3,272	281	3,417	1,532	9,537	5,819	3,032	**38,976**	**42,248**
2004	437	14,713	3,105	240	3,131	1,553	9,229	5,829	2,856	**37,988**	**41,093**
2003	476	15,207	2,970	245	3,134	1,554	9,350	5,819	2,761	**38,546**	**41,516**

[183] http://www.galtd.org.au/GreyhoundsAustralasia/index.php?q=node/111 accessed on 2 April 2015.
[184] http://www.galtd.org.au/GreyhoundsAustralasia/index.php?q=node/111 accessed on 2 April 2015.

ATTENDANCES[185]

966. The table below shows crowd attendance on a per annum basis and is sourced from Greyhounds Australasia. It is almost redundant to say that it is disappointing that figures for Queensland have been reported only once in nearly a decade.

Year	ACT	NSW	NT	SA	Tas	Vic	QLD	WA	Australia
2013	4,827	223,357	6,494	15,200	24,570	187,790	N/A	117,200	644,700
2012	5,623	178,226	6,504	17,374	26,916	168,786	N/A	126,016	594,707
2011	6,292	244,675	6,657	22,938	22,683	165,271	65,262	132,039	643,134
2010	6,850	251,784	7,735	24,423	24,388	171,174	N/A	136,829	688,445
2009	7,120	241,638	7,286	25,290	22,024	169,036	N/A	157,339	694,995
2008	6,953	185,499	5,802	26,800	25,829	172,244	N/A	170,664	659,053
2007	6,600	174,901	5,931	28,100	25,044	169,436	N/A	163,125	638,399
2006	6,300	194,504	5,496	26,521	24,510	153,311	N/A	144,071	619,975

WAGERING TURNOVER – ALL CODES[186]

Year	Code	NSW ($m)	VIC ($m)	QLD ($m)	SA ($m)	WA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Australia ($m)
2014	GH	1,063.86	873.48	292.73	144.48	632.30	53.84	24.74	26.41	3,111.54
	THB	5152.36	5053.53	2608.06	806.06	2336.97	272.91	136.84	162.34	16,529.07
	HAR	636.60	518.3	209.42	87.42	332.82	47.29	16.33	544.81	2363.47
	TOTAL	6,852.82	6,445.31	3,110.21	1,037.96	3,302.09	374.04	177.91	733.56	**22,004.08**
2013	GH	1,015.38	800.99	306.29	116.48	616.50	46.98	23.81	812.05	3,738.48
	THB	3828.63	3166.35	1777.46	489.99	1074.09	171.71	122.61	3830.81	14,461.65
	HAR	600.71	533.57	204.67	87.48	339.34	37.02	15.68	497.23	2315.70
	TOTAL	5,444.72	4,500.91	2,288.42	693.95	2,029.93	255.71	162.10	5,140.09	**20,515.83**
2012	GH	1,230.62	741.13	322.33	128.9	552.28	137.83	23.78	603.96	3740.83
	THB	3663.62	3279.61	1798.88	564.49	1023.63	574.14	126.52	3345.57	14,376.49
	HAR	581.12	536.74	206.35	103.23	321.47	172.58	16.26	372.62	2310.37
	TOTAL	5,475.36	4,557.48	2,327.56	796.62	1,897.38	884.55	166.56	4,322.15	**20,427.69**
2011	GH	1,115.67	716.98	334.64	134.92	463.31	119.97	32.25	509.96	3427.70
	THB	3,642.08	3,642.08	3,642.08	3,642.08	3,642.08	3,642.08	3,642.08	3,642.08	14,387.79
	HAR	598.83	543.41	237.08	117.73	308.93	161.00	24.66	360.81	2352.45
	TOTAL	5,356.58	4,902.47	4,213.80	3,894.73	4,414.32	3,923.05	3,698.99	4,512.85	**20,167.94**
2010	GH	940.1	637.73	319.71	130.36	380.07	115.94	21.24	397.41	2942.56
	THB	3,850.88	3119.48	1837.34	575.1	969.65	511.62	161.54	3365.84	14391.45
	HAR	630.98	578.04	237.21	117.98	307.32	111.29	21.74	332.73	2337.29
	TOTAL	5421.96	4335.25	2394.26	823.44	1657.04	738.85	204.52	4095.98	**19,671.30**

[185] http://www.galtd.org.au/GreyhoundsAustralasia/index.php?q=node/111 accessed on 2 April 2015.
[186] Australian Racing Fact books, Australian Racing Board, 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14.

