

Racing Integrity Board

Annual Report

For the 12 months to 31 July 2022



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| Foreword from the Board Chair



**Kristy McDonald ONZM KC
Chair**

The establishment of the Racing Integrity Board (RIB) on 1 July 2021, as a new independent government entity, brought together the racing industry's compliance and adjudication functions, while positioning animal welfare as a core part of its role.

As an independent body, the RIB is responsible for promoting and ensuring compliance with high standards of animal welfare, integrity and professionalism by the racing industry, for the benefit of the public, participants and the racing industry as a whole.

In its first year of operation, the RIB has maintained a keen focus on delivering core functions, particularly supporting racing throughout the challenges Covid-19 has presented.

This has meant some extraordinary efforts by our people and creative thinking about the way our work is undertaken. Given this situation, it is pleasing to note the level of progress on the Board's strategic agenda.

The Racing Industry Act 2020 is clear about the requirement for independence of the adjudicative function within the RIB, and we have been very focused on ensuring separation is maintained.

With a clear mandate from the Minister for Racing, our initial animal welfare focus has been working with Greyhound Racing New Zealand as it responded to the Hansen (2017)¹ and Robertson (2021)² review recommendations. In December 2022 the RIB will provide a final report to the Minister outlining the RIB's view of progress against review recommendations, the Minister's letter of expectation and the Greyhound Review work programme.

The wellbeing of our people is paramount, so an early priority was the establishment of a strong Health, Safety and Wellbeing (HSW) programme. The building blocks are now in place for HSW to become further embedded as a pillar of the RIB's culture.

¹ Report to New Zealand Racing Board on Welfare Issues Affecting Greyhound Racing in New Zealand. Honorary Rodney Hansen. 2017.

² Review into Greyhound Racing in New Zealand. Honorary Sir Bruce Robertson. 30 July 2021.

I would like to acknowledge the work of the previous Board Chair, Sir Bruce Robertson, whose contribution in leading the establishment of the RIB was significant. Our thanks go to Sir Bruce and we wish him well in his retirement.

I would like to acknowledge Chief Executive Mike Clement for bringing his extensive leadership and management experience in regulatory and investigative matters to the RIB. On behalf of the Board, I thank him for his work in leading the establishment of the RIB and progress throughout the year.

My thanks also to the RIB team who have relentlessly supported racing and the pursuit of integrity in the racing industry, with great professionalism and resilience.

I also wish to acknowledge and thank the Board for their contribution to the effective governance of the RIB.

Finally, to our stakeholders. While the RIB is an organisation, integrity is a system with many stakeholders. The RIB plays a pivotal role, however the system's success relies on all participants playing their part to ensure everyone is doing the right thing. The RIB looks forward to continuing to work alongside stakeholders to further embed integrity into every corner of our industry.

Kristy McDonald ONZM KC
Chair
Racing Integrity Board



Brent Williams

Dr Patricia Pearce

**Kristy McDonald
ONZM KC (Chair)**

Neville Harris QSO

Penny Mudford ONZM

| From the Chief Executive



Mike Clement
Chief Executive

In this, my first annual report as Chief Executive of the Racing Integrity Board (RIB), I am pleased to share the outcomes we have delivered as a team in our first full year of operation.

The RIB sees integrity as a system which can only succeed when all participants play their part. The RIB has a pivotal role within that system, which is detailed in legislation.

At the core of the RIB role is officiating at race meetings with the RIB team attending 952 meetings across the country in the 2021/22 racing year³. RIB stewards work closely with the codes and participants to ensure they are aware of their responsibilities under the rules.

We have established ourselves as a new organisation, focused on creating clear accountabilities through our structure, building the capability we need to deliver on our priorities, and developing our culture to support a high performing organisation.

Over the last 12 months our team has delivered on a significant programme of work across compliance, adjudication, animal welfare, advisory and advocacy. The RIB has taken a continuous improvement approach to all its work, and while we have made a good start, there is still much to do.

In September 2021 in response to the Greyhound Racing Review, the Minister for Racing asked the RIB to provide independent oversight of Greyhound Racing New Zealand's response to the areas of concern. The RIB is working with GRNZ and greyhound racing participants on their work programme to address recommendations from this and previous reviews. This work will continue in the 2022/23 racing year with the RIB's final report due at the end of 2022.

The Racing Industry Act establishes a clear animal welfare mandate for the RIB. The RIB is developing an animal welfare capability to meet expectation and legislative requirements across all racing codes. A formal animal welfare structure will be established during 2022/23.

³ All references to the racing year cover the period 1 August 2021 to 31 July 2022, unless otherwise stated.

The industry is working hard to put animal welfare at the forefront of racing. The industry, including the RIB, is committed to ensuring participants are familiar with the expectation of them. Although it is clear the majority of participants are committed to high standards of welfare, animal welfare investigations are growing in number and complexity. The RIB works alongside the codes and key partners, Ministry for Primary Industries and SPCA, to ensure the welfare of animals is a core focus for all. The consequences for those who fall short of the standard can be significant including disqualification from their sport and reputational damage for the industry.

Covid-19 had a significant impact on our team – and the wider industry – during the year. I would like to thank the RIB team for their professionalism, resilience and unrelenting commitment during these challenging times, which I hope are now behind us.

Work has started on our strategic framework which will be the bedrock of our organisation until at least 2024/25. At its core, our strategy will focus on ensuring high standards of welfare and integrity are at the heart of racing. We look forward to sharing this strategy with our stakeholders in the 2022/23 racing year.

I would like to thank the Board for their support and advice over the year, and our key industry stakeholders for working with the RIB as we have become established. I look forward to continuing our work together as we position integrity and animal welfare as integral to the success of racing.

Mike Clement
Chief Executive
Racing Integrity Board





| Strategic Priorities and Values

Integrity is a critical enabler of the success of racing. The RIB is focused on seven strategic priorities to deliver its legislative mandate.

Strategic Priority	Objective
Compliance	Continuously improving our disciplines, working alongside the codes to build high levels of compliance.
Animal Welfare	Developing an animal welfare capability to promote and ensure compliance with high standards of animal welfare.
Advisory and Advocacy	Working with the codes informing and educating participants in relation to policies, rules and standards.
People and Capability	Strengthening our organisational capability and design, and prioritising the health, safety and wellbeing of our people.
Processes and Systems	Continuously improving the efficiency and effectiveness of our processes and systems.
Assurance	Developing and improving our quality assurance practices.
Engagement	Maintaining meaningful relationships with key stakeholders in the racing integrity system.

Values

During the 2021/22 racing year, the RIB commenced the process of developing a strategy which will be completed in the 2022/23 year. As part of this, the team discussed how they want to work with each other and key stakeholders in representing the RIB, which has been distilled into five core values.



Fair

Treating all stakeholders equally, in a way that is right and reasonable.



Consistent

Working together to agree best practices so all members of the RIB behave in a consistent way.



Professional

Using the team's specialist knowledge for the benefit of the racing integrity system and being conscientious and polite in all interactions.



Transparent

Clearly communicating intentions and expectations to industry stakeholders and participants and explaining actions.



Teamwork

Collaborating with colleagues inside and outside the RIB to achieve high standards of integrity.

| About the Racing Integrity Board

The RIB was established as an independent body on 1 July 2021 under section 42 of the Racing Industry Act 2020, bringing together the people, resources and activities of the former Racing Integrity Unit and the Judicial Control Authority for Racing.

Section 43 of the Racing Industry Act sets out the objective of the RIB which is to:

Promote and ensure the racing industry complies with high standards of animal welfare, integrity and professionalism for the benefit of the public, participants and racing industry.

Section 44 of the Racing Industry Act sets out the functions of the RIB which are:

Compliance

- to employ and train stipendiary stewards and racing investigators to perform and exercise the functions, duties, and powers in each code's racing rules
- to provide, or arrange for the provision of, veterinary services in relation to racing conducted by each racing code as required by the code's racing rules
- to provide, or arrange for the provision of, alcohol, drug, and prohibited substances testing in relation to racing conducted by each racing code as required by the code's racing rules
- to support and monitor the operation and effectiveness of each racing code's animal welfare policies and initiatives

Adjudication

- to appoint adjudicative committees to hear and adjudicate on any matters (whether arising on a particular day of racing or otherwise) in accordance with racing rules and to impose penalties and award costs in accordance with those rules
- to appoint appeals tribunals to hear and adjudicate on appeals (including penalties imposed or costs awarded)

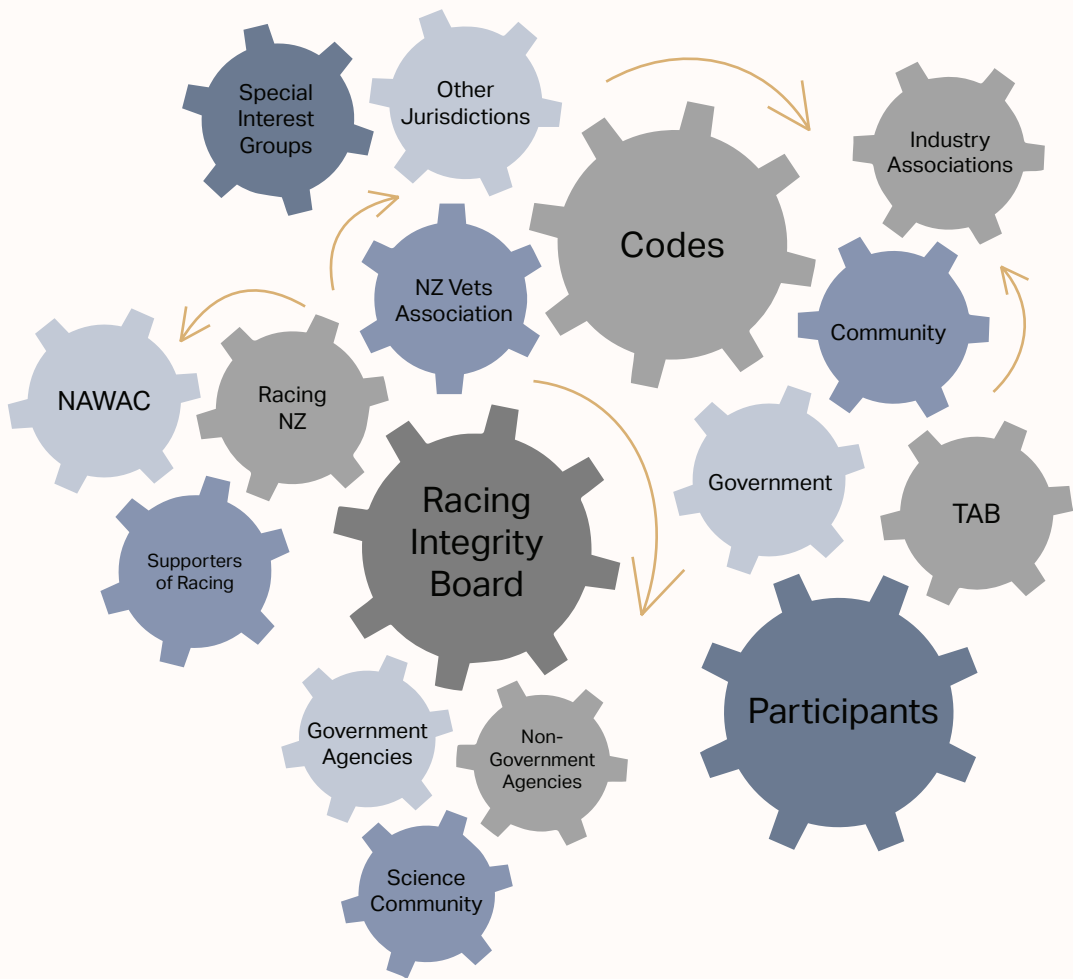
Advisory and Advocacy

- to recommend to the racing codes any amendments to racing rules that the Board considers necessary or desirable for the purpose of supporting the racing integrity system
- to recommend to TAB New Zealand any amendments to betting rules that the Board considers necessary or desirable for the purpose of supporting the racing integrity system
- to initiate, develop, and recommend to the recognised industry organisations those measures that will, in the Board's opinion, be conducive to the efficient and effective judicial control of New Zealand racing
- to monitor the operation and effectiveness of the racing integrity system on an ongoing basis and to report to the Minister as required on the outcome of that monitoring
- to provide any other services to a racing code agreed between the Board and the code or required by the code's racing rules
- to carry out any other functions necessary or desirable to assist the Board in achieving its objectives.

