

Public Accounts and Estimates Committee: Inquiry into the Victorian Auditor-General's reports no. 99: Follow up of Regulating Gambling and Liquor (2019) and no. 213: Reducing the Harm Caused by Gambling (2021)

Response to Question taken on Notice (QoN) by Victorian Auditor-General

Question asked by Mr Hamer – Monday 24 July 2023:

Why wasn't Racing Victoria included in the 2017 audit on Gambling regulation.

Response:

The objective of our 2017 performance audit on Regulating Gambling and Liquor was to examine the effectiveness and efficiency of the Victorian Commission for Gambling and Liquor Regulation (VCGLR) in regulating gambling and liquor activities.

The audit covered all licensing and compliance activities of the VCGLR including in relation to wagering on racing. For example, Figure 3C in the audit report provides details of gambling inspections undertaken by the VCGLR's inspectors during 2015-16 including in relation to racecourses and bookmakers.

Racing Victoria (RV) is an important industry controlling body overseeing the Victorian thoroughbred racing industry. RV performs functions conferred on it under the *Racing Act 1958* (the Act). The Act provides that the Rules of Racing established by RV apply to key racing industry participants licensed or registered by RV. RV licensing responsibilities include bookmakers. Currently, to operate as a bookmaker in Victoria a person needs to apply to the Victorian Gambling and Casino Control Commission to become 'registered' as a bookmaker and then apply to RV for a bookmaker's licence.

RV is a public company limited by guarantee. Section 3E of the Act provides that it is not a public entity or public body under the *Public Administration Act 2004* and *Financial Management Act 1994* respectively. At the time the Regulating Gambling and Liquor audit was initially identified and included as part of the planned work program for 2016-17 in my *Annual Plan 2014-15* the Auditor-General did not have 'follow the dollar' powers to examine the activities of associated entities providing services or performing functions on behalf of an authority or the state for which an authority or the state is responsible. These powers were conferred on the Auditor-General under the Integrity and Accountability Legislation Amendment (A Stronger System) Act of 2016 and came into operation during 2016.

It is also worth noting that the objective and focus for the audit on Regulating Gambling and Liquor was developed in consultation with the PAEC and other relevant entities. Our records indicate that the question of including Racing Victoria did not arise.