WAGERING TURNOVER PER RACE MEETING – ALL CODES[187]

	Greyhounds	Thoroughbreds	Harness
Wagering turnover per race meeting (2012-13)	$123,000	$916,000	$162,000

QUEENSLAND GREYHOUND WAGERING[188]

Year	QLD greyhound wagering	Queensland greyhound wagering as a % of Australian greyhound wagering	Australian Greyhound wagering	Queensland greyhound wagering as a % of total Australian wagering on all 3 codes	Australian wagering on all 3 racing codes
2014	$292.73m	9.41%	$3,111.54m	1.33%	$22,003.38m
2013	$306.29m	8.19%	$3,738.48m	1.47%	$20,811.85m

TAXATION REVENUE FROM GREYHOUND RACING

967. The estimated taxes and levies from greyhound wagering based on the 10:81:9 wagering ratio for greyhounds, thoroughbreds and harness racing is $4.2m per annum.

968. To put this into perspective, this $4.2m of annual revenue represents:

(a) 10% of the wagering taxes raised from all three codes
(b) 0.40% (less than half of 1%) of the total gambling taxes and levies from all sources (gaming machine tax, health services levy, lotteries taxes, wagering taxes, casino taxes and levies and Keno tax)
(c) 0.038% (less than four 1/100^{ths} of 1%) of total *taxation* revenue
(d) 0.01% (being one 1/100th of 1%) of total revenue.[189]

[187] Racing Queensland, Annual Report 2012-2013.
[188] Australian Racing Factbooks, Australian Racing Board, 2012 – 2012 and 2013- 2014.
[189] http://www.budget.qld.gov.au/budget-papers/2013-14/bp2-3-2013-14.pdf

969. Queensland State Treasury outcomes and forecasts from the 'Budget Strategy and Outlook 2013-14' provide the following figures:[190]

Year	Taxes from greyhound racing wagering ($m)	Taxes from all codes of racing wagering ($m)	Total gambling taxes and levies ($m)	Total gambling taxes (% of total taxation revenue)	Total taxation revenue ($m)	Total state revenue ($m)
2012-13	4.2	42	1,046	9.5%	10,998	41,785
2013-14	4.3	43	1,084	9.1%	11,851	44,677
2014-15	4.5	45	1,126	8.9%	12,680	51,235
2015-16	4.6	46	1,170	8.6%	13,547	51,838
2016-17	4.8	48	1,215	8.4%	14,422	53,205

[190] http://www.budget.qld.gov.au/budget-papers/2013-14/bp2-3-2013-14.pdf.

APPENDIX E

COMMISSION STAFF

COMMISSIONER

Mr Alan MacSporran QC

EXECUTIVE DIRECTOR AND COMMISSION SECRETARY

Ms Jen O'Farrell

SENIOR LEGAL RESEARCH OFFICER

Mr William Rayney

LEGAL RESEARCH OFFICER

Mr John Kooreman

PROJECT SUPPORT OFFICERS

Ms Charlotte Nolan
Ms Jesse Wright

EXTERNAL ENGAGEMENTS

The Commission was assisted by a desktop review of the greyhound racing industry's documented integrity and compliance framework completed by KPMG Forensic Pty Ltd in April 2015.

The engagement of KPMG Forensic Pty Ltd was completed and finalised before the institution of the Commission of Inquiry on 10 April 2015.

APPENDIX F

PUBLIC SUBMISSIONS

Date	No	Author
3/03/2015	001	Name suppressed
3/03/2015	002	Name suppressed
5/03/2015	003	Name suppressed
8/03/2015	004	Name suppressed
9/03/2015	005	Name suppressed
9/03/2015	006	Name suppressed
10/03/2015	007	Name suppressed
10/03/2015	008	Name suppressed
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20/03/2015	029	Caroline Newsham
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21/03/2015	034	Sandy Winkler
21/03/2015	037	Judy Smith
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22/03/2015	066	Mary Fletcher
22/03/2015	067	Heather Bassett
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23/03/2015	076	Julie Hourigan

23/03/2015	077	Michael Conrick
23/03/2015	078	Esme Haggie
23/03/2015	079	Andrew Coad
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23/03/2015	082	Jennifer Dickson
23/03/2015	083	Karin Schuett
23/03/2015	084	Sandy McDonald
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27/03/2015	106	Tom Gordon
27/03/2015	107	Jim Munro
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27/03/2015	110	Charlotte Sharpe
27/03/2015	111	Bo Satje