Our Stakeholders

Racing integrity is a system relying on all stakeholders – the codes, industry associations, TAB, government, racing participants, special interest groups, betting public, and wider New Zealand community – having trust and confidence that all other stakeholders are doing the right thing. The Racing Integrity Board plays a pivotal role in this system.

Racing Integrity System



*This is not an exhaustive list but is representative of the stakeholders in the racing integrity system

| Overview

The RIB's Core Day-to-Day Functions

- run race meetings in accordance with each codes' racing rules
- work with the codes to ensure animal welfare policies and initiatives are effective
- provide race day veterinary services
- test for prohibited substances in both animals and humans
- audit and inspect kennels and stables
- conduct investigations into potential compliance failures
- hear and adjudicate on matters in accordance with the racing rules
- hear and adjudicate on appeals
- review and recommend amendments to the racing rules, policies and standards
- recommend amendments to the TAB NZ betting rules.



40

Permanent Staff



120

Contractors and
Casual Staff



59

Race Tracks

Registered Active Trainers



131

Greyhound



645

Harness



834

Thoroughbred

Registered Animals for Racing



1,155

Greyhound



2,393

Harness



4,473

Thoroughbred

| Key Highlights



952

Race Meetings



9,637

Races



81,704

Starters



426

Kennel and
Stable Audits
and Inspections



13,193

Drug Tests



47,700

Veterinary
Examinations



216

Investigations



1,189

Proceedings



1,066

Charges Laid

| Compliance Delivery Model

The RIB's compliance strategy is underpinned by the VADE compliance model, a model used extensively by regulatory functions in New Zealand.

VADE is an acronym – Voluntary, Assisted, Directed, Enforced – for the compliance operating model, covering the range of compliance behaviours and interventions available. The principle behind the model is to increase voluntary compliance by leveraging the layers in the model, including enforcement (prosecution). The model allows decision makers to exercise discretion and ensures any intervention is commensurate with the level of non-compliance.

Voluntary compliance

Voluntary compliance is the goal of any compliance regime. Ideally, participants are aware of relevant rules, policies and standards and voluntarily comply. The compliance focus is on informing participants; maintaining positive relationships; and treating participants respectfully.

Directed compliance

Non-compliance is making a choice not to comply, although the rules may be known. Directed compliance uses available tools to effect a desired behavioural change. Examples include trainers being issued with an improvement notice during a kennel or stable audit, or issuing a compliance notice.

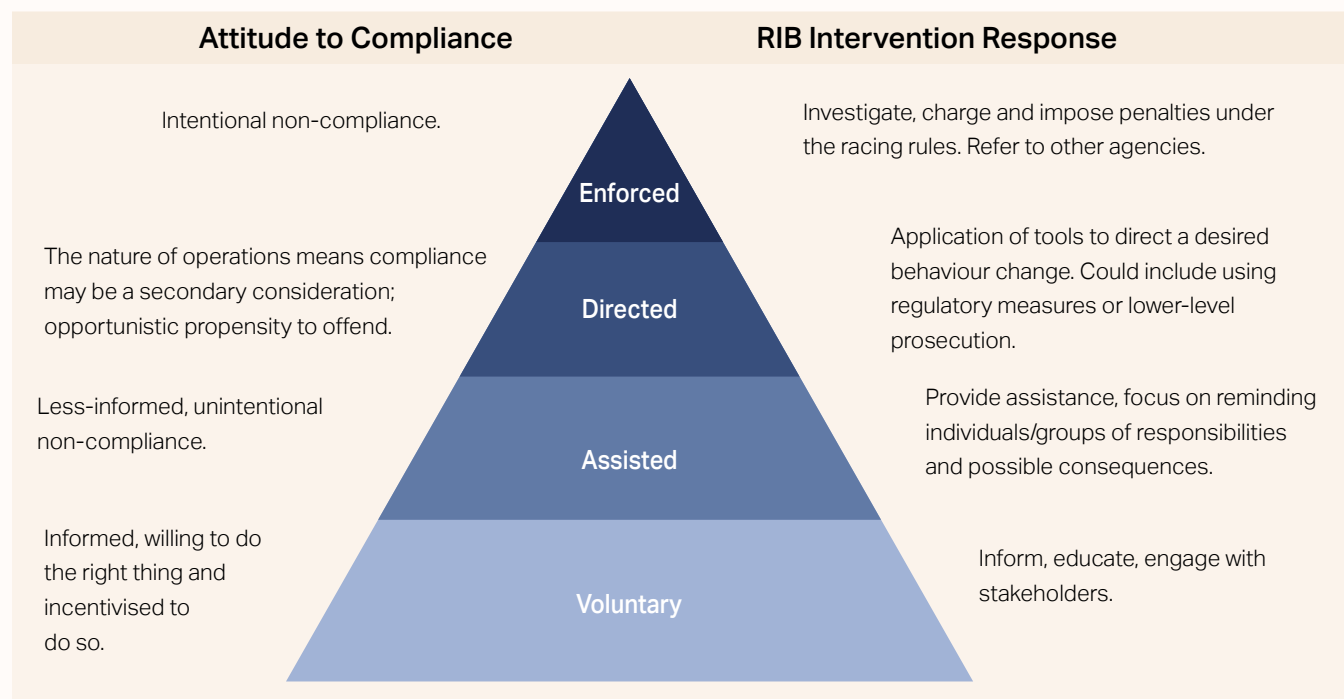
Assisted compliance

Assisted compliance participants want to comply with relevant racing rules, policies and standards but may not be sufficiently informed. The approach is intended to be pragmatic, with a focus on providing assistance. This is most applicable where consequences of non-compliance are not serious.

Enforced compliance

Enforced compliance is used in cases where participants deliberately choose not to comply with rules, policies or standards. The full extent of the options available will be applied, with cases formally investigated with a view to prosecution. Broadly, enforcement action in the form of prosecution will be taken in cases involving more serious offending.

Figure 1: Compliance Delivery Model





| Operations

Animal Welfare

Animal welfare refers to the way the physical and social environment affects an individual animal's health, comfort and mental wellbeing. All racing industry participants have a responsibility to ensure the best welfare outcomes for their animals – this is critical to the future of the racing industry and a core pillar of the racing integrity system.

The Racing Industry Act provides the RIB with a clear mandate and focus on animal welfare. The RIB must also support and monitor the operation and effectiveness of each racing code's animal welfare policies and initiatives.

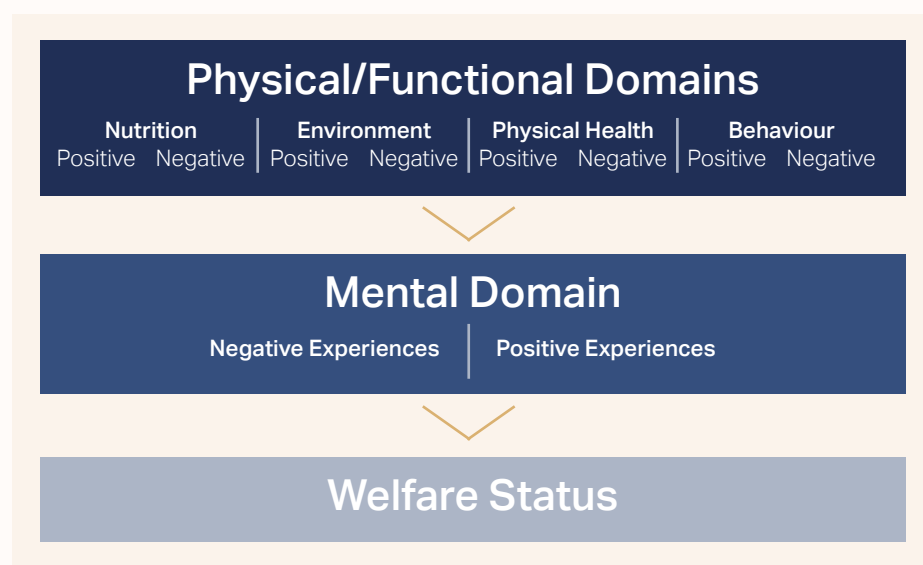
In this first year of operation, the RIB designed and implemented its approach to animal welfare, which is put into practice through organisational design, capability building for our people, audits and inspections, investigations, and establishing relationships with other agencies. This will continue in 2022/23.

Inputs to the RIB's Animal Welfare Approach

The widely acknowledged Five Domains of Animal Welfare model⁴ – endorsed by the three racing codes – has informed the RIB's approach. Using the four physical/functional domains enables thorough consideration of an array of conditions that may impact the mental state domain.

The RIB also conducted research into best practice across Australian racing jurisdictions and the SPCA.

Figure 2: The Five Domains of Animal Welfare



⁴ The Five Domains Model was developed by Professor David Mellor, former Director of the Animal Welfare Science and Bioethics Centre at Massey University.

Educating Participants

Once animal health and welfare standards, policies, and rules are developed by the codes, the industry must commit to enabling their participants through education. This means providing the tools and guidance so participants are clear about the standard expected and can confidently apply it in their day-to-day activities.

Audits and Inspections

The initial focus for audits and inspections has been on the greyhound industry due to the priority of the Greyhound Review.

Initially, the RIB used a manual approach to audits, after which it partnered with audit specialists QCONZ to systemise processes and data collection. QCONZ also provided auditors to attend audits and upskill RIB team members in best practice.

During the 2021/22 season, 131 licensed persons at 114 greyhound kennels were audited, with compliance checks specifically related to Greyhound Racing New Zealand's (GRNZ) Health and Welfare Standards. An RIB-contracted veterinarian attended all audits to conduct health checks.

Over the past year, kennel audits have focused on assisted and directed compliance, due to the new audit practice and the need for participants to improve their knowledge of the GRNZ Health and Welfare Standards. This has resulted in the RIB issuing improvement notices, which outline remedial action required and enables participants to improve their practice. In isolated cases enforcement action has been appropriate.

As further audits are conducted in 2022/23, the RIB expects to see an increased level of voluntary compliance as participants become aware of and increasingly embrace high standards of animal welfare.

More recently, a workshop with both equine codes focused on sharing learnings from the kennel audits and determining a suitable approach for stable audits. It was agreed that working towards a consistent approach across the equine codes would be worthwhile. A sample of stables will be audited in the coming year and the learnings will form the basis of the equine audit programme for 2023/24. These audits will be based on health and welfare standards being finalised by both equine codes.

Greyhound Review

Throughout the 2021/22 racing season, RIB animal welfare activities have focused on the Greyhound Review, as requested by the Minister for Racing. This has included auditing every greyhound kennel, reviewing and validating GRNZ's data and insights, monitoring GRNZ's progress against each of the Hansen⁵ and Robertson⁶ recommendations and overseeing the creation of key performance indicators and associated targets for the industry.

