



Racing Industry: Grants Management

Victorian Auditor-General's Report
Tabled 28 November 2013

Background to the audit

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- The racing industry encompasses greyhound, harness and thoroughbred racing.
- Governed by controlling bodies:
 - Harness Racing Victoria (HRV)—statutory authority
 - Greyhound Racing Victoria (GRV)—statutory authority
 - Racing Victoria Limited (RRL)—private company
- Racing industry activity involves 2 000 race meetings and contributes around \$2.8 billion.
- Government direct funding of the racing industry was \$168 million between 2001–02 and 2014–15.

Background to the audit – *continued*

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Regional Racing Infrastructure Fund (RRIF) (2009–12)

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- Racing and training venues outside Melbourne.
- Stimulate industry growth.
- Non-competitive grants—contribution to projects.
- \$45 million over four years—divided by wagering share.

Victorian Racing Industry Fund (VRIF) (2011–15)

- Improvements at racing and training venues.
- Further stimulate industry growth.
- Non-competitive grants—priority to matching contributions.
- \$79.5 million over four years—divided by wagering share.

Audit objective and scope

Audit objective

To assess whether the Department of Justice and controlling bodies are managing racing industry grants effectively and efficiently.

Audit scope

- Effective processes for assessment and funding of applications and achievement of intended outcomes.
- Department of Justice.
- Three controlling bodies—HRV, GRV and RVL.
- Two grants programs—RRIF and VRIF.

Conclusions

- Management of racing industry grants has been administratively weak over past five years.
- Lack of assessment guidance meant it was unclear whether applications had met funding criteria or were assessed consistently.
- Recent improvements in grants administration, but still much to be done to improve transparency and accountability.
- Weaknesses in the management of publicly-funded projects—primarily GRV and HRV.
- No assessment of desired outcomes being achieved.



Findings – Grant assessments and approvals

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- Clear funding criteria.
- A lack of assessment guidance to inform suitability of applications.
- Unclear whether applications met criteria.
- Inadequate information to enable informed funding decisions.

Findings – Managing funding agreements and projects

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- Funding agreements routinely used for grants.
- DOJ did not exercise all rights under the agreements:
 - project progress
 - project finances
 - project timeliness.
- Weaknesses in controlling bodies grant funding governance:
 - procurement and project accounting
 - project management records.



Findings – Demonstrating and reporting grant outcomes

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- Grants used to achieve policy and program objectives.
- No measures to assess performance of grants programs.
- Outcomes identified but no assessment of achievement.
- A lack of public information on the projects and funds used to support them.

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Recommendations

		Accept
The Department of Justice should:		
1.	implement guidelines to assess applications against Victorian Racing Industry Fund funding criteria	✓
2.	require Victorian Racing Industry Fund Racing Infrastructure applicants seeking funding for large or complex projects to support their application with a business case	✓
3.	improve the rigour of Victorian Racing Industry Fund Racing Infrastructure funding recommendations by advising the Minister for Racing of applications' merits against each funding criterion	✓
4.	establish and report the outcomes of the Regional Racing Infrastructure Fund, and the Racing Infrastructure and Raceday Attraction programs of the Victorian Racing Industry Fund	✓
5.	maintain on the Department of Justice website a list of all projects, funding sources and grants from the Regional Racing Infrastructure Fund and Victorian Racing Industry Fund	✓
6.	establish processes to ensure that all Victorian Racing Industry Fund Raceday Attraction Program funding agreements are executed before the funded event.	✓

Recommendations – *continued*

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		Accept
	Greyhound Racing Victoria should:	
7.	implement requirements for managing project records that are consistent with its procurement and contract management policies.	✓
	Harness Racing Victoria should:	
8.	include in its procurement policy minimum requirements for market testing to confirm pricing and competition in areas of specialised supply for capital projects	✓
9.	implement contracts for all capital project consulting services in accordance with its new contract management policy	✓
10.	establish grounds and standards of justification for exemptions from Development Fund Operating Guidelines and procurement policy and procedures	✓
11.	implement requirements for managing project records that are consistent with its procurement and contract management policies.	✓



Contact details

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