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## KRISTY MCDONALD QC CHAIR'S REPORT

### CHAIR'S COMMENT

Year Ended 31 July 2015

It has been another strong year for the JCA, with excellent stakeholder feedback and strong performance from our judicial panels.

This will be the last annual report I write as I will be retiring as Chair of the JCA after 7 years in that role.

Also retiring from the JCA Board this year will be Rob Robinson, NZGRA nominee. Rob has served on the Board for 6 years and has been a very valuable and well respected Board member. He has made a significant contribution to the JCA work in the health and safety area and in the development of a range of policy documents as well as contributing to the full range of Board responsibilities. The NZ Greyhound Code has been well served by Rob on the JCA Board.

There are a number of observations that I wish to make with regard to the role and importance of the JCA to the integrity system of the New Zealand racing industry.

The JCA is a unique judicial structure providing an independent judicial process for the three racing Codes in New Zealand. New Zealand can be seen as a leader in this area, with few if any other countries having taken the step of establishing an independent statutory body to consider raceday and non raceday matters. While the JCA is funded by The Racing Board and, indirectly the Codes, it is an independent statutory body which runs its own operation and maintains an appropriate level of separation from the industry. The role of the NZRB and the Codes and their interface with the JCA is as circumscribed by the Act.

### Performance

As I have noted in past years, the JCA aims to provide competent and consistent decision making through independence and professionalism. That requires integrity, honesty, and ethical behaviour. That remains the JCA goal.

2014/2015 saw the first year of Statement of Service Performance reporting (SSP) for the JCA. SSP is a modern performance tool intended to promote good reporting practices by not for profit organisations by the identification of performance measures and formal reporting against those measures. I am delighted to report that the stakeholder feedback received through this process has been very good. We have had very good satisfaction results from stakeholders.

We are conscious of the need to ensure our decision making is of the highest standard and consistent. To that end we have continued with our monthly Board review of all JCA decisions which provides the opportunity to give regular feedback to panelists on their performance. The JCA follows modern management process for training, oversight and performance of all personnel and has this year as in other years, reviewed and where necessary updated all policies to ensure compliance with legislative and regulatory requirements is of the highest standard.

In addition, the JCA has formal processes that are followed in the event of a complaint and all panelists receive regular performance feedback.

Consistency of penalty setting is an issue of considerable importance to the industry. I believe the JCA has achieved good consistency throughout this past year. Every case is different and there should always be a level of flexibility to take account of individual circumstances, so outcomes will sometimes differ. That said, the JCA aims to ensure that variation in penalties for comparable offending is minimised. This provides predictability and fairness for the industry.

An important factor in achieving consistency of outcome however, is the consistency of the approach taken by the RIU when bringing a charge and in the submissions made as to the level of seriousness of the offending.

Our Appeals Tribunal has been strengthened over the past 7 years by the appointment of a number of highly respected senior lawyers, QCs and recently retired High Court and Court of Appeal Judges who have added significantly to the credibility and reputation of the JCA and its judicial decision making. For many years the JCA has promoted the introduction of an Industry Code of Conduct. It has only been this year with support provided by the NZTR Integrity Committee that the suggestion of such a code – which would aim to set standards of practice for the industry – is being seriously considered. I would encourage the industry to take up this suggestion and introduce a Code of Conduct across the industry. Much has been said this year about the need to ensure a good standard of ethical practice in the industry. Promoting a Code would be a means for those responsible for leadership in the integrity area to show united support for improved standards of practice. Such a Code could set standards which could be used by those involved in the integrity system when assessing misconduct allegations.

Respect for the integrity system is crucial – particularly for an industry that relies so heavily on public confidence and trust. The industry must be, and must be seen to be, professional, honest and transparent and I believe must be seen to value integrity. Much has been said about misconduct this year, and of the need to respect integrity officials and racing staff. I endorse those sentiments entirely and would add that respect is earned – it is a two way process and comes from maintaining high standards of professionalism. The building blocks of any modern integrity system must be fairness, independence and professionalism. A key feature of any organisation that wants to be seen as professional is that it has a Code of Conduct – which sets expected standards of behaviour that apply to all.



### **Fairness and Even Handedness**

There are two parties to a judicial hearing and it is important that those responsible for the integrity of the system ensure that all participants are well equipped to represent their interests at an inquiry or hearing and that they are not disadvantaged or bullied. For many years the JCA has taken steps to ensure that those representing themselves at raceday hearings in particular are not disadvantaged and are treated with respect and fairness. For that reason the JCA has taken the initiative, together with the apprentice schools to assist in providing better training about the integrity system for those new to the industry or unfamiliar with the integrity processes.

### **Stakeholder Relationships**

During my tenure as Chair I have tried to establish open and strong stakeholder engagement. I believe we have achieved that and the JCA is well regarded and respected by our stakeholders.

This year saw the JCA place particular emphasis on extending those relationships by increased engagement with the Jockeys Association. A number of senior members of that Association met with us in Wellington this year to discuss a range of issues, including providing comment and feedback on the calculation of national riding days, jockey welfare and rehabilitation as well as providing comment on our new penalty guidelines (discussed below). We are delighted that the jockeys have been prepared to contribute actively in this way and I hope that will continue as it is important for the integrity system to hear from and consider the views of all those involved in the process.

I am grateful for the opportunity provided by HRNZ to contribute to their conference each year. That has provided me with a valuable opportunity to update the Code on our operation and enabled me to hear first-hand from club members about the issues of importance to them. The open dialogue provided at the Harness annual workshops is an important means by which the clubs can engage with the JCA.

