



**Report on Own Motion Inquiry into Betting
Activities of Racing Officials Employed by
the Victorian Racing Industry**

15 June 2012

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TABLE OF CONTENTS

GLOSSARY OF ACRONYMS vi

EXECUTIVE SUMMARY7

CHAPTER ONE

THE RACING INTEGRITY COMMISSIONER.....13

CHAPTER TWO

OWN MOTION INQUIRY INTO BETTING ACTIVITIES OF RACING OFFICIALS
AT GREYHOUND RACING VICTORIA.....19

CHAPTER THREE

OWN MOTION INQUIRY INTO BETTING ACTIVITIES OF RACING OFFICIALS
AT RACING VICTORIA LIMITED.....27

CHAPTER FOUR

OWN MOTION INQUIRY INTO BETTING ACTIVITIES OF RACING OFFICIALS
AT HARNESS RACING VICTORIA31

OVERALL OWN MOTION INQUIRY CONCLUSIONS36

APPENDICES

APPENDIX 1 Minister for Racing Media Release 5 August 2011

APPENDIX 2 Greyhound Racing Victoria Media Release 5 September 2011

APPENDIX 3 Greyhound Racing Victoria Media Release 21 December 2011

GLOSSARY OF ACRONYMS

ACC	Australian Crime Commission
AFP	Australian Federal Police
ASIC	Australian Securities and Investment Commission
ATO	Australian Taxation Office
AUSTRAC	Australian Transaction Reports and Analysis Centre
CEO	Chief Executive Officer
GAR	Greyhounds Australasia Rules
GRV	Greyhound Racing Victoria
HRV	Harness Racing Victoria
ISC	Integrity Sub Committee
OM	Own Motion Inquiry
RAD Board	Racing Appeals and Disciplinary Board
RVL	Racing Victoria Limited
SCOP	Single Code of Practice
VCGLR	Victorian Commission for Gambling and Liquor Regulation
VRI	Victorian Racing Industry

EXECUTIVE SUMMARY

Introduction

1. During 2011–2012, I conducted an Own Motion Inquiry (**OM**) pursuant to the powers vested in me by virtue of section 37B(1)(g) of the *Racing Act 1958*.
2. The OM was undertaken for the purpose of investigating whether racing officials employed by the three controlling bodies of the Victorian Racing Industry (**VRI**), namely, Greyhound Racing Victoria (**GRV**), Racing Victoria Limited (**RVL**) and Harness Racing Victoria (**HRV**) were betting contrary to the relevant rules of racing and/or their own organisation's policies.
3. The OM was prompted both by information received by me (that betting by officials was occurring at GRV, contrary to the policies and rules governing these employees) and also by a recognition that there was a need to examine conduct related aspects of all the controlling bodies.
4. A key factor in the decision to undertake this OM was that there had been no similar independent inquiry since that into betting activities by the former CEO of RVL, Stephen Allanson, in 2007.¹
5. There are three codes of racing governed by the Racing Act in Victoria, greyhound, thoroughbred and harness racing. Each code is run by a controlling body that is responsible for operating the sport and regulating the industry participants. GRV is the controlling body for greyhound racing, RVL is the controlling body for thoroughbred racing and HRV is the controlling body for harness racing.
6. Racing officials is a broad term used to describe employees performing duties within the controlling body. Integrity related employees are racing officials whose roles and responsibilities affect the nomination, selection,

¹ "A Report on the Betting Activities of Stephen Allanson, former Chief Executive Officer, Racing Victoria Limited and Related Issues", Office of Racing, March 2008.

- acceptance, grading, handicapping, running, judging, management, decisions and stewardship of a race.
7. Each controlling body has policies that apply to all employees such as codes of conduct. Within the policies are specific sections restricting betting activities that apply to integrity related and management employees, regardless of whether they are full time, part time or casual. Policies regarding betting differ across the three codes as some employees are totally prohibited from betting (generally applies to those in integrity related roles), whilst others are prohibited from betting only whilst on duty.
 8. Each controlling body also administers and enforces rules of racing that apply to the conduct of racing of that particular code. These rules are both national and 'local' (state-based). The national rules are set by that code's national governing body and local rules are set by the local controlling body, GRV, RVL and HRV. The rules include restrictions on betting that apply to specific categories of employees.