In support of GRNZ's response to the Greyhound Review, the RIB's Data Insights Lead has developed a population model for GRNZ. This monitors the supply and demand factors for the industry and will deliver insights about population trends and what this may mean for breeding, racing and rehoming activities.

Involvement in the Greyhound Review has provided rich insights into the shaping of the RIB's animal welfare function.

Compliance

The racing codes' rules, policies and standards, many of which the RIB administers in terms of compliance, are designed to closely align with existing community expectations about welfare and integrity. Participants who adhere to these requirements not only protect themselves from penalty but also assist in protecting the reputation, and therefore the future of the racing industry.

The RIB's teams of stewards, investigators, veterinarians, swabbing officials, and others either directly or indirectly contribute towards safeguarding integrity across the racing industry. This includes:

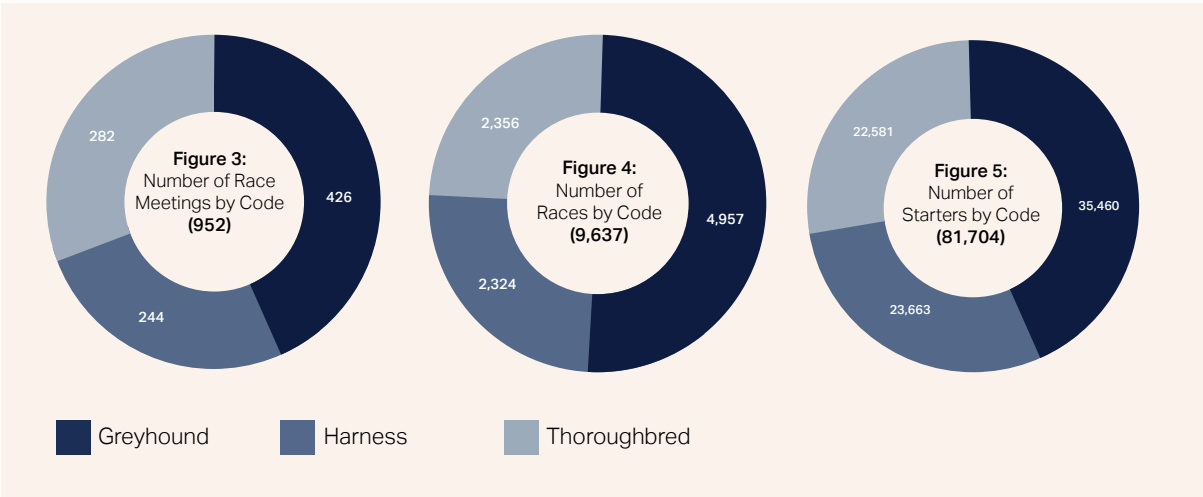
- stewards overseeing every greyhound, harness and thoroughbred race meeting to ensure each race is conducted in accordance with a code's racing rules
- veterinarians examining animals before and after each race
- investigating serious breaches of the codes' racing rules
- conducting prohibited substances testing
- initiating disciplinary action following detection of prohibited substances, participant misconduct, animal welfare matters and other rule breaches
- using intelligence to assist with monitoring risks and potential compliance failures
- information sharing with animal welfare partners.

⁵ Report to New Zealand Racing Board on Welfare Issues Affecting Greyhound Racing in New Zealand. Honorary Rodney Hansen. 2017.

⁶ Review into Greyhound Racing in New Zealand. Honorary Sir Bruce Robertson. 30 July 2021.

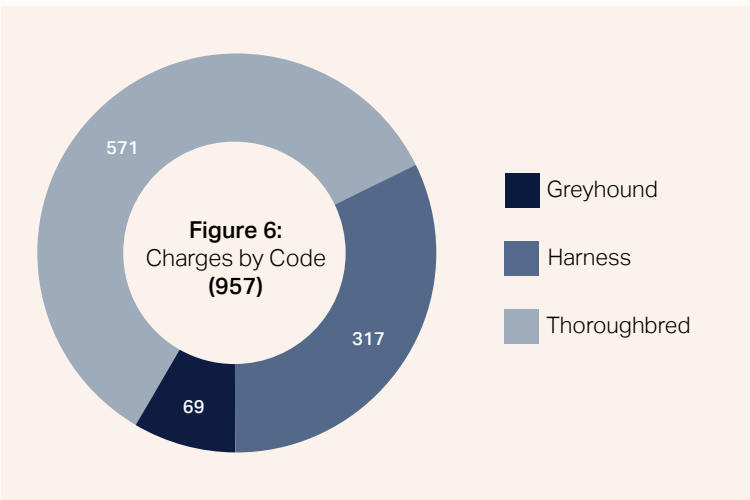
Raceday Integrity Services

Over the 2021/22 season, the RIB's stewards attended 952 race meetings, overseeing 9,637 races with 81,704 starters.

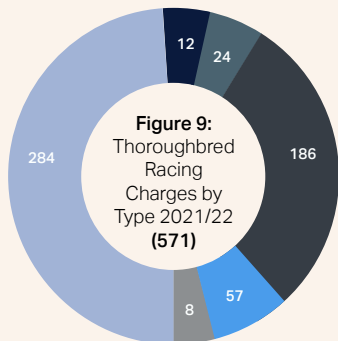
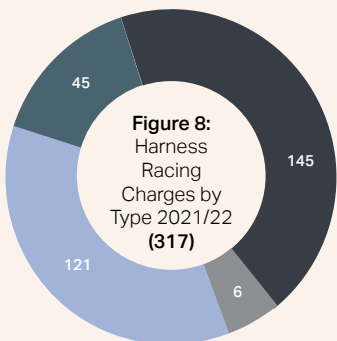
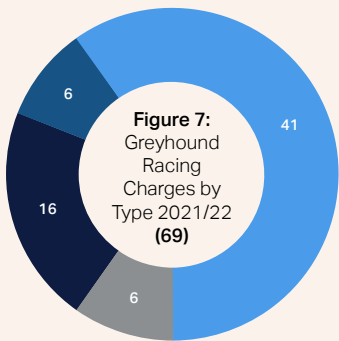


Raceday Charges

Stewards issued 957 race day charges across the three racing codes.



Raceday Charges (Continued)



- Time Limit Infringement
- Contravention Whip Rule
- Wrong Animal Notification
- Incorrect Gear
- Riding/Driving Infringement
- Weight Infringement
- Other

Investigations

Under the Racing Industry Act, the RIB is required to:

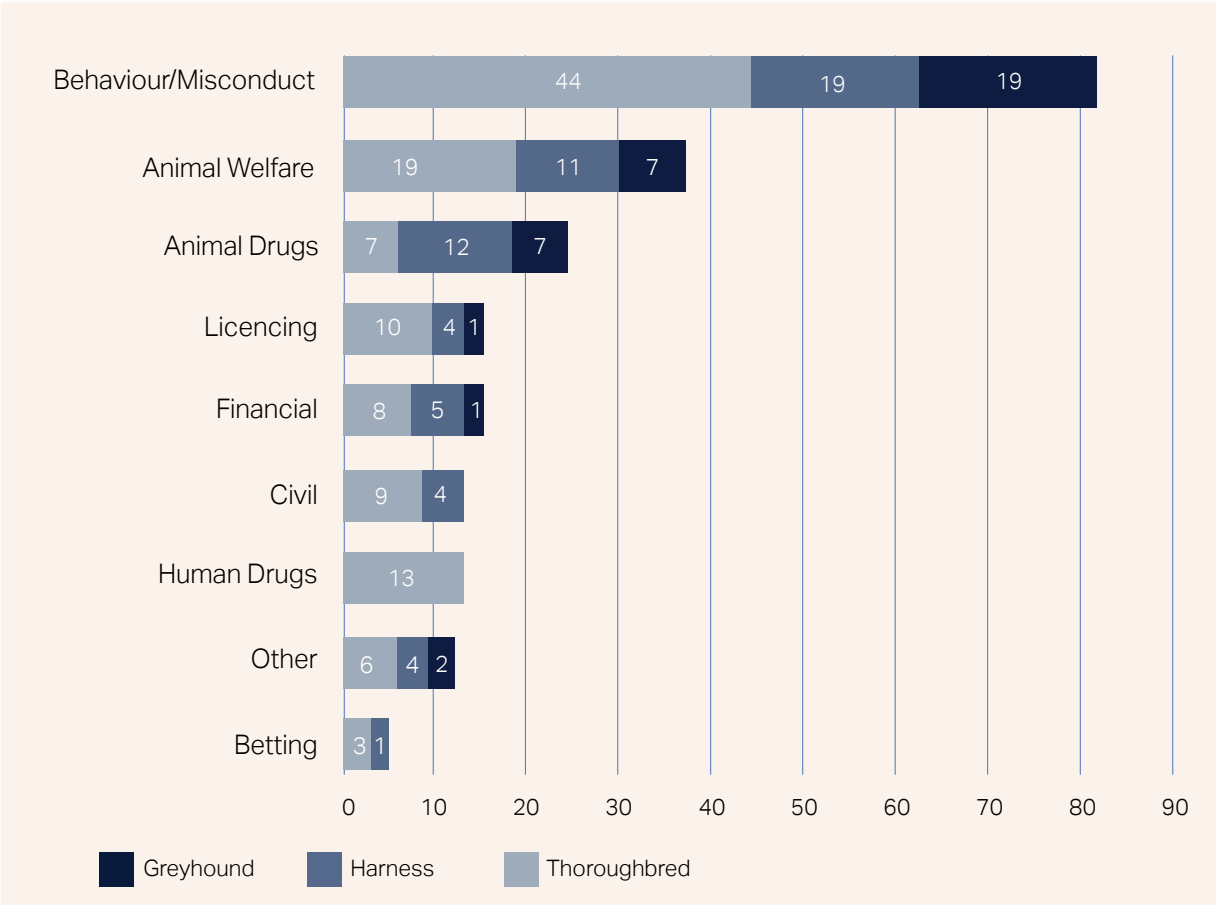
- employ and train stipendiary stewards and racing investigators to perform and exercise the functions, duties, and powers in each code's racing rules
- provide, or arrange for the provision of, alcohol, drug, and prohibited substances testing in relation to racing conducted by each racing code as required by the code's racing rules.

In practical terms, this means the Investigations team is responsible for:

- investigating serious breaches of the codes' racing rules
- managing the RIB's prohibited substances testing regime for animals and participants.

The investigations team is made up of seven trained investigators across the country.

Figure 10: RIB Investigations by Type by Racing Code 2021/22



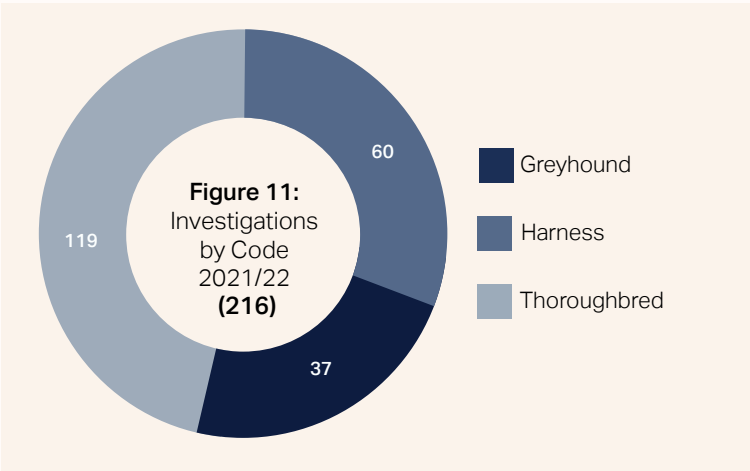
The integrity of racing is dependent on people within and outside the industry doing the right thing. Participation in the industry is determined by a license being issued by the codes based on whether the applicant is a person of good character.