Our ongoing attendance at Greyhound events and our regular meeting with their CEO and Chair has enabled us to build strong relationships and an appreciation of the Greyhound Code.

Regular NZTR Integrity Committee meetings have allowed the JCA to discuss day to day operational matters with that Committee. I was pleased to be able to meet with the NZTR Board last December when we discussed a range of issues. Likewise, I met with the Racing Board last year and discussed some initiatives that I feel need to be considered to strengthen the industry's integrity services and achieve greater efficiencies. I will address some of these issues below.

Almost three years ago the JCA initiated a review of the procedural rules of racing for all three Codes. Our aim was to standardise matters of process and procedure as much as possible so as to reduce duplication and unnecessary complexity, streamline integrity processes and create opportunities for efficiency and savings. Our efforts were well received by the Codes and NZGRA was the first Code to adopt the new Rules in 2014. HRNZ adopted the new Rules at their Conference this year. NZTR are yet to consider the Rules but we hope that is something that will happen in the near future.

We have been fortunate to have had strong support from the Minister of Racing during my term – both the Honourable Nathan Guy and his predecessor, the Honourable John Carter have been advocates of the JCA system and recognised the importance of maintaining a strong and independent racing judicial body.

### **Training**

This year the JCA initiated a refreshed approach to working with the apprentice schools in the delivery of their training on the judicial and integrity system. We arranged for two of our panel members – both skilled in teaching and delivery of training – to provide training modules for the apprentice schools across the regions. That has been well received and the feedback from participants has been very positive. I am very grateful to the JCA panel members who have taken on this task and delivered this training in such a professional and skilful manner. It has resulted in consistent training across the country, an improved understanding of the role of the JCA and a better appreciation of the separation of functions as between the JCA and the RIU.

We have also continued to build on our own training with national panel training days and race reading training which has provided a good opportunity for our judicial panelists to share ideas and learn from each other.

We have introduced a range of new protocols and policies this year – of most significance is the updated JCA Penalty Guide which is aimed at assisting with consistency of penalty setting, strengthening penalties in a range of areas, including drug offending and offending that impacts on animal welfare and rider or driver safety.

The Guide was introduced after wide industry consultation and appears to be working well. It should be kept under review.

We have also introduced a new Protest Hearing Protocol which is intended to help streamline the hearing process and reduce the opportunity for delays of that process.

### **Cost Efficiencies**

The JCA is a separate organisation to the RIU. That is often not understood. The JCA is a creature of legislation, the RIU is not. The JCA is operationally independent from the industry. In the 2014/15 year we agreed with NZRB a one-off \$100k reduction in our budget which resulted in a budget deficit



## KRISTY MCDONALD QC CHAIR'S REPORT *continued*

as anticipated. The JCA has managed to maintain a near static budget for all of the time I have been in the Chair. I believe that to be a considerable achievement and one that is often overlooked. In that context, the many achievements and enhancements we have made have resulted from the very strong and dedicated work of the Board and the passion the panelists have for the work they do. We have not engaged consultants – we have done our own training and policy development and relied on the considerable skills available to the JCA from within our own Board and wider body. We have cut our cloth and there has been no wastage.

### **The Future**

It is vital that integrity services remain relevant and agile. I believe we have achieved a significant amount in my time on the JCA and I believe the JCA is stronger than it ever has been and is well placed for the future.

I have asked the question of our stakeholders on a number of occasions – is the industry making the most of what it's got? I don't believe that it is. The JCA is a unique structure which provides the industry with a first class system of judicial independence that can and should be used to demonstrate to the public that those responsible for racing take integrity seriously and that its judicial decision making is professional, independent and transparent.

I believe the industry can achieve an efficient, low cost and fit for purposes/agile structure for integrity and one that keeps pace with people's expectations. The key to that is, in my view, a closer alignment across the integrity sector so that meaningful cost savings can be made and technology better used.

### **Bringing Integrity Systems Closer Together to get Greater Consistency and Improvement.**

A whole of systems approach needs to be taken to the delivery of integrity services. Managed properly, I believe that can be done without compromising independence. For example, all participants need to be equipped for the judicial process and I have mentioned above some of the initiatives the JCA has taken this year to promote this move by the delivery of training to the apprentice schools. Also, a shared service approach could be utilised for a number of training activities.

Systems and processes need to be aligned and streamlined. As mentioned above, the JCA initiative on the procedural rules is an area where we have streamlined processes across two Codes (and we hope that NZTR will also adopt the common rules) with the aim of standardizing many procedures to reduce duplication and complexity and create opportunities for efficiencies.

### **Technology**

I believe the future of the integrity system must lie in a technology solution. Technology is the key to modernisation and efficiency for any integrity system. Better use of electronic hearings for straightforward matters can reduce cost. The JCA has presented a number of discussion papers to the Racing Board in recent years on how we might make better use of technology both now and in the future (when capability might be more readily available) which would result in savings and streamline hearing processes. I hope the industry picks up the initiative in this area.

### **Finally**

I want to acknowledge and thank our Executive Officer, Catherine Hutton and the members of the Authority for their valuable contributions to the functioning of the JCA. The JCA panel stands out for particular mention as the overall performance of the raceday and appeal panels has met, and in many respects, exceeded the Board's expectations.

I also wish to thank my fellow Board members for their outstanding contribution to the JCA and for their friendship and support during my term as Chair. I have been very fortunate indeed to have had such a committed and highly skilled Board. I am sure that many industry participants are not aware that the JCA Board is an executive or management Board and, as such, is required to undertake a wide range of operational activities to support the workings of the JCA. The JCA could not function without a committed and hardworking Board prepared to undertake such operational tasks.