Information Received

9. During late 2010 and early 2011, I received a number of information reports alleging key employees at GRV were wagering, contrary to the relevant GRV policies and rules of racing. These reports varied from those to my Racing Integrity Hotline (1300 227 225), to direct disclosures to my office staff, by both overt and anonymous means.
10. As a result of the information and in recognition that a key function of my work was to audit integrity related systems and processes, I made the decision to undertake an OM, examining potential non-compliance (initially by employees working at GRV in integrity related roles) with relevant GRV policies and/or *Rules of Greyhound Racing*.

Own Motion Inquiry into all Three Codes of Racing

11. While the initial information collected, collated and analysed related primarily to GRV officials, I decided to conduct an OM by virtue of my power under section 37B(1)(g) of the Racing Act into all three racing controlling bodies.
12. The OM primarily focussed on the betting activities of integrity related employees and their potential non-compliance with relevant policies and/or rules of racing, including policies regarding the requirement to declare all betting accounts operated by the employee as part of their annual declaration process.
13. Preliminary investigations regarding GRV were completed in June 2011, while RVL and HRV preliminary investigations were completed by November 2011.
14. A major component of investigating the potential breaches of policies and rules of racing was the detailed analysis of both the betting activities and personal interest declarations of 165 employees across the three codes of racing.

Investigation Methodology

15. A suite of investigation methods were used across the three codes including:
 - examination of relevant policies and rules;
 - enquiries with wagering service providers;
 - analysis of betting accounts and transactional data;
 - comparison of information provided by relevant employees in the betting account and disclosure of interest forms;
 - consultation with controlling bodies;
 - engagement of and referral to controlling bodies to confirm preliminary investigation findings; and
 - appropriate disciplinary actions by controlling bodies.

Results

16. Of the initial checks conducted on 52 GRV employees, 67 RVL employees and 46 HRV employees, totalling 165 employees across the three codes who occupy integrity related or management roles, 18 employees were identified as potentially breaching policies, or rules (or both), relating to betting.
17. Further investigations confirmed that 13 of the 18 employees had committed breaches. Of the 13, nine were GRV employees and four were HRV employees. No RVL employees were detected committing policy or rule breaches.
18. As a result of the subsequent disciplinary processes, five employees had their employment terminated, seven received first and final warnings, and one resigned.
19. The OM discovered:
 - the betting activities were breaches of the betting policies of the controlling bodies, or the rules of racing; and
 - there was no indication that the betting activities by racing officials resulted in any race being compromised, any corruption within the controlling bodies or criminal conduct on the part of any of the employees.

Recommendations

20. As a result of the OM, I made two formal recommendations to GRV (as provided for under Section 37B(1)(h) of the Racing Act). These recommendations were:
 - that GRV implement a process whereby wagering service provider checks are conducted on all GRV employees on a bi-annual basis to ensure compliance with relevant policies and rules; and

- that the GRV Integrity Sub-Committee (ISC) endorse the result of those checks and report to me with the outcomes.
21. I further proposed a number of process and policy issues be addressed by GRV to improve the integrity systems and processes of that controlling body. These aimed to prevent future occurrences and address staff/cultural issues.
22. I made no recommendations to RVL, as there were no breaches detected and no recommendations to HRV, as they had just introduced a revised betting policy.

Conclusions

23. This OM uncovered betting by racing officials contrary to their policies and/or rules. My development of a Single Code of Practice (**SCOP**) for the VRI will set a minimum standard for racing officials in regards to integrity practices, enhance the existing betting policies of the three controlling bodies and improve upon existing conflict of interest management practices.

