
Appendix 1 – Response from entity

Response from Racing NSW



2 April 2026

BY EMAIL: mail@audit.nsw.gov.au

Mr Bola Oyetunji
Auditor General
Audit Office of New South
Wales

Dear Mr Oyetunji,

Performance Audit – Racing for the Regions

I refer to your letter dated 4 March 2026 attaching the Audit Office's final report on its performance audit of the Racing for the Region's grant project.

Racing NSW welcomes the opportunity to respond to the report, which is set out below.

At the outset of the program, Racing NSW sought to use best practice by appointing an independent third-party project manager to oversee the delivery of projects. As was acknowledged positively in the Auditor-General's Final Report, this decision ensured that robust probity and procurement processes were embedded throughout project delivery.

Racing NSW has also cooperated fully with the Department throughout the administration of the funding deed and has actively engaged with the performance audit process. At all times, Racing NSW has sought to ensure transparency and responsiveness, providing timely access to information and supporting documentation as requested.

We note that the only outstanding matter identified in the Draft Audit Office report, relating to the Tamworth project, has now been fully rectified as per our previous commitment to do so.

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With respect to project delivery timelines referenced in the final report, Racing NSW notes that these timelines were, in many instances subject to unavoidable delays reflective of broader construction industry issues as well as project specific complexities. In particular:

- Works across the majority of sites could not commence until the funding deed was finalised and funding secured. The original business case and delivery timeframes were submitted in October 2020, however the funding deed was not executed until July 2022.
- Development approval (DA) processes resulted in significant delays across almost all projects, with some approvals taking in excess of 12 months. This is a well-documented and widespread issue across the construction sector, not contained to just the Racing for the Regions projects.
- Initial timelines were based on indicative designs only, to support the business case. Once the funding deed was signed and projects progressed, detailed designs were developed. In several cases this necessitated the acquisition of additional land to ensure the effective and efficient delivery of projects. Racing NSW in these cases took the proactive step to acquire the necessary land to complete the projects, with those acquisitions funded by Racing NSW and not from the grant funds.
- Racing NSW also undertook extensive stakeholder consultation during the detailed design phase to ensure that infrastructure delivered is safe, fit-for-purpose, and meets the long-term needs of the racing industry.

Racing NSW also acknowledges the recommendations outlined in the report and confirms its commitment to working collaboratively with the Department to support their effective implementation. In that respect, meetings have already been conducted with the Department to discuss the implementation of the Recommendations.

In response to the specific recommendations:

1. Active monitoring and documentation of project delivery by the Department

Racing NSW will continue working with the Department on delivery of the remaining projects and provide any/all further information required.

2. Evaluation and reporting on benefits realisation

Racing NSW will undertake an evaluation of project outcomes against the benefits outlined in the original business case and will report these findings to the Department. While not a formal requirement under the funding deed, Racing NSW has previously indicated its intention to complete a benefits realisation assessment following project completion and will do so in a manner consistent with the grants administration guidelines in place at the commencement of the program.

Racing NSW remains committed to working with the Department to deliver the final projects under the funding deed and implementing the Recommendations of the Auditor Office's final report.

Yours faithfully,
RACING NSW

A handwritten signature in black ink, appearing to read 'Saranne', written in a cursive style.

Dr Saranne Cooke
Chairman

Response from Department of Creative Industries, Tourism, Hospitality and Sport

OFFICIAL: Sensitive - NSW Government

Department of Creative Industries,
Tourism, Hospitality and Sport



Our ref: A870323

Your ref: R009-170535826-51810

31 March 2026

Mr Bola Oyetunji
Auditor-General for NSW
Audit Office of NSW

Performance audit: Administration of grants to non-state entities: Racing for the Regions program

Dear Mr Oyetunji

Thank you for your letter dated 4 March 2026 providing the Department of Creative Industries, Tourism, Hospitality and Sport (DCITHS) the opportunity to respond to the Performance Audit – ‘Administration of grants to non-state entities: Racing for the Regions program final report’ (the Report).

DCITHS has considered the Report, and the recommendations made. DCITHS accepts the three recommendations.

Please find enclosed detailed responses for each of the recommendations. Initial steps have already been taken toward implementing recommendations 1 and 2, which are set out in our enclosed responses.