The investigations team is responsible for a wide range of matters related to race day and non-race day incidents. These investigations are initiated as a result of information from a variety of sources including the drug testing regime, complaints made by industry participants, referrals from or collaboration with other agencies, kennel and stable inspections or audits, and concerns from people inside and outside the industry, including information provided in confidence.

Consistent with a clear mandate under the Racing Industry Act, and the importance placed by the racing codes on animal welfare, there has been a marked increase in animal welfare investigations, which typically are more complex in nature. The RIB works with the Ministry of Primary Industries and SPCA to determine which agency should lead investigations and / or conduct dual investigations.

Over the next year there will be a focus on continuously reviewing and improving our investigation practice along with collecting a more comprehensive set of metrics about the nature of work undertaken.

Throughout 2021/22 a total of 216 investigations were undertaken, with some carrying over into the 2022/23 season.



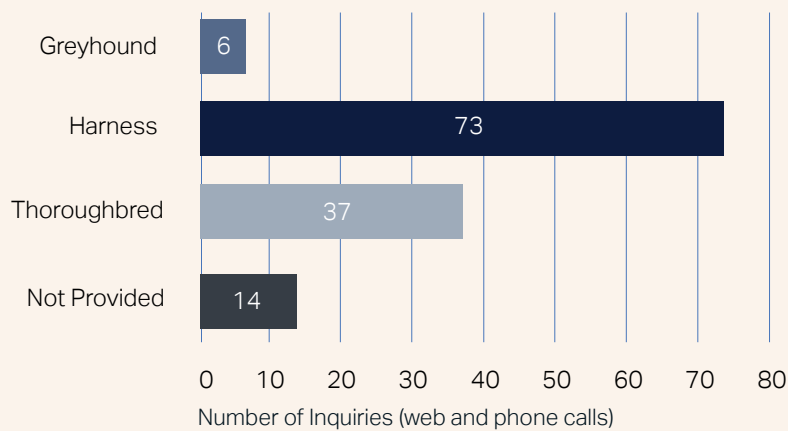
Racing Integrity Line

For a range of reasons, not limited to the racing industry, some people prefer to make their concerns known confidentially. The Racing Integrity Line, provided through an independent third-party, is an important integrity assurance tool, allowing members of the public and / or the racing industry to report integrity related information anonymously.

In the last year, 130 confidential inquiries came into the RIB through the integrity line. As shown in Figure 12, 56% of these inquiries were about harness racing, 28% thoroughbred racing, 5% about greyhound racing, with 11% not provided.

While the integrity line is an important channel, concerns reach the RIB through a range of other channels (as noted above) from people who are committed to ensuring the integrity of the racing industry.

Figure 12: Integrity Line Inquiries 2021/22



Prohibited Substances Testing Programme

Under the Racing Industry Act, the RIB is required to provide, or arrange for the provision of, alcohol, drug, and prohibited substances testing for participants and animals.

This means the RIB undertakes:

- animal swabbing services on race days
- out of competition testing of animals
- participant drug and alcohol testing.

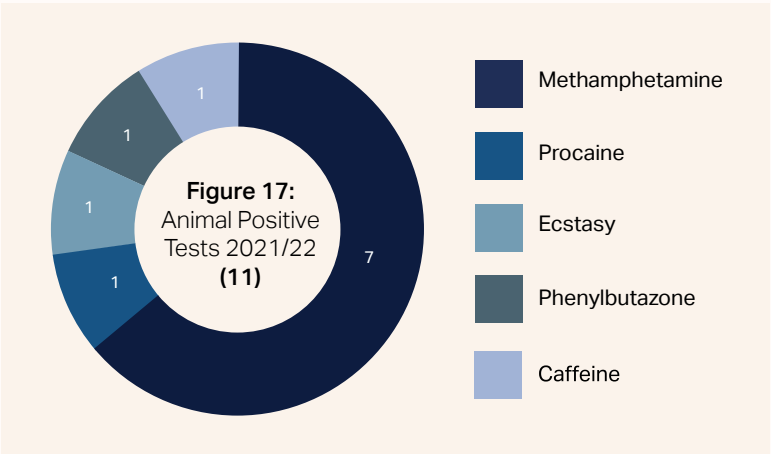
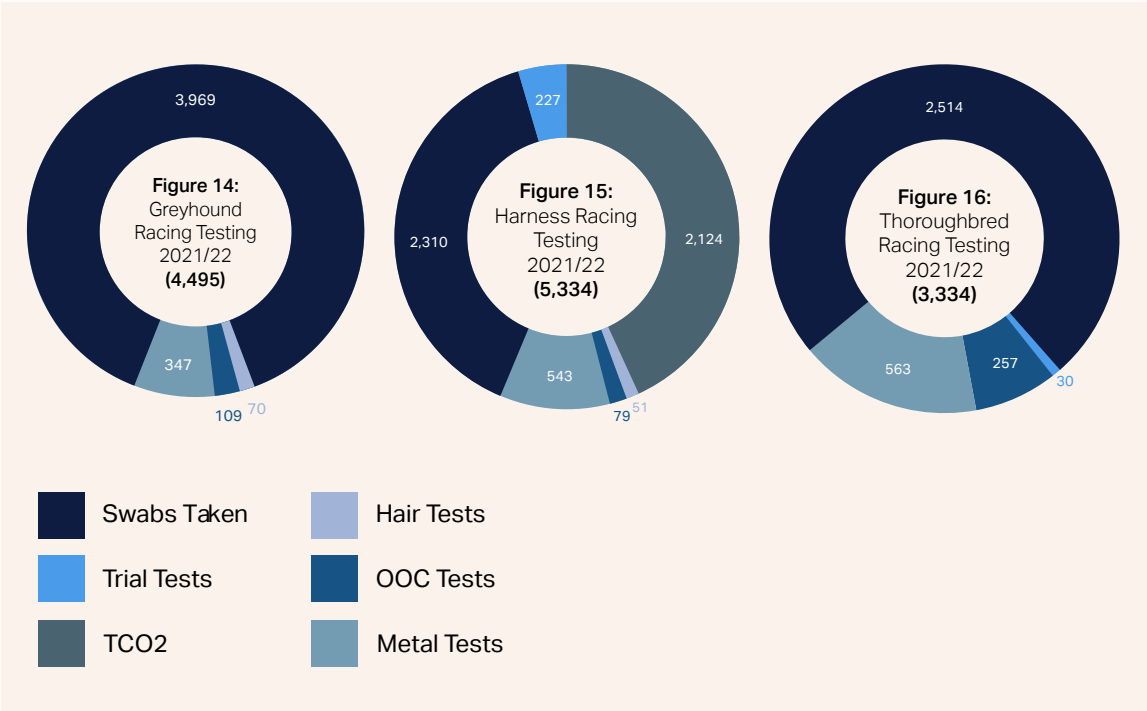
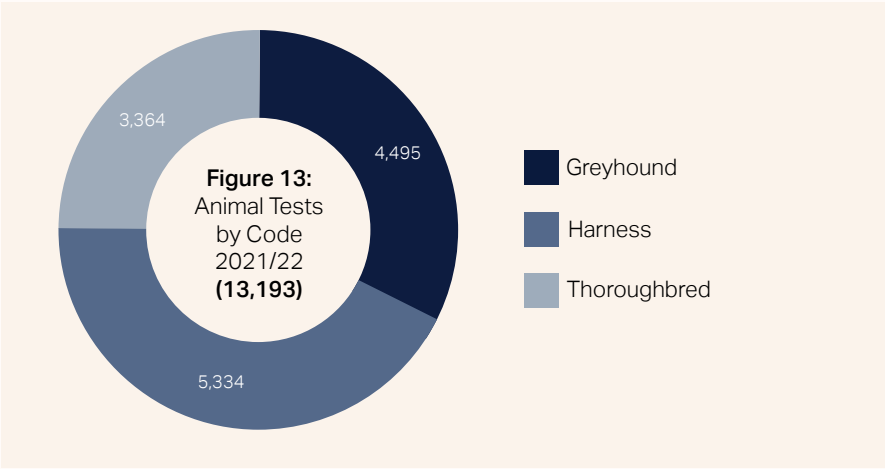
The RIB also manages the relationship with the drug testing laboratory, New Zealand Racing Laboratory Services (NZRLS), which undertakes animal urine, blood and hair testing. Other laboratories are engaged as appropriate.

The prohibited substances testing programme is a critical part of the RIB's integrity function. It ensures fairness in racing, protects the welfare of animals, and acts as a deterrent. A positive swab initiates an investigation which will require a range of investigative techniques to establish the circumstances leading to the positive result, where possible, and as appropriate hold transgressors to account.

Since the RIB started in July 2021, the prohibited substance testing practice has undergone a thorough review, with areas for improvement identified, including swabbing facility upgrades, management of forensic samples, and overall exhibit management integrity. Implementation of these changes started late in the 2021/22 racing season and will continue through 2022/23.

Animal Testing

A total of 13,193 animal tests were conducted over the year.

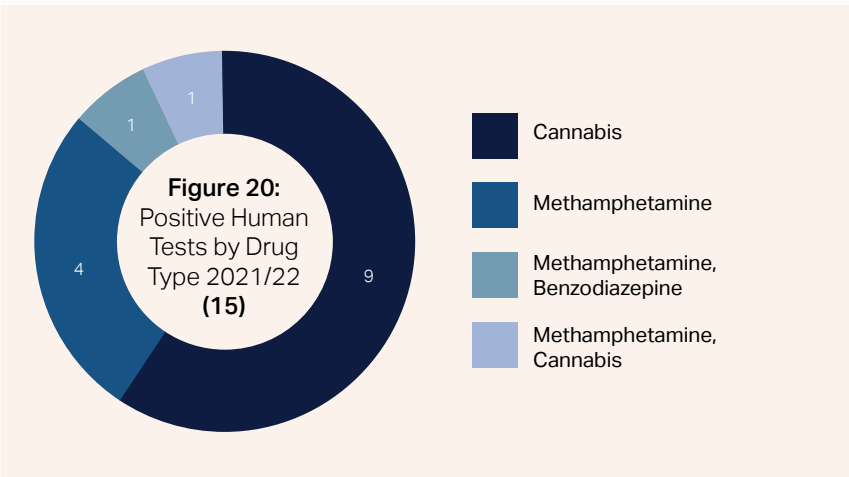
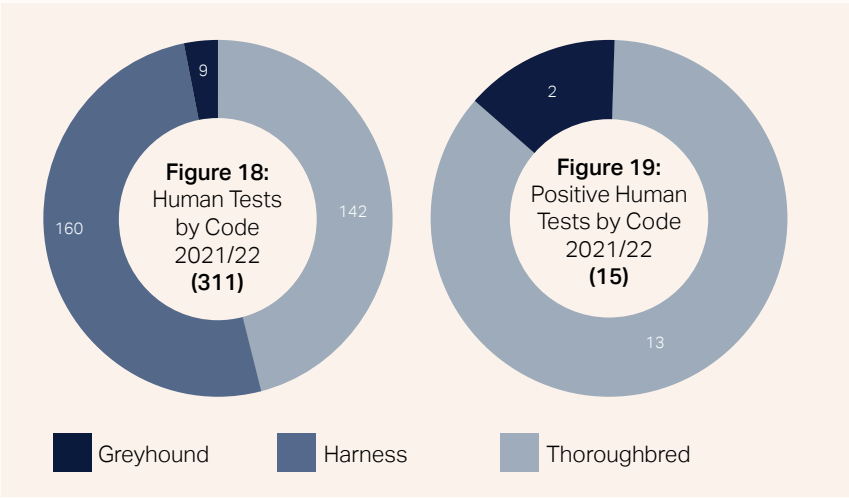


Human Testing

There was a total of 311 human prohibited substance tests conducted over the season, made up of 216 tests for alcohol and 95 tests for drugs, with 15 positive results.