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CHAPTER ONE – THE RACING INTEGRITY COMMISSIONER

24. My role is an independent statutory officer established under the Racing Act (initially through the *Racing Legislation Amendment (Racing Integrity Assurance) Act 2009*) to provide independent oversight of integrity within all three racing codes – greyhound, thoroughbred and harness in the state of Victoria.
25. I was appointed Victoria's inaugural Racing Integrity Commissioner on 1 March 2010. My mission is to promote the highest standards of integrity assurance in the VRI so that the industry operates in an environment in which greyhounds, thoroughbreds and standardbreds compete to the best of their natural ability, free from the influence of crime and corruption.
26. I provide an annual report to the Minister for Racing on the performance of my functions, the exercise of my powers and integrity related issues that I determine to be in the public interest. This report is tabled in Parliament.
27. Any integrity related information provided to my office is received in the strictest confidence. This may include, but is not limited to, information related to:
 - crime and corruption within the racing industry; and
 - any integrity matter affecting the VRI.
28. Information can be provided directly to my office or via the Racing Integrity Hotline (1300 227 225). The Racing Integrity Hotline is managed by a third party provider with independent investigators engaged to receive information provided by the members of the public and the racing industry in the strictest of confidence. The information is then provided to me to deal with as I determine to be appropriate. Callers to the Hotline may elect to remain anonymous or alternatively, have their identity protected.

Racing Act 1958

29. My focus is to identify integrity related issues and take appropriate action(s). Upon receiving information or a complaint about an integrity related issue, I may elect to conduct my own investigation into the matter, refer the information provided (or part of the information) to another authorised agency to investigate the matter, conduct an OM into systemic issues jeopardising the integrity of racing or take no further action.

30. My legislated functions are to:

- conduct annual audits of the internal integrity processes and systems, in whole or in part, of each controlling body;
- conduct audits outside the subject matter of the annual audit if a controlling body requests that such an audit be conducted;
- investigate complaints made about the integrity processes and systems of a controlling body;
- refer complaints to another authorised agency to investigate the matter;
- investigate matters referred by the Minister or a controlling body;
- report the findings of any investigations conducted into complaints that have not been referred to other bodies;
- conduct own motion inquiries that do not relate to any specific complaint and may include an investigation into systemic issues in racing;
- make recommendations (if appropriate) following the investigation of any complaint, inquiry or matter;
- direct a Racing Appeals and Disciplinary Board to hear and determine an appeal made by a person against a penalty imposed on the person under the rules of a controlling body, if the penalty imposed is a fine of not more than \$250 and I consider that it is in the public interest for the appeal to be heard; and

- perform any other functions conferred on me under the Racing Act.
31. The Racing Act also empowers me to disclose integrity related information, as appropriate, to:
- a controlling body (GRV, RVL and HRV);
 - Victorian Commission for Gambling and Liquor Regulation (**VCGLR**);
 - Racing Appeals and Disciplinary (**RAD**) Boards;
 - Victoria Police;
 - Australian Federal Police (**AFP**);
 - the Minister for Racing;
 - a person that controls, organises or administers an approved betting event;
 - Australian Transaction Reports and Analysis Centre (**AUSTRAC**);
 - Australian Taxation Office (**ATO**);
 - Australian Crime Commission (**ACC**);
 - Australian Securities and Investment Commission (**ASIC**);
 - Centrelink;
 - Ombudsman Victoria; and
 - a person or body that has any regulatory or administrative function in respect to racing, bookmaking or betting in Victoria or other State or Territory (as specified by the Minister or order in the Government Gazette).
32. This report outlines the OM inquiry conducted pursuant to section 37B(1)(g) of the Racing Act into the betting activities of integrity related employees and other employees covered by the relevant betting policies and rules of racing of the three racing controlling bodies, namely GRV, RVL and HRV.

Integrity in Racing

33. Victoria is recognised as a world leader in racing with the local industry contributing more than \$2 billion to the economy annually and employing more than 70,000 people². The reputation and sustainability of the industry relies on public confidence in the integrity of the product. For this reason, each of the controlling bodies have implemented a range of integrity measures to ensure transparency, accountability and appropriate integrity assurance measures.
34. One of these measures is controls on betting by employees. The specific provisions of these restrictions vary across the codes, from a total prohibition on betting on racing worldwide, to a prohibition on betting on that code's racing product while on duty.
35. Integrity related staff are those employees such as stewards, judges, graders and supervisors whose function incorporates an integrity related role regarding the conduct of a race meeting. These staff are typically employed in the integrity department of the controlling body and are aware of their obligations as a condition of their employment. Other employees are captured by policies and rules such as managers, or all employees whilst on duty, depending on the code. These staff are directly involved in a role which may have influence or control over an aspect of a race.
36. The policies and rules are designed to ensure that the reputation of the industry is safeguarded and that the public can be assured that employees in the racing bodies have no vested interest affecting their ability to perform their role to the highest integrity standards.
37. Another oversight on integrity related matters in each code is the ISC that provides advice to the Board, stewards and other integrity officers on integrity matters and oversees any investigation or inquiry on integrity matters.