I also thank our stakeholders for their ongoing support and commitment to the JCA.

The industry has a strong and unique judicial structure. New Zealand has been a leader in this area, with few if any other countries having created, by legislation, an independent statutory body established to consider all judicial matters. That system helps build and maintain public confidence in the integrity of racing.

Kristy P McDonald QC  
Chair



NEVILLE HARRIS QSO

NEW ZEALAND THOROUGHBRED RACING COMMENT

ROGER DRUMMOND



#### Year Ended 31 July 2015

The JCA's review of the penalty guidelines and protest hearing protocol featured prominently in the Board's dialogue with the RIU and NZTR Integrity Committee.

The review of the protest procedures identified a number of opportunities for tightening the discipline and efficiency of the hearing and those changes have been implemented with positive outcomes.

At the start of the season NZTR introduced rehabilitative measures in the penalty framework for drug offending by licence holders and although yet to be tested this initiative is to be applauded. Judicial committees will have the ability to require a person to complete a counselling or rehabilitation course as part of the sanction or penalty imposed for drug and alcohol related offending. The JCA continues to work with NZTR officials on putting in place the arrangements and approved agents through which this support and assistance can be delivered.

The Minor Infringement Scheme continues to work well. The inclusion in 2014/15 of incorrect gear offences resulted in 50 such matters, which would previously have gone through a full hearing process, being dealt with through this efficient and streamlined process. The Board will continue to work with the RIU on the scope for further enlargement of this scheme.

The JCA's review of the Penalty Guide focussed on the penalty settings for the those breaches which make up the majority of matters heard by judicial committees. The Board undertook to review the effect of those changes, which were implemented on 1 May 2015, and has commenced that process by seeking feedback from the Codes and licence holders.

It has also been agreed that the balance of the penalty provisions will be reviewed and the Board looks forward to engaging with NZTR and industry participants in a constructive and consultative dialogue in this exercise in 2015/16.





## BRENT WILLIAMS HARNESS RACING NEW ZEALAND COMMENT

PETER SMITH



### Year Ended 31 July 2015

The Board of the JCA has continued to maintain the strong professional relationships that it has developed with its stakeholders in the Harness Code over the term of the current JCA Board.

The important interactions this past racing season have been:

The bedding down of the new protest rule introduced for the 2014/2015 season.

The negotiation and introduction of the new rules of procedure for the JCA which the JCA anticipates will be common for all three Codes.

The review of the penalty guide for use by JCA panelists.

### New Protest Rule

Prior to the racing season just passed, the JCA Board advocated the introduction of a protest rule by the Harness Code that was similar to the rule used in Thoroughbred racing and in racing in Australia. The Board was able to assist Harness Racing New Zealand with the drafting of the new protest rule and was pleased to see it passed at the 2014 Harness Racing National Conference. The Harness Racing Judicial Committees have been most supportive in their adoption of the new rule and have offered feedback in respect of the “compensation” clause in the rule with the result that there was a further minor change to the rule passed in 2015 that will make the rule even easier to administer.

The main results from the introduction of the rule are the substantial reduction in the number of protest hearings and the clarity with which the rule is now viewed by the drivers, trainers and owners of harness racing horses and those that bet on them.

### Common Procedural Rules

The Board was happy to work with Harness Racing New Zealand and its legal advisers to prepare the remit incorporating the new rules for the Harness Code, which was submitted to the 2015 Harness Racing Annual Conference. The Board is pleased that the new procedural rules have been passed so that those rules are now common to both the Greyhound Code and the Harness Code.

### Penalty Guide Review

This season has seen the Board complete a review of the penalties for the more common breaches of the rules that regularly occur on raceday. Both Harness Racing New Zealand and the Harness Horseman’s Association cooperated during the consultation process and made useful submissions in respect of the Penalty Guide review with the result that the new Penalty Guide has been implemented positively. While Harness Racing participants generally do not enjoy the same income as their Thoroughbred counterparts, and accordingly have a regime of fines and suspensions that is of a lower scale to that of the Thoroughbred Code, the Board felt that the relativity between the two Codes in respect of fines and suspensions needs some upwards movement on the part of Harness Racing. The Board was also of the view that the penalties for serious offending and for offences involving animal welfare should also be increased.

The stakeholders representing the Harness Racing Code are continuing to work with the JCA to ensure that the new penalties advocated by the Penalty Guide are accepted as reasonable by those participants coming before the JCA raceday committees.

The JCA Board is most appreciative of the support that it has had from Harness Racing New Zealand and the Harness Racing Horsemen’s Association and will continue to work constructively with both bodies in the coming racing season.





ROB ROBINSON CNZM

NEW ZEALAND GREYHOUND RACING ASSOCIATION COMMENT

KEVIN BRADY CNZM



#### Year ended 31 July 2015

During the 2014/15 racing season the relaxed but professional relationship between GRNZ and the JCA continued. Any issues that arose were addressed quickly and the manner in which proposed changes are signalled at an early stage by GRNZ has led to an efficient working relationship.

There was an increased level of judicial activity during the season. The number of Non Raceday Inquiry (NRI) hearings rose to 26 from 10 the previous season. The number of appeals was reduced from 7 to 6. Of the 6, 3 were against Raceday Steward Rulings and the other 4 related to JCA NRI decisions. The number of Minor Infringement Notices (MINs) lodged was 112 compared to 83 previously. Of the MINs lodged, 43 were for weight infringements and 24 for failure to arrange a catcher.