Each code has different rules when it comes to participant alcohol and drug testing which defines the basis on which the RIB testing can be conducted. In equine, the codes' rules focus on health and safety requirements for riders and drivers. A different test applies to participant drug and alcohol testing in greyhound racing.

There was two positive results in greyhound participants, although the number of tests were low at 18.

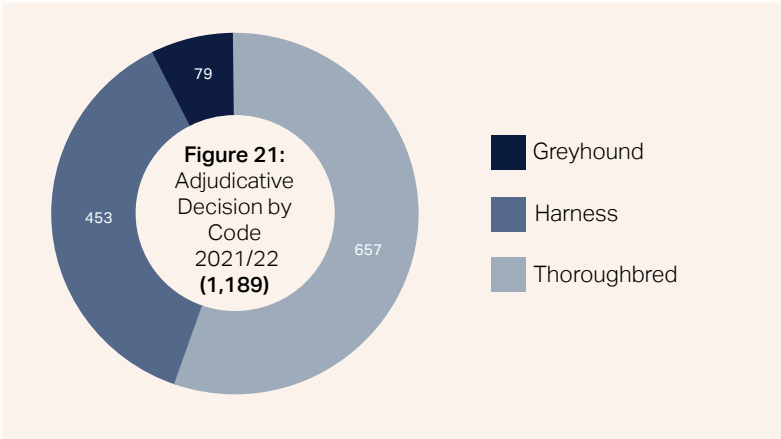


Adjudication

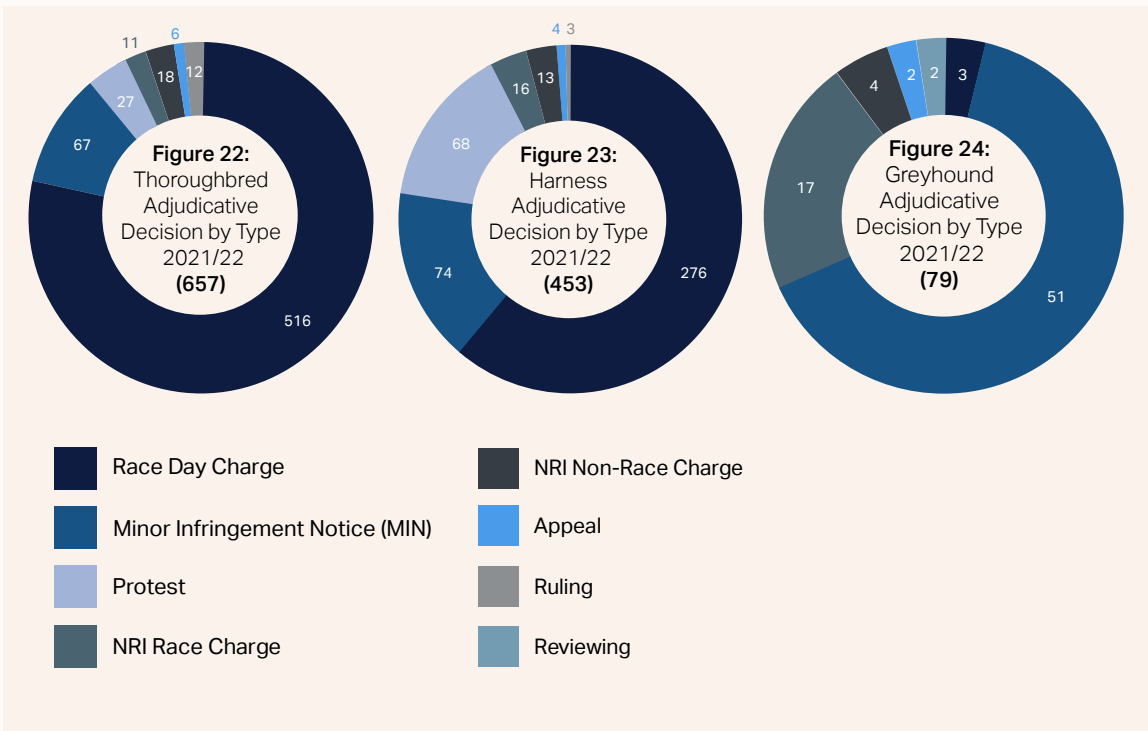
Under the Act, the RIB appoints adjudicative committees and appeal tribunals to determine matters arising from breaches of the rules of racing. Adjudicative committees may meet on race day, or at any other time as required, to hear matters arising from a race event or outside race day. Subject to the outcome of a hearing, an adjudicative committee or an appeals tribunal may impose penalties and award costs, in accordance with the rules. Penalties can include fines, suspensions and disqualifications.

There are 22 adjudicators and 10 appeal tribunal members. The adjudicators and members of the appeals tribunal are located across the country. Members may also travel to other regions or attend hearings using remote technology.

In the 2021/22 racing season there was a total of 1,189 proceedings. RIB adjudicators deliberated on 1,066 charges.



The RIB is undertaking a review of the race day model, including how it supports and delivers adjudicative functions.



Advisory and Advocacy

In January 2022, the RIB's corporate services team was established, which includes responsibility for the advisory and advocacy functions in the Act. This requires ongoing education and engagement at all levels across the integrity system to improve rules, policies and standards and increased levels of compliance. This is core to an ever-improving integrity system and a fair and level playing field for all participants.

Changes to Rules, Policies and Standards

Throughout the year, the RIB has contributed to rule changes across the three codes and the TAB, as outlined below:

- as part of the Greyhound Review, the RIB contributed to a revision of GRNZ's Health and Welfare Standards and supporting policies
- feedback was provided on Welfare Standards and Regulations for Harness Racing New Zealand and New Zealand Thoroughbred Racing
- penalty guidelines for all codes were revised
- targeted rule changes in response to emerging issues were developed with the codes
- engaged with the TAB on changes to their rules and promotions.

The RIB's Policies

As part of establishing the RIB, key policies were reviewed and updated, including:

- Conflict of Interest policy for salaried and casual staff and contractors
- Health and Safety policy
- Privacy Policy, supported by an information management plan
- Covid-19 policy, which was regularly revised in response to changing government settings.

Engagement

The RIB has worked with the codes to engage with participants to build understanding about animal welfare standards and practices, particularly as part of the greyhound kennel audit programme.

The RIB is committed to continuing to work collaboratively with the codes as this is unquestionably the most effective means of raising levels of voluntary compliance.

Information and Intelligence

When the RIB began in July 2021, its information collection and data analysis practices were immature, with a reliance on paper-based processes and information held in multiple repositories. In addition, there was no specialist data and insights capability.

Early in the year, a data insights specialist was contracted to support the RIB's response to the Greyhound Review work programme. This required validation of GRNZ's data and insights, along with designing and developing a population management model. The data analysis also identified a range of injury-related risk factors which have informed GRNZ's approach to injury reduction.

The greyhound kennel audit programme included set-up of a kennel audit system, to capture data on every audited item. This has provided rich insights into compliance areas requiring improvement.

A full census of greyhounds was undertaken as part of the kennel audit programme. This will inform future processes and practices for population traceability.

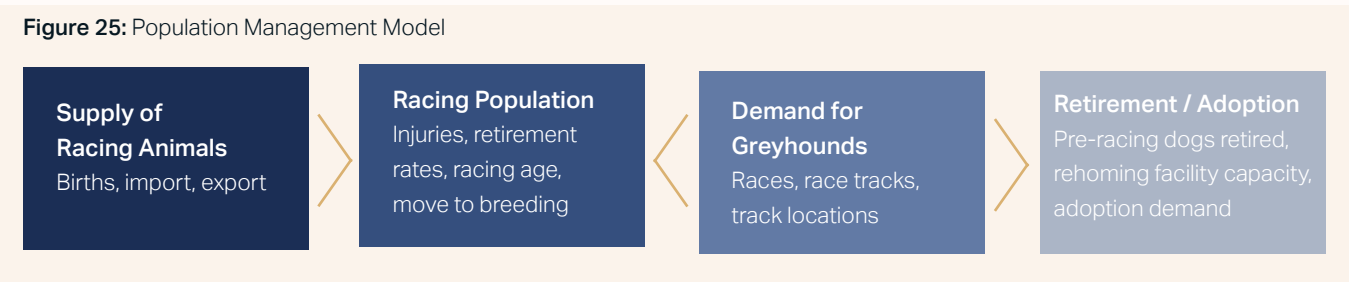
The RIB also started to build its broader data insights function with the appointment of a data and insights analyst. A review of data collection practices and critical databases was progressed. Some initial improvements in data collection were made, in areas such as investigations and the capture of KPI-related data.

Continuing to refine data capture and automating remaining paper-based forms will be a focus for 2022/23.

Population Management Model

As part of the RIB's contribution to the Greyhound Review work programme, a population management model was developed to determine whether there is over-breeding in the industry and understanding what makes up a sustainable population.

The model is based on understanding supply and demand factors, from birth to when an animal leaves the industry. The model is based on a range of factors (as outlined in Figure 25), which enable a five-year forecast to inform medium to long term decision-making.



The development of the population management model has been a significant industry-leading achievement that will benefit greyhound racing and potentially other codes.

Stakeholder Engagement

Stakeholder engagement is at the core of the RIB's business. Every day, across all activities, the team engages with people who are in some way connected with the racing industry.

Stakeholder engagement is vital to ensuring the RIB:

- delivers quality and co-ordinated race day management
- improves information flows by tapping into local and informed knowledge
- stays abreast of current and emerging issues
- remains alert to the views of stakeholders
- creates awareness of integrity safeguards
- collaborates to maintain relevancy and currency of approach.

The appointment of a new Chief Executive and two new teams in the set-up of the RIB has required new relationships to be built across the industry, as well as maintaining the already strong relationships at an operational level.

Relationships with the Ministry for Primary Industries (MPI) and SPCA are based on a Memorandum of Understanding covering information sharing, alignment between the racing rules and the Animal Welfare Act, and determining the best approach to cross-agency work.

The Greyhound Review has required a reporting regime to the Minister for Racing and the Associate Minister for Animal Welfare. Relationships with the Department of Internal Affairs (DIA), MPI and the National Animal Welfare Advisory Committee (NAWAC) have been important as this work has progressed.

The TAB is a key partner with an appreciation of the work being undertaken by the RIB and a positive relationship is in place.