² "Coalition Government delivers on commitments to the racing industry", Minister for Racing Media Release – 3 May 2011

38. This committee generally consists of an Independent Chair, at least one member of the Board of the controlling body, the Integrity Manager, Chairman of Stewards and other independent members.

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CHAPTER TWO – OWN MOTION INQUIRY INTO BETTING ACTIVITIES OF RACING OFFICIALS AT GREYHOUND RACING VICTORIA

39. Greyhound Racing Victoria (**GRV**) is the controlling body that operates greyhound racing in Victoria.
40. Between August 2010 and February 2011, I received information from various sources alleging key employees at GRV were engaging in betting on greyhound races, contrary to GRV policies and rules.
41. Following an assessment of this information, I decided to conduct an OM inquiry as per section 37B(1)(g) of the Racing Act, to determine the veracity or otherwise of the allegations.

Investigation Methodology

42. Investigation methodology included:

- *Examination of relevant policies and rules that set out the betting restrictions imposed on GRV employees.*

To ascertain what the relevant rules and policies were in relation to betting, a number of documents were examined, including the *GRV Integrity Policy* and *Rules of Greyhound Racing*.

- *Enquiries with wagering service providers and subsequent analysis of betting accounts and transactional data.*

A wagering service provider is an entity that operates the business of providing a service allowing a person to place a bet and includes totalisators (eg Tabcorp), a betting exchange or bookmaking operation. Account and betting transaction data was analysed for potential breaches.

- *Comparison of information provided by relevant employees in the betting account and disclosure of interest forms.*

Employees performing integrity related roles (including management positions) are required by GRV to complete betting account and disclosure of interest forms that include details of any betting accounts used by the employee. As part of the investigation, these forms were also checked to confirm that no employee had made a false or misleading declaration.

- *Consultation with GRV.*

On the completion of preliminary investigations, GRV was consulted to provide information that would assist with confirming or negating the preliminary findings. This included confirming the identity of employees against the betting account holder details and cross-matching against duty rosters to identify whether bets may have been placed whilst on duty.

- *Referral to GRV to confirm investigation findings, followed by appropriate disciplinary actions by GRV as required.*

Once the preliminary findings had been confirmed, the information was provided to GRV to conduct the next phase of the process. This consisted of further internal investigations, interviews and the instigation of the appropriate disciplinary procedures.

Examination of Relevant GRV Policies and Rules

43. The relevant policies and rules of racing regarding GRV employees are set out in a policy document *GRV Integrity Policy and Rules of Greyhound Racing*.
44. The *GRV Integrity Policy* is issued to specify integrity standards for GRV employees. The Policy contains a number of relevant sections that apply to GRV employees regarding betting. Specific aspects of the *GRV Integrity Policy* relevant to this investigation include the following:

- System 2.3.4 which states, “GRV graders are not permitted to be involved in any form of betting on any greyhound racing event”;
 - System 2.4.3 which states, “GRV form analysts are not permitted to be involved in any form of betting on any greyhound racing event”;
 - System 2.5.4 which states, “GRV stewards are not permitted to be involved in any form of betting on any greyhound racing event”; and
 - System Three (in part) which states, GRV employees;
 - “shall complete a ‘Disclosure of Interest’ document in tandem with their annual appraisal each year in regards to any form of betting operation”; and
 - “shall be aware that GRV employees are NOT permitted to be involved in any form of betting during their hours of employment at GRV”.
45. The *Rules of Greyhound Racing* govern greyhound racing in Victoria and consist of rules that apply to Victorian racing together with national rules called the *Greyhounds Australasia Rules (GAR)*. Of relevance to this investigation is GAR 104(7)(d) which states: “A steward shall not directly or indirectly engage in any betting transaction at any meeting at which he officiates”.