28/03/2015	112	Margaret Walshaw
28/03/2015	113	Animal Welfare League Australia
28/03/2015	114	Neil Rogers
28/03/2015	115	Julian Hinton
28/03/2015	117	Animal Justice Party of Australia
28/03/2015	118	Deborah Lancaster
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30/03/2015	182	Chamindri Samarakoon
30/03/2015	183	Catherine McGillivray
30/03/2015	184	James Loel
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30/03/2015	190	Doug Hawkes
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30/03/2015	193	Meghan Croft
30/03/2015	194	John Quarman
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30/03/2015	196	Sue Tofful
30/03/2015	197	Jenny Mcrae
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30/03/2015	200	Michelle Irvine
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30/03/2015	202	Human Society International
30/03/2015	203	Hamish Blunck
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30/03/2015	205	Graeme Palmer
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30/03/2015	207	Grey2K USA Worldwide
30/03/2015	208	Stephanie Dee
30/03/2015	209	Lynne Porter
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30/03/2015	211	Maralyn McDowell
30/03/2015	212	Christine Setterfield
30/03/2015	213	Name suppressed
30/03/2015	214	Tracy McLaren
30/03/2015	215	Jodie Friend
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30/03/2015	220	Kristy Cooney

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30/03/2015	222	Pippin Rigby-Day
30/03/2015	223	Alison Calleia
30/03/2015	224	Karen Johnson
30/03/2015	225	Tara Reeve
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31/03/2015	256	Tess Sard
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1/04/2015	266	Brandon Meteyard
1/04/2015	267	Sherree Gordon
1/04/2015	268	Julie McHenry
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1/04/2015	270	Ruth Fea
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2/04/2015	281	Rachel Lowe
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2/04/2015	283	Donna Prescott
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6/04/2015	327	Melyssa Macready
6/04/2015	328	Susan Cooper
6/04/2015	329	Friends of the Hound
6/04/2015	330	Wayne Bassett
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7/04/2015	334	Dorothea Hickey
7/04/2015	335	Linda Casbolt
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7/04/2015	341	Andre Rossouw
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7/04/2015	346	Name suppressed
7/04/2015	347	Helen Jeges
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7/04/2015	350	Brooke Brossmann
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7/04/2015	363	Anne Greenaway
8/04/2015	364	Inez Hamilton-Smith
8/04/2015	365	Shona Fisher
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24/04/2015	370	Name suppressed
27/04/2015	371	Racing College Queensland
15/05/2015	372	Name suppressed

GLOSSARY

Term	Explanation
Animal Liberation Queensland (ALQ)	An independent animal rights organisation which advocates the rights of non-human animals so that they may live free from abuse, cruelty, and exploitation.
2013 Control Body Assessment Program (2013 CBAP)	The assessment completed by the Office of Racing concerning Racing Queensland's suitability to manage the relevant codes of racing
Chief Executive	The Chief Executive is currently the Director-General of the Department of National Parks, Sport and Racing.
Greyhound Adoption Program (GAP)	An initiative of Racing Queensland, dedicated to finding homes for greyhounds that are no longer suitable for racing.
Greyhounds Australasia (GA)	The peak body for the Australasian greyhound industry whose aim is to establish uniformity with policies and practices.
Greyhounds Australasia Rules (GAR)	The rules that apply to the Controlling Body, every Club, and their members, officers, officials, stewards and servants, and every person who takes part in any event or attends any race meeting or trials or wagering at race meetings or any other proceeding or matter purporting to be conducted pursuant to or which is governed by the GAR and any greyhound registered with or appearing in the records of a Controlling Body in any capacity.
Local Rule (LR)	The Local Rules of Racing made in relation to the Greyhound code of racing by RQ.
Office of Racing (OoR)	The business unit within the Department of National Parks, Sport and Racing that administers the racing portfolio for government.
Queensland All Codes Racing Industry Board trading as Racing Queensland (RQ)	The control body for the three codes of racing (thoroughbred, harness and greyhound racing), responsible for coordinating, managing and regulating the industry.
Queensland Greyhound Racing Board (QGRB)	The control board for the greyhound code of racing. The board assists RQ to manage the operational aspects of the greyhound code of racing, but have no regulatory function.
Racing Act *2002* (Qld) (*Racing Act*)	The Queensland legislation that primarily provides for the racing industry in Queensland.
Racing and Animal Welfare and Integrity Board (RAWIB)	The board established under section 114 of the *Racing Act*
Racing Integrity Commissioner (RIC)	A statutory position created by the *Racing Act 2002* which has the power to conduct audits and investigate complaints about an integrity process of Racing Queensland.
Royal Society for the Protection against Cruelty to Animals (QLD) (RSPCA)	An independent animal welfare charity, striving to educate the community on its responsibilities and continuing to protect and enhance the welfare of animals.