Building strong and trusted relationships with our partners is fundamental to ensuring integrity is valued and invested in to protect the industry's social license to operate.



| Adjudicative Independence

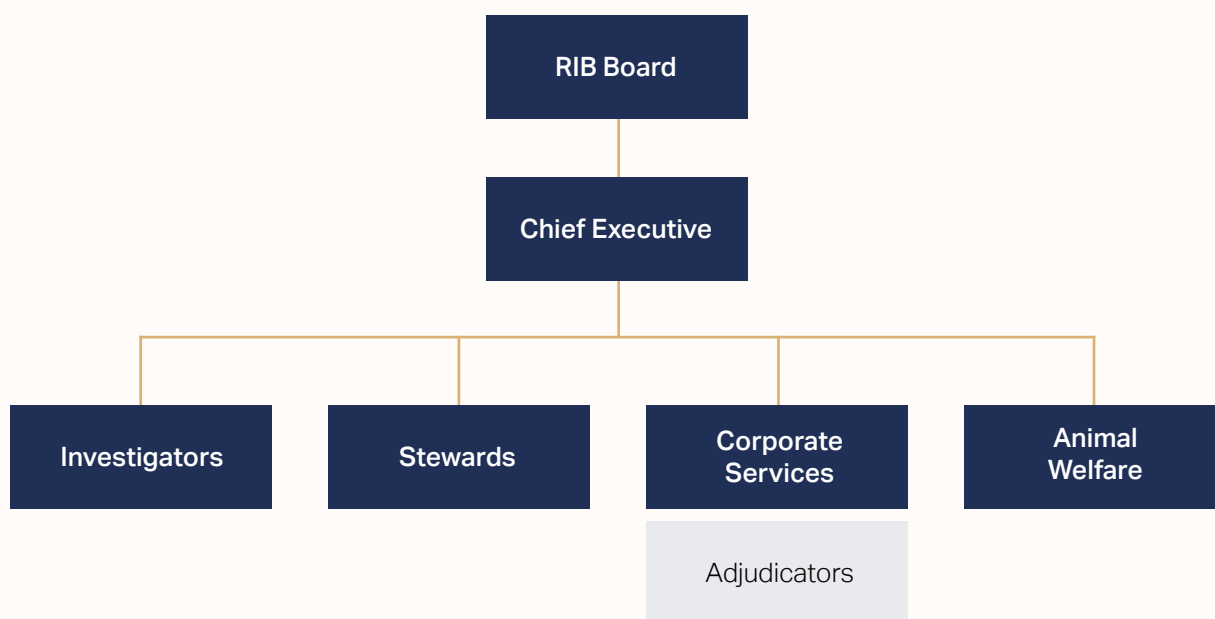
Section 44(2) of the Racing Industry Act 2020 (the Act) requires the RIB Board to ensure, as appropriate, its compliance and adjudication functions are performed independently of each other. The RIB has established systems, policies and procedures to deliver this.

This independence was acknowledged in a review conducted during the year. Some areas for improvement were identified, however the review found the RIB operates its compliance and adjudicative functions independently of each other.

There is clear delineation between compliance and adjudicative functions both at the policy and operational levels of the RIB.

The RIB organisation structure shows distinct reporting lines for the two compliance functions (investigators and stewards), with adjudication reporting through corporate services.

Figure 26: The RIB Organisation Structure



Systems, Policies, and Procedures to Ensure Separation

Other systems, policies, and procedures to ensure clear separation include:

- the privacy policy and conflict of interest policy specify the proper use and security of RIB information between teams
- the notice of appointment for adjudicators and appeal tribunal members reinforces the independence of the adjudicative function
- the RIB's Information and Technology Systems (IT) ensure the compliance and adjudication teams are not able to access each other's data and information
- staff are trained during the induction process on the legislated requirement to separate the functions and avoid conflicts of interest, with continual reiteration through general communication and discussion throughout the year
- the race day model is designed to ensure the independence of functions: the compliance team present charges and supporting evidence to the adjudicative committee, who then make a ruling
- charges arising from non-race day inquiries are also brought by the compliance team (following an authority to charge by the RIB chief executive), with hearings presided by the adjudicative committee.

The Decision Review Process

In keeping with its continuous improvement ethos, the RIB has established an independent adjudicative decision review process. All adjudicative and appeal tribunal decisions are posted on the RIB website to ensure transparency and scrutiny within the judicial system, and the principles of natural justice apply.

Adjudicative decisions are also subject to the oversight of the High Court through its supervisory jurisdiction of judicial review.

| Health, Safety & Wellbeing

The RIB is committed to providing a work environment that ensures the ongoing health, safety, and wellbeing (HSW) of its people. To achieve this, there are four key HSW priorities:

1. Implement a safety management system that enables RIB team members to access and manage HSW online.
2. Equip RIB team members with training, policies, and information to ensure they are confident in managing their own and others' HSW.
3. Focus on minimising and monitoring key risks identified within the RIB's risk matrix.
4. Actively manage risks to mental health and provide a work environment that is supportive of people experiencing mental health issues.

Priority One: Online Safety Management

During 2022, the RIB introduced an online safety management system to provide a centralised location for all parts of the business to access key HSW policies, risk and emergency management procedures, and on-location hazard and injury reporting. This system can be accessed through any mobile device, supporting the multiple race day locations where RIB team members are present.

This has given the Board, Executive and Management teams greater insight into the effectiveness of HSW efforts through real-time reporting and improved monthly reporting.

Priority Two: HSW Training and Education

In the 2021/22 year, the RIB completed a review and update of its HSW policies and procedures to ensure effectiveness in the management of risk and to support the achievement of HSW priorities.

Two key training opportunities started in the year and will continue into 2021/22: HSW workshops for leaders, team members, and contractor groups covering the new HSW system and effective HSW risk management; and a first aid qualification for all stewards and investigators.

Priority Three: Proactive Risk Management

A review of HSW risks across the business, including job safety analyses, was conducted during the year with the information captured in the RIB's HSW risk register.

An HSW committee was formed, comprising representatives from each RIB team. The committee meets regularly to review incident data, drive actions to achieve HSW objectives, discuss risk management measures, and consult on HSW initiatives.

External HSW working groups were also formed with key stakeholders from the RIB, codes and TAB, to discuss workplace HSW responsibilities and coordination.

Priority Four: Mental Health Prevention and Support

The RIB HSW committee started work on initiatives to support team members' mental health and wellbeing. This includes a process for dealing with harmful comments or material, education on the signs and symptoms of poor mental health, and where to get help.

| Key Performance Indicators

The Key Performance Indicators adopted by the RIB in 2021/22 were based on those used by the Board's predecessors: the Racing Integrity Unit and the Judicial Control Authority for Racing.

The 2021/22 Statement of Intent advised an amended set of KPIs would be developed for the 2022/23 racing year, more suitably aligned to the RIB's operating model and measuring its efficiency and effectiveness. These revised KPIs can be seen in the 2022/23 Business Plan.

Of the 20 KPIs detailed in 2021/22, two were not measured and a further two were not met.

KPI 3: Stakeholders believe the operation and effectiveness of the racing integrity system has improved.

This KPI was not measured this period as the RIB is still in its establishment phase. It will be measured in the 2022/23 racing season.

KPI 5: Investigations opened are completed within 6 weeks of file opened.

The result for this KPI was 80.9%, against a target of 90%. This was related to Covid impacting the progress of some cases, along with an increase in more complex animal welfare related investigations.

KPI 14: All licensed kennels and stables inspected, and reports filed by 31 July 2022.

Covid lockdowns and illness directly impacted the number of stable inspections undertaken. The need to prioritise racing during this period meant there was limited capacity for other activity.

Even without the impact of Covid, it has become clear the RIB is not resourced to inspect all circa 1400 facilities in the thoroughbred and harness racing codes. In the 2022/23 season the RIB will work with the codes to determine a suitable approach to inspections and this KPI may be adjusted accordingly.

A comprehensive audit of all 114 greyhound kennels, deemed a priority given the greyhound racing industry review, was successfully completed.

KPI 15: Annual 'out of competition', TCO and participant testing and intelligence-informed programme completed.

Results against this KPI were mixed with an overall result of 90.2%, against a target of 95%. The race day swabbing target of 95% was achieved, however the overall result was impacted by lower numbers of out of competition testing.

This result was impacted by Covid, as the primary focus for the RIB was ensuring race meetings were well supported.

KPI 19: Significant recommendations made by the RIB are adopted/accepted by the codes.

Rule changes have been an ongoing process and were incomplete at year-end. No assessment was made.

KPI #	Description	Target	Results 2021/22
Compliance			
1	Stewards attend and officiate at all code race meetings	100%	100%
2	Clubs surveyed are satisfied with the race day stewarding services provided	85%	95%
3	Stakeholders surveyed who believe the operation and effectiveness of the racing integrity system has improved in the last 12 months	70%	NA
4	Original compliance and enforcement decisions and interventions confirmed on internal review	80%	88.14%
5	Investigations opened are completed within 6 weeks of file opened	90%	80.9%
6	Complaints presented to the RIB are actioned or responded to within five working days	95%	100%
7	Race day rule breaches prosecuted within 72 hours of decision to proceed	90%	96.8%
8	Number of race day drug tests conducted to starters	10%	10.8%
9	Race day samples comply with RIB swabbing protocols and procedures	95%	99.8%
Adjudication			
10	All matters filed with the RIB are processed within 10 working days	90%	100.0%
11	The ratio of successful appeals against adjudicative committee decisions	2%	0.5%
12	Decisions excluding minor infringements and minor penalties published on the website within five working days of receipt of papers	95%	97.7%
13	GRNZ minor infringements processed within five working days of receipt of papers	95%	100%
Welfare			
14	All licensed kennel and stables inspected and reports filed by 31 July 2022	95%	27.2%
	a) Harness stables	95%	35.0%
	b) Thoroughbred stables	95%	10.0%
	c) Greyhound kennels	95%	100.0%

KPI #	Description	Target		Results 2021/22
15	Annual 'out of competition', TCO and participant testing and intelligence-informed programme completed	95%		90.2%
	a) Race day swabs taken – 9000 per annum	95%	95.6%	
	b) Out of competition tests performed – 1000 per annum	95%	47.2%	
	c) TCO2 tests performed – 2700 per annum	95%	87.9%	
	d) Human participant testing – 150	95%	216%	
16	Clubs surveyed are very satisfied with the race day veterinary services provided	95%		95%
17	Code animal welfare initiatives monitored and reported on	3 per year		100%
Advisory and Advocacy				
18	All requests from the codes in relation to rule changes are responded to by the RIB	100%		100%
19	Significant recommendations made by the RIB are adopted/accepted by the codes	75%		N/A
20	RIB response provided to the codes within 10 working days of the Board meeting at which they were considered	100%		100%



| Financial Statements

Statement of Comprehensive Revenue and Expenses

For the 13-month Period Ended 31 July 2022	Notes	Actuals	Unaudited Budget
		2022	2022
		\$000	\$000
Revenue			
Non-exchange revenue			
TAB NZ funding - operating		13,834	13,834
TAB NZ funding - capital programme		2,236	2,236
TAB NZ funding - leave liability		664	700
TAB NZ funding - lab assets		844	850
Other non-exchange revenue		55	-
Exchange revenue			
Gain on disposal		4	-
Interest received		48	10
Total revenue		17,685	17,630
Expenses			
Personnel costs	4	5,769	6,076
Other expenses	3	7,196	7,258
Depreciation expense	6	797	501
Total expenses		13,762	13,835
Surplus or deficit for the period			
Net surplus for the period		3,923	3,795
Other comprehensive revenue and expenses		-	-
Total comprehensive revenue and expense		3,923	3,795

Explanation for major variances against budget are provided in Note 15
 These financial statements should be read in conjunction with the notes to the financial statements

Statement of Financial Position

As at 31 July 2022	Notes	Actuals	Unaudited Budget
		2022	2022
		\$000	\$000
Assets			
Current assets			
Cash at bank		3,151	1,561
Term deposits		-	700
Receivables	5	231	-
Prepayments		95	-
Total current assets		3,477	2,261
Non-current Assets			
Receivables	5	53	-
Property, plant and equipment	6	1,976	3,399
Total non-current assets		2,029	3,399
Total assets		5,506	5,660
Liabilities			
Current liabilities			
Payables and accrued expenses	7	751	750
Income received in advance		64	-
Salary accrual		28	100
Employee entitlements	8	601	700
Total current liabilities		1,444	1,550