Enquiries with Wagering Service Providers and Analysis of Betting Account and Transaction Data

46. Information was sought from wagering service providers, relating to wagering account data of 52 GRV employees.
47. The information was analysed to identify the betting activities of these employees and then further analysed to identify potential breaches of the specific policies and rules relating to betting. This analysis of betting data established that eight employees had potentially breached the policies and/or rules of racing regarding betting.

Comparison of Wagering Service Provider Information with Betting Account and Disclosure of Interest Forms

48. A comparison was undertaken of wagering service provider information with the betting account and disclosure of interest forms completed by employees to compare details of any declared betting accounts operated by the GRV employee. This check indicated that one employee had not nominated a relevant betting account thereby potentially providing a false declaration. This same employee was also identified as one of the employees who potentially breached GRV policies and rules of racing in relation to betting.

Engagement with GRV

49. On completion of initial inquiries in June 2011, I met with the GRV Chairman and provided an overview of the preliminary results of my OM.
50. The supporting information outlining the preliminary findings was subsequently provided to GRV who was requested, through its ISC, to become involved in the second stage of the inquiry and provide details relating to the employees identified in the investigation that would confirm this preliminary analysis. This information included employee details, rosters, leave dates and other relevant information that validated the application of the policies and rules at the time of the bets being placed.

Investigation Results

51. GRV provided supporting information to confirm or negate potential breaches relevant to each employee. GRV also advised that one of the eight employees who had potentially breached betting policies had resigned during the preliminary investigation, but not as a consequence of the inquiry. Accordingly, this person's alleged betting activity was no longer relevant to the investigation.

52. Additional information provided by GRV was used to undertake a second analysis of betting data from wagering service providers and resulted in identifying a further two employees who had potentially breached policies and/or rules of racing. As a result, a total of nine GRV employees were identified as potentially breaching policies and/or rules regarding betting.
53. On completion of my preliminary investigations and analysis, and pursuant to section 37E(1)(a) of the *Racing Act*, I referred all information I gathered to GRV who were tasked to undertake the next phase of the investigation.
54. GRV were then responsible for:
- conducting of formal interviews with relevant employees regarding their betting activities and breaches of various policy and/or rules
 - initiating disciplinary processes
 - imposing sanctions.
55. As a result of the GRV disciplinary process, four employees had their employment terminated, four employees received a “First and Final Warning” and one employee tendered their resignation.

Summary of GRV Investigation Findings and Outcomes

- Nine employees
- Betting activity from January 2008 to July 2011
- Total number of bets ranged from one to over 4,000
- Total value of bets ranged from \$4 to over \$500,000

Outcomes

- Employment terminated - four employees
- First and Final Warning - four employees
- Resignation - one employee

Recommendations

56. Pursuant to section 37B(1)(h) of the Racing Act, I made the following recommendations:

- that GRV implement a process whereby wagering service provider checks are conducted upon all GRV employees on a bi-annual basis to ensure compliance with relevant policies and rules
- that the GRV ISC endorse the result of these checks and advise me of outcomes.

Post Investigation Phase

Process Improvement

57. In addition to the formal recommendations, discussions were held with GRV in relation to improving processes to avoid future issues of this nature.

58. As a result of these discussions and other initiatives by GRV, a number of changes were made including:

- strengthening the ISC, including introducing a new Charter, appointing a new independent Chair and scheduling meetings every 2 months. Additionally the Integrity Manager at the AFL was appointed as the Independent Member to the ISC to bring further integrity knowledge to the range of experience represented on the Committee;
- introducing a new betting policy specifying that GRV employees are totally prohibited from betting on any greyhound race either during their hours of employment or otherwise. This applies to the CEO and Board members;
- introducing a formalised stewards training program and a staff training / awareness program on policies that affect employees;
- appointment of a Complaints Manager; and

- initiating visits from problem gambling counsellors.

Media releases

59. Following the GRV investigation and disciplinary process, the Minister for Racing issued a media release on 5 August 2011 (**Appendix 1**).
60. GRV issued a media release on 5 September 2011, relating to the investigation outcomes and announcing a new 'no betting policy' for all GRV employees (**Appendix 2**).