During the season it became apparent that some breaches of rules would more appropriately be dealt with as MINs rather than going before a non raceday panel. The relevant rules were identified and were amended at the GRNZ AGM in October 2015. This will be more economical for all parties.

The impact of the increased penalties for drug offences kicked in during the season. The new penalty levels are significantly higher and reflect the Code's ongoing intention to treat animal welfare issues very seriously.

We appreciated the assistance from GRNZ senior staff. General Manager, Mr Jim Leach has announced his retirement and we acknowledge his huge contribution to the Code and wish him well in the future. We also thank Mr Craig Neil for his help during his time as Racing Manager and also his successor Ms Roebyna Bak for her ready willingness to work with us.

Mr Kevin Brady CNZM and Mr Rob Robinson CNZM have continued as the NZGRA nominees on the JCA Board for the 2014/15 season.





## Raceday Statistics

### Charges

	Total	Admitted	Not Admitted	Other	Proven	Dismissed /Other	Suspension	No Suspension	Fines
Thoroughbred	245 (57.5%)	219	26	0	241	4	169	72	80
Harness	181 (42.5%)	153	27	1	174	6	36	138	142
<b>TOTAL</b>	<b>426 (100.00%)</b>	<b>372</b>	<b>53</b>	<b>1</b>	<b>415</b>	<b>10</b>	<b>205</b>	<b>210</b>	<b>222</b>

### Protests

	Total	Dismissed	Relegated	Disqualified	Withdrawn
Thoroughbred	42 (38.9%)	28	14	0	0
Harness	66 (61.1%)	10	21	34	1
<b>TOTAL</b>	<b>108 (100.00%)</b>	<b>38</b>	<b>35</b>	<b>34</b>	<b>1</b>

### Rulings

	Total	Ruling Provided	Request Declined	Disqualified	Declared Non Starter	Declared Starter	Other
Thoroughbred	26 (74.3%)	5	0	2	14	5	0
Harness	9 (25.7%)	1	0	0	4	3	1
<b>TOTAL</b>	<b>35 (100.00%)</b>	<b>6</b>	<b>0</b>	<b>2</b>	<b>18</b>	<b>8</b>	<b>1</b>

### Minor Infraction Notices

Thoroughbred	Harness	Greyhound	TOTAL
134	170	112	416
32.2%	40.9%	26.9%	100%

### Non Raceday Hearings

	Total	
Thoroughbred	26	37.1%
Harness	18	25.8%
Greyhound	26	37.1%
Withdrawn	0	0%
<b>TOTAL</b>	<b>70</b>	<b>100%</b>

### Appeals Tribunal Hearings

	Total	
Thoroughbred	7	46.7%
Harness	1	6.7%
Greyhound	6	40.0%
Withdrawn	1	6.7%
<b>TOTAL</b>	<b>15</b>	<b>100%</b>

### Non Raceday Hearings

Note: 4 hearings lodged but yet to be determined.

### Appeals

Note: 2 Appeals lodged but yet to be determined.

## Directory

As at 31 July 2015

<b>Nature of Business</b>	Racing Judicial Control
<b>Place of Business</b>	Level 4, AMI Centre 342 Lambton Quay Wellington 6011
<b>Registered Office</b>	PO Box 25217 Featherston Street Wellington 6146
<b>Executive Officer</b>	C Hutton
<b>Executives</b>	K P McDonald QC (Chairperson) N Harris QSO R Drummond P Smith B Williams K Brady CNZM R Robinson CNZM
<b>Auditor</b>	Moore Stephens Markhams
<b>Bankers</b>	Westpac, Cambridge

# FINANCIAL STATEMENTS

## Statement of Financial Performance FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 \$	2014 \$
<b>Judicial Income</b>			
NZRB Judicial Funding & Costs Reimbursed	3	1,219,635	1,313,217
<b>Total Income</b>		<b>1,219,635</b>	<b>1,313,217</b>
<b>Less Judicial Expenses</b>			
Judicial Committee Fees		540,951	518,347
Judicial Committee Travel & Accommodation		154,516	145,548
<b>Total Judicial Expenses</b>		<b>695,467</b>	<b>663,895</b>
<b>NET JUDICIAL INCOME</b>		<b>524,168</b>	<b>649,322</b>
<b>Administration Income</b>			
Interest Income	3	4,530	5,975
<b>Total Administration Income</b>		<b>4,530</b>	<b>5,975</b>
<b>Less Administration Expenses</b>			
ACC Levies		1,630	4,958
Audit Fees		6,250	7,500
Bank Fees		203	166
Board Meeting Expenses		11,128	12,719
Cleaning		3,120	2,992
Computer Expenses		2,289	2,411
Consulting & Accounting		-	282
Depreciation/Amortisation		4,334	6,485
General Expenses		(650)	1,810
Board Honorarium	2	120,000	118,334
Insurance		4,739	5,985
KiwiSaver Employer Contributions		3,571	3,804
Legal Expenses		7,174	3,000
Light, Power, Heating		1,189	1,484
Minor Capital		-	2,082
Office Expenses		1,936	2,230
Plant/Equipment Hire - Indoor Plants		503	492
Plant/Equipment Hire - Photocopier		1,807	1,716
Postage/Couriers		1,394	1,557
Printing/Stationery/ Photocopying		3,491	4,562
Refund - HRNZ NRI Costs		-	29,121
Rent		38,113	35,190
Repairs/Maintenance		120	250
Honorarium - Chair	2	200,000	200,000
Salary / Wages		130,800	126,850
Storage Rent		981	981
Subscriptions		1,866	1,494
Telephone & Internet		6,158	6,883
Training and Development		30,899	39,329
Travel - National		9,283	6,319
Website		18,000	19,950
<b>Total Administration Expenses</b>		<b>610,328</b>	<b>650,936</b>
<b>NET SURPLUS/(DEFICIT) for the YEAR</b>		<b>(81,626)</b>	<b>4,362</b>

The above Periodic Statement of Financial Performance should be read in conjunction with the accompanying notes.