DCITHS remains committed to ensuring all grants programs are administered and delivered effectively to meet government objectives. We also remain committed to continuous improvement and accountability, and I welcome this opportunity to improve our practices.

I would like to thank the audit team for its collaborative engagement with DCITHS.

Sincerely,

A handwritten signature in black ink that reads "Melanie Hawyes".

Melanie Hawyes
Secretary

Encl. DCITHS response to audit recommendations

McKell Building, 2-24 Rawson Place, Haymarket NSW 2000
www.dciths.nsw.gov.au

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Recommendation	DCITHS response	DCITHS commentary
<p>By June 2026, the Department of Creative Industries, Tourism, Hospitality and Sport should:</p> <ol style="list-style-type: none"> 1. actively monitor delivery of the remaining projects, with a focus on ensuring and fully documenting oversight of any changes to delivery method, timelines or project scope. 2. request that Racing NSW evaluate and report to the Department on the achievement of benefits outlined in Racing NSW's original business case, consistent with the grants administration guidelines that were in place at the time the program commenced. 	<p>Accept</p>	<p>The Department has initiated improvements to the active monitoring of the delivery of the remaining projects by:</p> <ul style="list-style-type: none"> • developing a status report template for Racing NSW, which will be issued to Racing NSW before the final report is tabled in Parliament, for completion ahead of each monthly Racing for the Regions Program meeting. The status report will require Racing NSW to provide an update on each project, including progress of project delivery, expected timelines and any changes to project scope • preparing a quarterly Racing for the Regions Program update report to the Hospitality and Racing Deputy Secretary and the Minister for Gaming and Racing, detailing progress over the period, risks to delivery and changes to project scope, updated timelines and expenditure. <p>Before the final report is tabled in Parliament, we will notify Racing NSW that:</p> <ul style="list-style-type: none"> • formal variation requests are required for changes in scope, budget and delivery for decision by the relevant Department delegate • status reports are to be presented at monthly Racing for the Regions Program meetings, with minutes prepared and circulated to parties. <p>The Department has prepared a letter to the Chair of Racing NSW to request Racing NSW evaluate and report to Hospitality and Racing and the Minister for Gaming and Racing on the outcome of the Racing for the Regions Program once completed, including realisation of benefits outlined in Racing NSW's original business case for the Program. The letter will be issued before the final report is tabled in Parliament.</p>

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Recommendation	DCITHS response	DCITHS commentary
<p>For future grant programs, the Department of Creative Industries, Tourism, Hospitality and Sport should develop:</p> <ol style="list-style-type: none"> 3. a documented risk-based grants administration and assurance plan for each program, consistent with the NSW Grants Administration Guide, which includes: <ol style="list-style-type: none"> a. a framework to assess and demonstrate value for money, including defined performance measures and evaluation of outcomes and benefits b. processes for identifying, assessing, monitoring and addressing key risks, including financial, delivery and probity risks c. the program's scope, delivery timeframes, and the program start and end dates d. key delivery milestones and how progress payments will be linked to delivery and evidence e. arrangements to monitor and document compliance with the NSW Grants Administration Guide, relevant legislative principles and other applicable guidance f. clear reporting arrangements for project scope, timelines, status, budget, outputs and outcomes, including public reporting where appropriate. <p>This will improve consistency, transparency and accountability in grants administration and strengthen stewardship of public funds.</p>	<p>Accept</p>	<p>When applied, the Department's Grants Administration Framework, Grants Administration Policy and Grants Compliance Manual, and associated guidance documents and templates, already deliver the governance controls described in sub-recommendations a, b, c, d and f.</p> <p>Recommendation 3e would need to be implemented at the department-level. Its approach is to be developed and will occur following the Corporate Services restructure.</p> <p>Associated capability building in grant administration is also delivered via workshops and eLearning programs targeting compliance with the NSW Grants Administration Guide.</p> <p>A DCITHS internal audit of Program compliance will conclude shortly. It is anticipated the internal audit will make similar recommendations to those outlined by the Audit Office. The Department will incorporate the Audit Office recommendations in conjunction with management actions taken in response to the internal audit.</p>

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