Conclusion

61. This investigation confirmed breaches of policies and rules regarding betting by GRV employees, however there was no indication that the breaches transgressed into corrupt or criminal behaviour or that the running of any race was compromised.
62. The measures introduced by GRV as a result of this investigation, in particular the betting policy, show the commitment of GRV to integrity and their swift action and cooperation is acknowledged.

Ancillary GRV Investigation

Arising from the publicity generated by the media releases, I received additional information alleging another potential breach of integrity policies relating to betting at GRV.

After an initial investigation by my office, results of the preliminary investigation were disclosed to the Chair of the GRV ISC and GRV were again engaged to assist with the investigation.

As a result of the investigation, two further GRV employees were found to have breached the GRV betting policies and rules. Consequently, one employee received a first and final warning and the other employee was terminated.

As with the previous investigation, it was determined that there was no evidence to suggest any criminal or corrupt practices had taken place or any race compromised.

*GRV distributed a media release on 21 December 2011 in relation to this investigation. (**Appendix 3**).*

CHAPTER THREE – OWN MOTION INQUIRY INTO BETTING ACTIVITIES OF RACING OFFICIALS AT RACING VICTORIA LIMITED

63. Racing Victoria Limited (**RVL**) is the controlling body that operates thoroughbred racing in Victoria.
64. In July 2011, I commenced an OM investigation pursuant to section 37B(1)(g) of the Racing Act into the betting activities of integrity related employees at RVL.
65. The preliminary investigation was completed by November 2011.

Investigation Methodology

66. Investigation methodology included:

- *Examination of relevant policies and rules that set out the betting restrictions imposed on RVL employees.*

A number of documents were examined, including the “*Betting Policy for RVL Integrity Services Employees*”, “*RVL Code of Conduct*” and “*Rules of Racing of Racing Victoria*”

- *Enquiries with wagering service providers and subsequent analysis of betting accounts and transactional data.*

A wagering service provider is an entity that operates the business of providing a service allowing a person to place a bet and includes totalisators (eg Tabcorp), a betting exchange or bookmaking operation. Account and betting transaction data was analysed for potential breaches.

- *Comparison of information provided by relevant RVL employees in the betting account and disclosure of interest forms.*

RVL employees performing integrity related roles (including management positions) are required to complete betting account and disclosure of interest forms that include details of any betting accounts used by the employee. As part of the investigation, these forms were also checked to confirm that no employee had made a false or misleading declaration.

- *Consultation with RVL.*

On the completion of preliminary investigations, RVL was consulted to provide information that would assist with confirming or negating the preliminary findings. This included confirming that the betting account holder was the official at RVL and cross-matching against duty rosters to identify whether bets were placed whilst on duty.

Examination of Relevant Policies and Rules

67. RVL policies that relate to their employees and betting were identified and examined. These include the *Betting Policy for RVL Integrity Services Employees* and the *RVL Code of Conduct*. The following are relevant sections of those policies:

- *Betting Policy for RVL Integrity Services Employees, Part 3* which states, “*Integrity Services Employees must not bet whilst on duty and must not bet prior to being on duty on a thoroughbred horse race that is conducted whilst you are on duty*”.
- *RVL Code of Conduct, Section 3.7.1.* which states in part, “*You may not bet while on duty if to do so;*
 - *impacts on you properly performing your duties*
 - *would require you to leave the place where you should be performing your duties.*”

- *RVL Code of Conduct, Section 3.7.2 which states, “Racing officials involved directly or indirectly in the supervision or conduct of racing may not bet on any races at a race meeting at which they officiate”.*

68. There were no relevant rules of racing regarding betting by RVL employees.

Enquiries with Wagering Service Providers and Analysis of Betting Account and Transaction Data

69. Relevant information was sought from wagering service providers relating to wagering account data of 67 employees at RVL.

70. Extensive analysis of this data was undertaken to identify any potential breaches of the policies identified above.

Comparison of Wagering Service Provider Information with Betting Account and Disclosure of Interest Forms

71. A comparison was undertaken of wagering service provider information with the betting account and disclosure of interest forms completed by employees.