# FINANCIAL STATEMENTS

## Statement of Financial Position AS AT 31 JULY 2015

	Notes	2015\$	2014\$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents			
Westpac - Cash at Bank		6,474	12,116
High Interest Bearing Deposit		90,397	258,600
Westpac - Term Deposit		100,000	-
<b>Total Cash and Cash Equivalents</b>		<b>196,871</b>	<b>270,716</b>
Receivables			
Accounts Receivable		16,720	7,000
Sundry A/cs Receivable		100,000	108,333
		<b>116,720</b>	<b>115,333</b>
Total Current Assets		<b>313,591</b>	<b>386,049</b>
<b>NON-CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
Computer Equipment	12	1,232	3,080
Office Equipment	12	183	352
		<b>1,415</b>	<b>3,432</b>
<b>Intangible Assets</b>			
Computer Software	13	947	3,263
		<b>947</b>	<b>3,263</b>
Total Non-Current Assets		<b>2,362</b>	<b>6,695</b>
<b>TOTAL ASSETS</b>		<b>315,954</b>	<b>392,745</b>
<b>CURRENT LIABILITIES</b>			
<b>Creditors and Borrowings</b>			
Accounts Payable		147,075	133,275
GST Payable		22,015	23,889
		<b>169,090</b>	<b>157,164</b>
<b>Provisions</b>			
Employee Entitlements		6,718	13,810
		<b>6,718</b>	<b>13,810</b>
<b>Total Current Liabilities</b>		<b>175,808</b>	<b>170,974</b>
Total Liabilities		<b>175,808</b>	<b>170,974</b>
Net Assets		<b>140,145</b>	<b>221,771</b>
<b>Equity</b>			
Current Year Earnings		(81,626)	4,362
Retained Earnings		221,771	217,409
<b>Total Equity</b>		<b>140,145</b>	<b>221,771</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

# FINANCIAL STATEMENTS

## Statement of Movements in Equity FOR THE YEAR ENDED 31 JULY 2015

	2015\$	2014\$
<b>EQUITY AT BEGINNING OF YEAR</b>	<b>221,771</b>	<b>217,409</b>
<b>SURPLUS/ (Deficit)</b>		
Net (Deficit)/Surplus for the period	(81,626)	4,362
Total recognised revenues and expenses for the period	(81,626)	4,362
<b>EQUITY AT THE END OF THE YEAR</b>	<b>140,145</b>	<b>221,771</b>

The above Statement of Movements in Equity should be read in conjunction with the accompanying notes.

# FINANCIAL STATEMENTS

## Statement of Cashflow FOR THE YEAR ENDED 31 JULY 2015

	2015 \$	2014 \$
<b>Cash Flows from Operating Activities</b>		
<b>Cash was Provided from:</b>		
Funding & Reimbursements	1,218,248	1,310,267
Other Revenue	-	-
Interest Received	4,530	5,975
	<u>1,222,778</u>	<u>1,316,242</u>
<b>Cash was Disbursed for:</b>		
Wages & Judicial Fees	(1,000,716)	(972,320)
Operating Expenses & GST paid	(295,907)	(347,561)
	<u>(1,296,623)</u>	<u>(1,319,881)</u>
<b>Surplus / (Deficit) Cash Flows from Operating Activities</b>	<b>(73,845)</b>	<b>(3,639)</b>
<b>Cash was Provided from:</b>		
Sale of Assets	-	-
	<u>(73,845)</u>	<u>(3,639)</u>
<b>Cash was Applied to:</b>		
Purchase of Fixed Assets	-	3,320
<b>Net Cash Outflows from Investing Activities</b>	<b>-</b>	<b>3,320</b>
<b>Net Increase (Decrease) in Cash Held</b>	<b>(73,845)</b>	<b>(6,959)</b>
<b>Add Opening Cash Brought Forward</b>	<b>270,716</b>	<b>277,675</b>
<b>Ending Cash Carried Forward</b>	<b><u>196,871</u></b>	<b><u>270,716</u></b>
<b>CLOSING CASH AT BANK</b>		
Made up of		
Westpac - cash at bank	6,474	12,116
Westpac - high interest bearing deposit	90,397	258,600
Westpac - term deposit	100,000	-

The above Statement of Cashflow should be read in conjunction with the accompanying notes.

# FINANCIAL STATEMENTS

JUDICIAL CONTROL AUTHORITY FOR RACING

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 July 2015

### 1. Statement of Accounting Policies

#### Entity Reporting

These financial statements are for the Judicial Control Authority for Racing.

The Judicial Control Authority is a New Zealand public authority formed under the Racing Act 2003. The role of the Authority is to facilitate the efficient judicial control of racing in New Zealand and its functions relates to the three New Zealand Racing Codes.

The Judicial Control Authority for Racing qualifies for differential reporting because of the size of the organisation and is not publicly accountable. The organisation has taken advantage of all available differential reporting exemptions except for voluntarily producing a Statement of Cashflow.

The financial statements have been prepared in accordance with generally accepted accounting practice Financial Reporting Standards 1993. The information has been presented in New Zealand dollars and is rounded to the nearest dollar.