Explanation for major variances against budget are provided in Note 15
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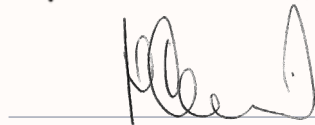
Statement of Financial Position (cont)

As at 31 July 2022	Notes	Actuals	Unaudited Budget
Non-current Liabilities			
Payables and accrued expenses	7	2	-
Total non-current liabilities		2	-
Total liabilities		1,446	1,550
Net Assets		4,060	4,110
Equity			
Amalgamation reserve	2.1	137	315
Accumulated surplus		3,923	3,795
Total equity		4,060	4,110

These financial statements have been approved for and on behalf of the Board by:



Kristy McDonald ONZM, KC, RIB Board Chair



Mike Clement, RIB Chief Executive

25 October, 2022

Statement of Changes in Equity

Actuals

For the 13-month Period Ended 31 July 2022	Notes	Accumulated Surplus \$000	Amalgamation Reserve \$000	Total \$000
Balance at 1 July 2021	2.1	-	137	137
Total comprehensive revenue and expense		3,923	-	3,923
Balance at 31 July 2022		3,923	137	4,060

Budget (Unaudited)

For the 13-month Period Ended 31 July 2022	Notes	Accumulated Surplus \$000	Amalgamation Reserve \$000	Total \$000
Balance at 1 July 2021		-	315	315
Total comprehensive revenue and expense		3,795	-	3,795
Balance at 31 July 2022		3,795	315	4,110

Statement of Cash Flows

For the 13-month Period Ended 31 July 2022	Notes	Actuals 2022 \$000	Unaudited Budget 2022 \$000
Cash Flows from Operating Activities			
Receipts from TAB NZ funding		14,498	14,534
Receipts from other revenue		32	10
Interest received		48	-
Payments to suppliers		(6,528)	(6,507)
Payments to employees		(5,834)	(5,976)
Net GST paid		(197)	-
TAB NZ funding for capital purchases		2,236	2,236
Net cash from operating activities		4,255	4,297
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		15	-
Purchase of property, plant and equipment		(1,307)	(2,236)
Net cash used in investing activity		(1,292)	(2,236)
Net increase in cash		2,963	2,061
Cash received as part of amalgamation on 1 July 2021	2.1	188	200
Cash at the end of the period		3,151	2,261
Represented by:			
Cash at bank		3,151	1,561
Term deposits			700
Total cash and cash equivalents		3,151	2,261

Explanation for major variances against budget are provided in Note 15
 These financial statements should be read in conjunction with the notes to the financial statements

Notes to the Financial Statements

1. Statement of Accounting Policies

Reporting Entity

The Racing Integrity Board (RIB) is a statutory body formed under section 42 of the Racing Industry Act 2020 and is domiciled and operates in New Zealand. The relevant legislation governing the RIB's operations includes the Racing Industry Act 2020 and Public Audit Act 2001.

The RIB is a 'subsidiary' of the Crown, as the term 'subsidiary' is defined in section 5(2)(a) of the Public Audit Act 2001 (the Act). It is therefore a public entity under sections 5(1)(f) and 5(2)(a) of the Act. In addition, the Crown is able to control the composition of the Board because it appoints all the members of the Board.

The RIB is a public benefit entity (PBE) for financial reporting purposes. The RIB does not operate to make a financial return.

Basis of Preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

The RIB is in the first year of operations and therefore no comparative information has been disclosed. The financial statements presented are for a 13 month period as opposed to one financial year.

Statement of Compliance

The financial statements of the RIB have been prepared in accordance with the requirements of the Racing Industry Act 2020 and in accordance with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with and comply with PBE Standards Reduced Disclosure Regime (RDR) and the concessions applied on the basis that expenditure exceeds \$2 million but is less than \$30 million.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), except for Board member remuneration and related party transactions in Note 10, which are rounded to the nearest dollar.

Basis of Measurement

The financial statements have been prepared on the historical cost basis except for donated assets that are recorded at fair value on acquisition and business combinations that are achieved through amalgamation are measured at carrying value.

Early Standard Adoption

The financial statements have been prepared for the first time and therefore this is the first adoption of the Tier 2 PBE accounting standards. As part of this preparation, the RIB has opted to adopt PBE IPSAS 41 Financial Instruments early.

2. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements are set out below.

Goods and Services Tax

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Income Tax

Sections CW 38(2) of the Income Tax Act 2007 exempts the RIB from income tax. Accordingly, no provision has been made for income tax.

Budget and Forecast Figures

The budget figures are derived from the statement of performance expectations as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Critical Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with PBE standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

In the process of applying the RIB's accounting policies, management has made the following judgements and estimates, which have the most significant effect on the amounts recognised in the financial statements:

- useful lives and residual values of property, plant, and equipment – refer to Note 6 and accounting policy 'Property, plant and equipment'
- Fair value of donated assets - refer to accounting policy 'Donated Assets'

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

Revenue

The specific accounting policies for significant revenue items are explained below:

Non-exchange Revenue

TAB NZ Funding

Revenue from TAB NZ is measured based on the RIB's funding entitlement for the reporting period. The funding entitlement is approved by the Minister for Racing, after approval from TAB NZ and consultation with the Racing Codes. Approval is provided before the start of each financial year, which starts 1 July. Funding is provided quarterly and as there are no conditions attached to the funding it is recognised as revenue at the point it becomes receivable. This is considered to be the start of the each period to which the funding relates.

TAB NZ also provided funding in the current period for asset purchases and to fund the leave liability assumed on amalgamation. This revenue is recognised at the point it became receivable. In addition, TAB NZ donated laboratory assets, refer to donated assets policy below.

Donated Assets

Where a physical asset is gifted to or acquired by the RIB for nil consideration or at a subsidised cost, the asset is recognised at fair value. The difference between the consideration provided and the fair value of the asset is recognised as revenue. The fair value of donated assets is determined as follows:

- for new assets, fair value is usually determined by reference to the retail price of the same or similar assets at the time the asset was received
- for used assets, fair value is usually determined by reference to market information for assets of a similar type, condition, and age.

As the RIB have received used laboratory testing equipment, this has been recorded with reference to market information by a verified specialist third party for assets of a similar type, condition, and age. This has subsequently been recorded as non-exchange revenue in the statement of revenue and expense.

Other Income

Other income is recognised when the right to receive payment is established or on an accrual basis with the substance of the relevant agreement.

Exchange Revenue

Interest Revenue

Interest income is recognised in the statement of revenue and expense as it is earned. Interest income is accrued using the effective interest rate method.

Personnel Costs

Salaries and Wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation Schemes - Defined Contribution Schemes

Employer contributions to the KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Financial Instruments

Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions of the financial instruments.

The entity derecognises a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either;

- the entity has transferred substantially all the risks and rewards of the asset; or
- the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Assets

Financial assets within the scope of the PBE IPSAS 41 Financial Instruments:

Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, fair value through other comprehensive revenue and expenses or amortised cost. The classifications of the financial assets are determined at initial recognition.

The RIB classifies its financial assets as financial assets at amortised cost.

Amortised Cost

Financial assets are classified in this category if they are held in order to collect their contractual cash flows, and their contractual cash flows are solely payments of principal and interest.

The RIB's financial assets carried at amortised cost are cash and cash equivalents and receivables.

Financial assets carried at amortised cost are initially recognised at fair value plus directly attributable transaction costs and are thereafter carried at amortised cost using the effective interest method, less provision for impairment.

Impairment of Financial Assets

The provision for impairment of receivables is determined by applying a simplified approach to measuring expected credit losses, which calculates a lifetime expected loss allowance. To measure expected credit losses, receivables are grouped based on shared credit risk characteristics and days past due. An expected loss rate is then applied to each of these groups; these loss rates are based on historical loss rates, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of counterparties to settle receivables. Impairment on receivables is recognised in a separate provision account, with the loss being recognised in surplus or deficit. On confirmation that a receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The entity assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment provisions for other financial assets are recognised based on a forward looking expected credit loss model.

The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those financial assets where the credit risk has not increased significantly since initial recognition, twelve month expected credit losses, along with gross interest income, are recognised. For those financial assets for which credit risk has increased significantly, lifetime expected credit losses, along with gross interest income, are recognised. For those financial assets that are determined to be credit impaired, lifetime expected credit losses, along with interest income on a net basis, are recognised.

Financial Liabilities

The RIB's financial liabilities include trade and other creditors (excluding GST and PAYE) and income received in advance (in respect to grants whose conditions are yet to be complied with).

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method. The entity holds no financial liabilities at fair value through surplus or deficit.

Other Expenses

Other expenses are recognised as goods and services when they are received.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, and other short-term, highly liquid investments with original maturities of three months or less.

Receivables

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The RIB applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Receivables which are expected to be settled after 12 months have been classified as non-current.

Property, Plant and Equipment

Property, plant, and equipment consists of asset classes, which are measured at cost less accumulated depreciation and impairment losses:

- Equipment
- Computer equipment;
- Laboratory testing equipment;
- Furniture and fittings; and
- Motor vehicles.

Individual assets are capitalised if their cost is greater than \$1,000 (excluding GST). The value of an individual asset that is less than \$1,000 (excluding GST) and is part of a group of similar assets purchased collectively may be capitalised.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that the future economic benefits or service potential associated with the item will flow to the RIB and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition as is the case with the donated laboratory testing equipment.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write-off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property and equipment have been estimated as follows:

	Useful Life	Depreciation Rate
Equipment	3-6 years	17% - 33%
Computer equipment	2-13 years	8% - 50%
Laboratory testing equipment	2-8 years	13% - 50 %
Furniture and fittings	5-10 years	10% - 20%
Motor vehicles	4 years	25%

Impairment

The RIB does not hold any cash-generating assets, therefore all assets are non-cash generating assets.

Assets are considered cash generating where their primary objective is to generate a commercial return.

Property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value, less costs to sell, and value in use.

Value in use is the present value of an asset's remaining service potential. It is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable service amount.

The reversal of an impairment loss is recognised in the surplus.

Payables and Accrued Expenses

Short-term payables are recorded at the amount payable and are subsequently measured at amortised cost.

Employee Entitlements

Short-term Employee Entitlements

Employee benefits that are expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service are measured based on accrued entitlements at the current rates of pay. These include salaries and wages accrued up to balance date, annual and alternate public holidays earned, but not yet taken at balance date.

Long-term Employee Entitlements

Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, such as long service have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and
- Present value of the estimated future flows.

Presentation of Employee Entitlements

Annual leave and alternate public holidays earned are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- amalgamation reserve; and
- accumulated surplus.

PBE Combinations

Amalgamations

The RIB accounts for business combinations achieved through an amalgamation using the modified pooling of interests method when control is transferred to the RIB. The modified pooling of interests method involves recognising, at amalgamation date, the aggregate of operations acquired and any noncontrolling interest. The operations acquired in an amalgamation are measured at carrying value, where appropriate values are adjusted to conform to the RIB's overall accounting policies. Amalgamation related costs are expensed as incurred.

2.1 Amalgamation

In August 2018, the Messara Report proposed a number of reforms to the New Zealand racing industry. As part of the government's response to the report, the Racing Industry Act 2020 (the 'Act') was introduced. The RIB is a new entity to be established under part 2 section 42 the Act and will bring together the functions/operations of the New Zealand Racing Integrity Unit ('RIU' responsible for integrity matters in the NZ racing industry) and the Judicial Control Authority ('JCA' an entity that ensures judicial and appeal proceedings in thoroughbred, harness and greyhound racing are heard and decided fairly, professionally, efficiently, and in a consistent and cost-effective manner). During the restructure, the assets and liabilities of the RIU and JCA were transferred to the RIB and those entities dissolved.