72. This analysis indicated that no employees had made false declarations in regard to their betting accounts.

Engagement with RVL

73. As a result of this investigation of 67 employees, two potential breaches of the betting policies were identified.

74. This information was provided to RVL who were engaged to assist with the second phase of the OM and assist in confirming these preliminary results.

Investigation Results

75. The RVL investigation phase established that the preliminary findings were not substantiated.
76. One employee resigned during the preliminary investigation, but not as a consequence of the inquiry. Accordingly, this person's alleged betting activity was no longer relevant to the investigation. It was found the other employee was not employed in an integrity related role at RVL.

Summary of RVL Investigation Findings and Outcomes

- No breaches of policies / rules identified

Conclusion

77. The OM component relating to RVL demonstrated staff were complying with the relevant policies and rules of racing in regards to betting. This was particularly pleasing in light of the 'Allanson Inquiry' of 2007, a high profile case that uncovered inappropriate betting by the former CEO of RVL and led to RVL introducing a comprehensive range of initiatives in relation to integrity.
78. In light of the findings, I made no formal recommendations under the Racing Act. However, RVL is in support of a continual internal review of betting account declarations on an annual basis and once completed and endorsed by the ISC, a report to be forwarded to me with results of their review.

CHAPTER FOUR – OWN MOTION INQUIRY INTO BETTING ACTIVITIES OF RACING OFFICIALS AT HARNESS RACING VICTORIA

79. Harness Racing Victoria (**HRV**) is the controlling body that operates harness racing in Victoria.

80. In July 2011 I commenced an OM investigation pursuant to section 37B(1)(g) of the Racing Act into the betting activities of integrity related employees at HRV.

81. The preliminary investigation was completed in November 2011.

Investigation Methodology

82. Investigation methodology included:

- *Examination of relevant HRV policies and rules that set out betting restrictions imposed on employees.*

To ascertain what the relevant rules and policies were in relation to betting, a number of documents were examined, including the “*Harness Racing Victoria Betting Policy*” and the “*Australian Harness Racing Rules*”

- *Enquiries with wagering service providers and subsequent analysis of betting accounts and transactional data.*

A wagering service provider is an entity that operates the business of providing a service allowing a person to place a bet and includes totalisators (eg Tabcorp), a betting exchange or bookmaking operation. Account and betting transaction data was analysed for potential breaches.

- *Comparison of information provided by relevant employees in the betting account and disclosure of interest forms.*

Employees performing integrity related roles (including management positions) are required to complete betting account and disclosure of interest forms that include details of any betting accounts used by the employee. As part of the investigation, these forms were also checked to confirm that no employee had made a false or misleading declaration.

- *Consultation with HRV.*

On the completion of preliminary investigations, HRV was consulted to provide information that would assist with confirming or negating the preliminary findings. This included substantiating whether the betting account holder was an official at HRV.

Examination of Relevant HRV Policies and Rules

83. HRV policies and rules relating to their employees and betting were identified and examined. These include the *Harness Racing Victoria Betting Policy* and the *Australian Harness Racing Rules*. The following are relevant sections of those policies and rules:

- HRV Betting Policy, Part 3 which states, in part, “*HRV Employees who are not permitted at any time to engage in any betting activity on any harness racing. These are:*
 - *Staff employed within Integrity Services Department who undertake roles as*
 - *Chairman of Stewards*
 - *Deputy Chairman of Stewards*
 - *Stewards (including Senior, Assistant, Trainees and Cadet Stewards)*
 - *Investigative Stewards*
 - *Licensing Manager*
 - *Manager of Integrity Services*

- *Staff employed to work in roles such as; Racing Manager, Race Programming, Handicapping, Assistant Handicapping and Racing Administration Officers, Judges/Photo Finish Operators and Starters.*
- *HRV Chief Executive Officer and Chief Operating Officer.”*
- *HRV Betting Policy, Part 4 which states, “Employees covered by this Policy must not engage in any other form of betting activity (eg betting on a sporting event or greyhound race etc) whilst on duty.*
- *Staff are considered to be ‘On Duty’ when in the office, attending race meetings, trials, stables or any other duties as required from time to time; or travelling to or from race meetings, trials, stables or any other duties as required from time to time.”*
- *Australian Harness Racing Rules:*
 - *Rule 20(2) states, “No steward shall bet or have a financial interest in any bet on a race.”*
 - *Rule 40(1)(a) states, “A person acting as an official at a meeting or a deputy of, such person shall not –*
 - *bet or have a financial interest in any bet at that meeting.”*

Enquiries with Wagering Service Providers and Analysis of Betting Account and Transaction Data

84. Relevant information was sought from wagering service providers relating to wagering account and betting transaction data of 46 relevant employees at HRV.
85. Extensive analysis was then undertaken of the betting data against the “*Harness Racing Victoria Betting Policy*” and the “*Australian Harness Racing Rules*” that apply to the betting activities of those employees.