#### Measurement Base

The financial statements have been prepared in accordance with the New Zealand Institute of Chartered Accountants standards for the measurement and reporting of profit on a historical cost basis. Accrual accounting has been used to match revenue and expenses.

#### Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied.

##### (a) Judicial Income

A grant is approved by the New Zealand Racing Board on an annual basis and paid to the JCA in equal monthly instalments. It is recognised by the JCA as it accrues also on a monthly basis.

##### (b) Accounts Receivable

Accounts Receivable are stated at their anticipated realisable value. Bad debts are written off during the year as they are identified, with appropriate adjustment being made as at balance date for any doubtful debts that may exist.

##### (c) Property, Plant and Equipment

Fixed Assets are stated at cost (unless otherwise noted below) less aggregate depreciation, and are as recorded on the Schedule of Fixed Assets that form part of these financial statements. Any asset leased by the entity that incorporate rights of ownership for the entity in the future, has been incorporated into the Schedule of Fixed Assets, with a corresponding liability for future lease payments being incorporated as a liability in the financial statements. Otherwise, lease payments that do not confer such rights of ownership are included in the determination of operating profits in equal instalments over the term of the lease.

##### (d) Depreciation

Depreciation has been calculated using the rates provided for taxation purposes in the Income Tax Act 2007. The particular rates and method of depreciation applied are as recorded on the Schedule of Fixed Assets that form part of these financial statements.



Depreciation is provided on a diminishing value basis at varying rates for the following classes of fixed assets.

Computer & Office Equipment	48.0% to 80.4% DV
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**(e) Goods and Services Tax (GST)**

The financial statements have been prepared on a GST exclusive basis where all items in the Revenue Accounts, together with Fixed Assets have been recorded exclusive of GST. Accounts Receivable and Accounts Payable are recorded in the Statement of Financial Position inclusive of GST. GST owing to or by the entity at balance date as recorded in the Statement of Financial Position, has been determined on an accruals basis.

**(f) Statement of Cashflows**

The Statement of Cashflows is prepared exclusive of GST, which is consistent with the method used in the Statement of Financial Performance.

Definitions of Terms Used in the Statement of Cashflows:

“Cash” includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash and includes at call borrowings such as bank overdrafts, used by the organisation as part of their day-to-day cash management.

“Investing Activities” are those activities relating to the acquisition and disposal of current and non current investments and any other non current assets.

“Financing Activities” are those activities relating to changes in equity and debt capital structure of the organisation and those activities relating to the cost of servicing the organisation’s equity capital.

“Operating Activities” include all transactions and other events that are not investing or financing activities.

**(g) Operating Leases**

All leases entered into have been recorded as operating leases. This is due to certain conditions in the contracts that allow the leases to be cancellable.

**(h) Changes in Accounting Policies**

There have been no changes in Accounting Policies. All policies have been applied on bases consistent with those used in previous years.

**(i) Intangible Assets**

Intangible assets are measured at cost less accumulated amortisation, and are as recorded on the Schedule of Intangible Assets that form part of these financial statements.

Amortisation is provided on a diminishing value basis as follows:

Computer Software	60.0% DV
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**2. Members’ Remuneration**

Authority Members’ honorarium for the year was \$320,000. (2014: \$318,334)

Members’ Remuneration – No change in this financial year

**3. Operating Revenue**

Operating revenue represents revenue earned from interest received and funds allocated by the NZ Racing Board to service the Judicial Control Authority.

# FINANCIAL STATEMENTS

Total turnover for the year is \$1,224,165. (2014: \$1,319,192). This is made up of:

	2015 \$	2014 \$
Funding – NZRB	1,200,000	1,300,000
Reimbursement of Costs	19,635	3,217
Interest Received	4,530	5,975

#### 4. Related Party Transactions

There have been no related party transactions during the year. (2014: Nil)

#### 5. Capital Expenditure Commitments

There were no commitments for capital expenditure at year end. (2014: Nil)

#### 6. Contingent Losses and Gains

There were no known contingent losses or gains outstanding as at balance date. (2014: Nil)

#### 7. Financial Instruments

CREDIT RISK - Financial Instruments which potentially subject the Authority to credit risk principally consist of bank balances and accounts receivable.

The Authority performs credit evaluations on all customers requiring credit and generally does not require collateral.

Maximum Exposure to credit risk as at balance date is:

	2015 \$	2014 \$
Westpac Bank	96,871	270,716
Westpac Bank term deposit	100,000	-
Accounts Receivable	116,720	115,333

FAIR VALUES - The carrying amount is considered to be fair value for each of the Financial Instruments - bank accounts, accounts receivable and accounts payable.

To assist with Cashflows the Board asked NZRB to delay funding by one month. NZRB agreed, funding delayed by one month from December 2010.

#### 8. Income Tax

The Authority is exempt for income tax under S CW38 Income Tax Act 2007.

#### 9. Events After Balance Date

There were no significant events after balance date. The Authority will continue to be funded by the industry over the next 12 months.



## 10. Operating Lease Commitment

On 15 August 2013 the Authority entered into an operating lease for a Konica Minolta digital photocopier for 36 months with Konica Minolta Business Solutions NZ Ltd.

Commitments under operating lease	2015 \$	2014 \$
Current	1,716	1,716
Non Current	143	<u>3,432</u>
Total photocopier operating lease commitment	<u>1,859</u>	<u>5,148</u>

In 2013 the Authority took up the option of a further 3 years on the operating lease for the rental of the Wellington office space. The expiry date of the lease is 17 May 2016.