On 1 July 2021, RIB obtained control over the operations of the New Zealand Racing Integrity Unit ('RIU') and the Judicial Control Authority ('JCA') as a result of an amalgamation. The following assets and liabilities were recognised in the RIB at the previous carrying value held by the RIU and the JCA. An amalgamation reserve was recognised, which represent the net assets transferred.

Amounts recognised for each major class of assets and liabilities transferred on 1 July 2021

	RIU \$000	JCA \$000
Cash and cash equivalents	-	188
Property, plant and equipment	638	2
Employee entitlements	(661)	(30)
Total net assets	(23)	160

2.1 Amalgamation (cont)

Balances of the combining operations immediately preceeding the amalgamation date of 1 July 2021

At the time these financial statements were authorised for issue, the last reporting date for RIU and JCA was 31 July 2021 and 30 June 2021 respectively. As this does not immediately precede the amalgamation date (1 July 2021), the amounts of revenue and expense, major class of assets and liabilities, and components of net assets/equity for the RIU and JCA from 1 August 2020 to 30 June 2021 is outlined below.

As part of the amalgamation the RIB took ownership of certain assets and liabilities from the RIU and JCA consisting of cash, property, plant and equipment, and employee entitlements. Per the terms of the amalgamation, the RIU and the JCA retained residual balances which did not form part of the transferring operations. These residual balances consisted of, receivables, prepayments, and payables.

The following table summarises the statement of financial position for RIU and JCA as at the amalgamation date.

As at 30 June 2021	RIU \$000	JCA \$000
Assets/Current Assets		
Cash at bank	279	322
Term deposits	-	25
Receivables	40	10
Prepayments	10	17
Total current assets	329	374
Non-current Assets		
Property, plant and equipment	642	2
Total non-current assets	642	2
Total assets	971	376
Liabilities/Current Liabilities		
Payables and accrued expenses	190	186
Salary accrual	185	-
Employee entitlements	674	30
Total current liabilities	1,049	216
Total liabilities	1,049	216
Net assets	(78)	160

2.1 Amalgamation (cont)

No adjustments were made to the carrying amounts of assets and liabilities recorded by RIU and JCA as of the amalgamation date.

To conform to the resulting entity's accounting policies, some methods of depreciation and remaining useful lives were changed to accurately reflect management's judgement and estimate of the useful life of the remaining assets. The carrying value of transferred assets and liabilities represent the amalgamation reserve created on inception of the RIB.

Amounts recognised in net assets/equity for the period ended 30 June 2021

1 August 2020 - 30 June 2021	RIU \$000	JCA \$000
Balance at 1 August 2020	146	189
Deficit for the period 1 August 2020 - 30 June 2021	(224)	(29)
Balance at 30 June 2021	(78)	160

1 August 2020 - 30 June 2021	RIU \$000	JCA \$000
Revenue/ Non-exchange Revenue		
TAB NZ funding	6,577	-
Judicial funding	-	1,156
Other non-exchange revenue	5	-
Exchange Revenue		
Interest received	1	1
Total Revenue	6,583	1,157
Expenses		
Personnel costs	3,604	168
Other expenses	3,116	1,016
Depreciation expense	87	2
Total Expenses	6,807	1,186
Deficit for the period 1 August 2020 - 30 June 2021	(224)	(29)

3 Other Expenses

Other Expenses are made up of the following;	Actuals 2022 \$000
Animal welfare expenses	103
Audit fees	77
Board expenses	88
Change management	508
Computer expenses	178
Consumables	58
Drug testing expenses	2,198
Fringe benefits expenses	204
Health and safety	58
Hearing expenses	143
Insurance	71
Legal expenses	198
Motor vehicle expenses	223
Office expenses	29
Panel expenses	477
Printing and postage	37
Professional services and subscriptions	270
Race day vet expenses	1,195
Racing film services	306
Rental expenses	158
Software	37
Telephone and internet	60
Travel expenses	422
Other expenses	98
Total other expenses	7,196

4 Personnel Costs

Personnel Costs include the following components;	Actuals 2022 \$000
Salaries and wages	5,636
Contribution to KiwiSaver	133
Total employee costs	5,769

5 Receivables

Amounts recognised in net assets/equity for the period ended 30 June 2021

	Actuals 2022 \$000
Current	
Accounts receivable - non-exchange	23
GST receivable	197
Other receivables	11
Total current receivables	231
Non-current	
Accounts receivable - non-exchange	53
Total non-current receivables	53
Total receivables	284

As some debtors in relation to non-exchange revenue are expected to be settled after 12 months, these have been classified as non-current.

6 Property, Plant and Equipment

Movements for each class of property, plant and equipment are as follows:

31 July 2022	Note	Equipment \$000	Computer Equipment \$000	Laboratory Testing Equipment \$000	Furniture and Fittings \$000	Motor Vehicles \$000	Total \$000
Cost							
Transfer of assets from amalgamation	2.1	2	66	-	-	996	1,064
Additions		5	127	1,874	10	135	2,151
Disposals		-	-	(13)	-	(122)	(135)
Closing balance at 31 July 2022		7	193	1,861	10	1,009	3,080
Accumulated depreciation and impairment							
Transfer of assets from amalgamation	2.1	-	26	-	-	398	424
Depreciation for the period		1	31	326	1	438	797
Disposal depreciation write back		-	-	(9)	-	(108)	(117)
Closing balance at 31 July 2022		1	57	317	1	728	1,104
Carrying amount 31 July 2022		6	136	1,544	9	281	1,976

Critical Accounting Estimates and Assumptions

Estimating useful lives and residual values of property, plant, and equipment

At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by the RIB, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position. The RIB minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second-hand market prices for similar assets; and
- analysis of previous asset sales.

\$844k of laboratory testing equipment was gifted during the year for nil consideration. This was initially recognised at fair value with reference to market information compiled by a third party valuation specialist based on assets of a similar type, condition, and age.

7 Payables and Accrued Expenses

	Actuals 2022 \$000
Current	
Trade creditors	543
Credit cards	31
Accrued expenses	151
Other payables	26
Total current payables and accrued expenses	751
Non-current	
Other payables	2
Total non-current payables and accrued expenses	2
Total payables and accrued expenses	753

The non-current portion of other payables represents amounts due after 12 months per the terms of the purchase contract.

8 Employee Entitlements

	Actuals 2022 \$000
Leave entitlements	601
Total employee entitlements	601

9 Non-cancellable Operating Lease Commitments

	Actuals 2022 \$000
Not later than one year	170
Not later than one year and not later than five years	474
Later than five years	-
Total non-cancellable operating lease commitments	644

The RIB leases a printer, with the non-cancellable contract ending May 2026.

The RIB leases office spaces in the following locations:

- Wellington, with the non-cancellable contract ending May 2025;
- Auckland, with the non-cancellable contract ending on June 2026 with 1 right of renewal for a further term of 5 years;
- Christchurch, with the non-cancellable contract ending on May 2027.

10 Related Party Transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of RIB.

The RIB is a statutory body created under the Racing Industry Act 2020 and is controlled by the Crown. The RIB undertakes many transactions with other State-Owned Enterprises, Crown Entities and Government Departments in the normal course of business which are not disclosed here.

Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of the Board and the Chief Executive, which constitutes the governing body of the RIB. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

Board Members	Actuals 2022 \$
Total Remuneration	81,341
Full-Time Equivalent Members	5

Due to the difficulty in determining the full-time equivalent for board members, the full-time equivalent figure is taken as the number of board members.

Leadership Team	Actuals 2022 \$
Total Remuneration	526,677
Full-Time Equivalent Members	2.01
Total Key Management Personnel Remuneration	608,018
Total Full-Time Equivalent Personnel	7.01

11 Financial Instruments

Categories of Financial Assets and Liabilities

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

Financial assets (At amortised cost)	Actuals 2022 \$000
Current	
Cash at bank	3,151
Receivables	34
Non-Current	
Receivables	53
Total	3,238

Financial liabilities (At amortised cost)	Actuals 2022 \$000
Current	
Trade creditors	543
Credit cards	31
Accrued expenses	151
Income received in advance	64
Other payables	26
Non-Current	
Other payables	2
Total	817

12 Capital Commitments

As at 31 July 2022, the RIB has laboratory testing equipment on order totalling \$968,265.

13 Contingent Liabilities

There are no contingent liabilities as at 31 July 2022.

14 Subsequent Events

The RIB has no subsequent events after the reporting date to disclose.

15 Explanation of Major Variances Against Budget

Statement of Comprehensive Revenue and Expenses

Actual interest income was \$38k higher than budget due to higher interest rates.

Other non-exchange revenue of \$55k was unplanned income from hearings and represents on charges of legal costs.

Variances in the expenses incurred against budget arose in the first period primarily due to the requirement to divert resources and focus to the unplanned Greyhound review.

The impact of the Greyhound review caused some delay in the RIB's ability to deliver planned projects within original timeframes. Overall expenses for the period were \$72k under budget.

Depreciation variance of \$296k was due to a full asset review on amalgamation and alignment of expected useful lives of assets.

Statement of Financial Position and Statement of Cash Flows

The closing cash position at balance date is higher than expected due to delays in delivery of committed lab equipment. Accordingly, property, plant and equipment is lower than budget.



Independent Auditor's Report

To the readers of Racing Integrity Board's financial statements for the 13-month period ended 31 July 2022

The Auditor-General is the auditor of Racing Integrity Board ('RIB'). The Auditor-General has appointed me, Sarah Turner, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements of RIB on his behalf.

Opinion

We have audited the financial statements of RIB on pages 40 to 64, that comprise the statement of comprehensive revenue and expenses, the statement of financial position as at 31 July 2022, statement of changes in equity and statement of cash flows for the 13-month period ended 31 July 2022 and the notes to the financial statements that include the statement of accounting policies and other explanatory information.

In our opinion the financial statements of RIB on pages 40 to 64:

- present fairly, in all material respects:
 - its financial position as at 31 July 2022; and
 - its financial performance and cash flows for the 13-month period ended 31 July 2022; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Public Benefit Entity Reduced Disclosure Regime.

Our audit was completed on 26 October 2022. This is the date at which our opinion is expressed. The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board members' and our responsibilities relating to the financial statements and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board members for the financial statements

The Board members are responsible on behalf of RIB for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board members are responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board members are responsible on behalf of RIB for assessing RIB's ability to continue as a going concern. The Board members are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate RIB or to cease operations, or there is no realistic alternative but to do so.

The Board members' responsibilities arise from the Racing Industry Act 2020.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to RIB's statement of intent 2021/2022.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

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

We communicate with the Board members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.



Other Information

The Board members are responsible for the other information. The other information comprises the information included on pages 1 to 70, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

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

If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of RIB in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, RIB.

A handwritten signature in black ink that reads 'Sarah Turner'.

Sarah Turner
On behalf of the Auditor-General
Wellington, New Zealand

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers



| Acronyms

GRNZ

Greyhound Racing New Zealand

HSW

Health, Safety and Wellbeing

MIN

Minor Infringement Notice

NRI

Non-Race Day Inquiry

OOC

Out of Competition

RIB

Racing Integrity Board

TCO2

Total Carbon Dioxide measure (blood test)

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Integrity Line

If you have concerns about the activities of someone in the racing industry you can contact the independent and confidential Integrity Line.
0508 RIB 123