Commitments under operating lease	2015 \$	2014 \$
Current	26,753	35,671
Non Current	<u>0</u>	<u>26,753</u>
Total rental operating lease commitment	<u>26,753</u>	<u>62,425</u>

## 11. Adoption of Public Benefit Entity Accounting (PBE) Standards

The External Reporting Board (XRB) has introduced a revised Accounting Standards Framework. The revised framework intends to introduce Accounting Standards for Not For Profit Public Benefit Entity (NFP PBEs) comprising NZ International Financial Reporting Standards (NZ IFRS) modified as appropriate for New Zealand circumstances.

In December 2013 the Financial Reporting Act 2013 was enacted and brings the revised framework into law. Under the revised Accounting Standards Framework the Judicial Control Authority is expected to prepare annual financial statements in accordance with NZ IFRS FBE suite of standards for the first time for the year ended 31 July 2016.

All financial information in these financial statements has been prepared in accordance with current New Zealand Generally Accepted Accounting Practice, (NZ GAAP).

## 12. Fixed Asset Schedule 2015

Category	Cost	Opening BV	Additions	Disposals	Depreciation	Accumulated Depreciation	Closing BV
	\$	\$	\$	\$	\$	\$	\$
Computer Equipment	8,301	3,082	-	-	1,849	7,068	1,233
Office Equipment	4,566	351	-	-	168	4,384	183
<b>Total Assets</b>	<b>12,867</b>	<b>3,433</b>	<b>0</b>	<b>0</b>	<b>2,017</b>	<b>11,452</b>	<b>1,416</b>

# FINANCIAL STATEMENTS

## 13. Intangible Asset Schedule

Category	Cost	Opening BV	Additions	Disposals	Depreciation	Accumulated Depreciation	Closing BV
	\$	\$	\$	\$	\$	\$	\$
Computer Software	79,305	3,260	-	-	2,316	78,358	944
<b>Total Assets</b>	<b>79,305</b>	<b>3,260</b>	<b>-</b>	<b>-</b>	<b>2,316</b>	<b>78,358</b>	<b>944</b>

## 14. Restatement of Comparatives

Prior period Term Deposits have been restated as a component of cash and cash equivalents as it meets the definition of a cash and cash equivalent, rather than an investment. There is no net effect of this reclassification, but it does however effect the 2013 cash flow statement.

## 15. Reconciliation of Net Surplus with Cash from Operating Activities

	2015 \$	2014 \$
Net Deficit as per Accounts	(81,626)	4,362
Add back Non-Cash Items		
Depreciation/Amortisation	4,334	6,485
Loss on Sale of Asset	-	-
GST on Capital Asset (net)	-	-
	<u>4,334</u>	<u>6,485</u>
	(77,292)	10,847
Movements in Working Capital:		
(Increase)/Decrease in Accounts Receivable	(1,387)	(2,950)
Increase/ (Decrease) in Provisions Accruals	(7,092)	(1,197)
(Increase)/Decrease in Prepayments	-	-
Increase/(Decrease) in Accounts Payable	11,926	(10,339)
Increase/(Decrease) in Deposits on Appeal	-	-
	<u>3,447</u>	<u>(14,486)</u>
Surplus/( Deficit) Cash Flows from Operating Activities	<u>(73,845)</u>	<u>(3,639)</u>

# STATEMENT OF SERVICE PERFORMANCE

## Authority Information

The Judicial Control Authority was established under the Racing Act 1971.

The functions of the Authority are:

- (a) to initiate, develop, and recommend to the NZ Racing Board and the three racing Code Boards those measures that will, in its opinion, be conducive to the efficient judicial control of racing in New Zealand;
- (b) to select and appoint panels of suitable persons from which members of a judicial committee or members of an Appeals Tribunal may be appointed;
- (c) to appoint the members of judicial committees;
- (d) to appoint the members of Appeals Tribunals;
- (e) to recommend to a racing Code any changes to the racing rules of the Code that it considers desirable in relation to matters of a judicial nature:

Functions b, c and d are reflected in Output 1 (the work done by Judicial Committees).

Functions a and e are reflected in Output 2 (contributions to the rules).

## Authority Structure

The Authority consists of the following members:

- (a) a chairperson appointed by the unanimous vote of the chairpersons of the three Codes and the Racing board; and
- (b) for each racing Code, 2 members appointed jointly by the chairperson of the Authority and the chairperson of the Code.

The Authority appoints members of judicial committees for each thoroughbred and harness race meeting to hear, adjudicate on and determine any matter that is brought before it in accordance with the racing rules of the respective Code. The same function is carried out for all three Codes on matters that are heard on non racedays. The committees also have the power to impose penalties and award costs.

The Authority also appoints Appeals Tribunals to hear appeals that are brought under the rules of the respective Code.

The Authority meets every six weeks. It has an Audit and Risk Management Committee which meets just prior to each Authority meeting. Its reports and papers go to all members. In addition ad hoc committees are established for the purpose of reviewing decisions and liaising with regional representatives of the panelists.

The Authority is in the main funded by the NZ Racing Board. It reports on an annual basis to the Minister of Racing, the NZ Racing Board and the three Codes.

# STATEMENT OF SERVICE PERFORMANCE

## Our Outcome

What we are trying to achieve.

That industry participants and the betting public are satisfied that where a judicial matter of the specific Code rule is brought before the JCA for a ruling then the matter will be dealt with appropriately, fairly and in an independent, consistent and timely manner.

Indicator:	Forecast/Target	Actual Performance 2014/2015	Actual Performance 2013/2014
That NZRB and the 3 Racing Codes are satisfied with the work of the JCA Committees	An average score of 4 on a scale of 1 to 5	Result – 4.5 (based on HRNZ/NZGRA response)  NZRB/NZTR – no response received	Result – 4.3% NZTR chose not to score a rating

## Our Outputs

There are two groups of outputs

Work done by Judicial Committees (hearings/protests/rulings/minor infringement notices).

This includes raceday Committees for Harness and Thoroughbred racing, Non Raceday Inquiries and Appeals for all Codes and Minor Infringements for Greyhound racing.

Quantity measure:	Forecast/Target	Actual Performance 2014/2015	Actual Performance 2013/2014
All matters presented to the JCA as at year end have been dealt with	100%	Raceday = 544 MINs/Minor Charges = 441 NRIs/Appeals = 82 – 1 outstanding  Result – 99.9%	Raceday - 657 MINs/Minor Charges – 273 NRIs/Appeals = 74 – 1 outstanding  Result – 99.9%
Quality measures:			
The ratio of successful appeals against judicial committee decisions	Less than 2% of appealable decisions	14 appeals from 877 decisions 7 were successful – 2 related to penalty only Result – 1.6%	7 Appeals from 657 decisions 6 were successful – 3 related to penalty only Result – 1.1%

## STATEMENT OF SERVICE PERFORMANCE

Timeliness:	Forecast/Target	Actual Performance 2014/2015	Actual Performance 2013/2014
Raceday issues excluding Minor Infringements and minor penalties ie published on website	95% within 5 working days	28 decisions more than 5 days Result – 95.0% within 5 working days	36 decisions more than 5 days Result – 94.5% within 5 working days
NRIs/Appeals – date set for hearing	95% within 5 working days on receipt of papers lodged	82 hearings of which 10 were more than 5 days Result – 87.8%	This figure not tracked for 2013/14 year
NRIs/Appeals – published on website	95% within 21 working days from conclusion of hearing	2 out of 78 NRIs/Appeals more than 21 days Result – 97.4%	11 out of 62 NRIs/Appeals more than 21 days Result – 82.3%
Minor Infringements – NZGRA – these are processed upon receipt. For equine Codes these are resolved on raceday	95% within 5 working days of receipt	112 MINs received and returned with 5 days of receipt Result – 100%	This figure not tracked for 2013/14 year

### 2. Contribution to Rules

The Racing Act requires that the JCA be consulted on any changes to the rules of all three racing Codes

Quantity measure:	Forecast/Target	Actual Performance 2014/2015	Actual Performance 2013/2014
All requests from the three Codes in relation to rule changes are responded to by the JCA	100% responded to	Responded to in a timely manner Result – 100%	Responded to in a timely manner Result – 100%
Quality measures:			
Significant recommendations made by the JCA adopted/accepted by the three Codes	90% accepted by Codes	All significant comments were accepted by Codes Result – 100%	8 significant comments – 5 not actioned Result – 37.5%
Timeliness:			
JCA response provided to the Code within 10 working days of the Board meeting at which they were to or considered by	100% when timeframe is reasonable	Result – 100%	Result – 100%

## Independent auditor's report

### To the Board of Judicial Control Authority for Racing

We have audited the financial statements and statement of service performance report of Judicial Control Authority for Racing on pages 3 to 17, which comprise the statement of financial position as at 31 July 2015 and the statement of service performance, statement of financial performance, statement of movement in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Board in accordance with Section 13 of Schedule 3 of the Racing Act 2003. Our audit has been undertaken so that we might state to the Board those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board for our audit work, for this report, or for the opinions we have formed.

### The responsibility of the Board for the financial statements and statement of service performance

The Board are responsible on behalf of the entity for the preparation and fair presentation of financial statements and statement of service performance in accordance with New Zealand Financial Reporting Standards issued in New Zealand by the New Zealand Accounting Standards Board, and for such internal control as the Board determine is necessary to enable the preparation of financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements and statement of service performance based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and statement of service performance 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and statement of service performance.

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

MOORE STEPHENS  
MARKHAMS

AUDIT AND ASSURANCE

Other than our capacity as auditor we have no relationship with, or interests in, Judicial Control Authority for Racing.

**Opinion**

In our opinion, the financial statements and statement of service performance on pages 3 to 17 present fairly, in all material respects, the financial position of Judicial Control Authority for Racing as at 31 July 2015 and its financial performance and its cash flows and service performance for the year then ended in accordance with New Zealand Financial Reporting Standards.

*Moore Stephens Wellington Audit*

**Moore Stephens Wellington Audit** | Chartered Accountants, Wellington, New Zealand  
28 October 2015



## JCA COMMITTEE MEMBERS AT 31 JULY 2015

Dave Anderson  
Tom Castles \*  
Stewart Ching \*  
Greg Clapp  
Adrian Dooley \*  
Alan Godsalve  
Keith Hales \*  
Geoff Hall \*  
Gavin Jones\*  
David Jackson  
Paul Knowles\*  
Noel McCutcheon\*  
Russell McKenzie \*  
Nicki Moffatt \*  
Bryan Scott \*  
Richard Seabrook \*  
Nigel Skelt\*  
Tangi Utikere\*  
Paul Williams\*

## APPEAL TRIBUNAL MEMBERS

Tim Gresson  
The Hon Sir John Hansen KNZM  
Nigel Hampton QC  
Murray McKechnie  
Bruce Squire QC  
The Hon Justice Sir Graham Panckhurst KNZM, QC  
The Hon Sir Bruce Robertson KNZM

\* also Appeals Tribunal Member





Judicial Control Authority  
For Racing

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