Comparison of Wagering Service Provider Information with Betting Account and Disclosure of Interest Forms

86. A comparison was also undertaken of wagering service provider information with betting account and declaration of interest forms completed by employees.
87. This analysis indicated that no employees had made false declarations in regard to their betting accounts.

Engagement with HRV

88. As a result of the preliminary investigation into 46 employees, six potential breaches of the betting policy and/or rules were identified.
89. HRV were advised of these preliminary findings and assistance sought to undertake the second phase of the investigation in validating the preliminary findings.
90. HRV advised that they were also in the process of conducting an internal audit associated with the introduction of a new betting policy and that their ISC would consider their own audit findings and outcomes.
91. HRV were subsequently advised of full details of the preliminary results of the OM, together with the identification of a further employee and I sought to engage with HRV in order to validate these preliminary findings. HRV advised that they had already conducted their own investigations.

Investigation Results

92. As a consequence of HRV's own investigations, four staff were confirmed as committing breaches. In applying HRV disciplinary processes, one employee had their employment terminated and three employees received a "First and Final Warning". Another employee was found not to have committed a policy or rule breach, but was counselled over betting activity.

93. The other matters uncovered in my preliminary investigation were found to be unsubstantiated.

Summary of HRV Investigation Findings and Outcomes

- Four employees
- Betting activity ranged from September 2010 to August 2011
- Total number of bets ranged from 32 to over 1,800
- Total value of bets ranged from \$5 to over \$11,000

Outcome

- Employment terminated – one employee
- First and Final Warning – three employees

Conclusion

94. As this investigation into HRV coincided with HRV introducing a revised betting policy I made no formal recommendations under the Act.

OVERALL OWN MOTION INQUIRY CONCLUSIONS

95. This was the first OM inquiry conducted by me since my position commenced in March 2010. Feedback from industry participants and the general public following the media releases regarding the GRV component indicated positive views that this inquiry showed the value of having an independent body that could conduct an investigation of this nature.
96. It should be noted that the three controlling bodies took a major role in the OM, in particular the management of the disciplinary processes.

Single Code of Practice for Integrity Standards in the Racing Industry

97. It goes without saying that the integrity of the racing industry is vital in maintaining the confidence of both the industry participants and the general public. As a consequence, the integrity of racing officials is fundamental to the brand and reputation of the codes. Whilst the OM did not reveal any indication of the betting activity being connected to any corruption, or affect on any race, it did confirm the need for minimum standards for racing officials across the VRI.
98. To this end, I have initiated the introduction of a SCOP, determining industry standards for integrity in racing. The first component of the SCOP addresses integrity standards for racing officials. This work includes a revised betting policy and updated declaration of private interest form for disclosure of any actual or perceived conflicts of interest. It includes a requirement for a review process to be managed by controlling bodies to assess and review betting and potential conflict of interest matters of employees within their codes. The OM highlighted that there was no common approach to a betting policy across the codes and the importance of this integrity measure.

99. This inquiry has shown that the controlling bodies are responsive to proposals to enhance their integrity systems and processes. This is particularly the case with GRV who have introduced a range of measures to address the staff/cultural issues. One of these measures is a new betting policy that prohibits betting on greyhound racing for all GRV employees including the CEO and Board. This policy sets the highest standards across all the codes for integrity and management staff in relation to betting.
100. This new policy by GRV also demonstrates a zero tolerance approach to breaches of integrity by employees.
101. Whilst breaches of betting rules by racing officials were detected in two of the three codes, there was no information to indicate that the betting activities resulted in any races being compromised or any corrupt or criminal conduct in the VRI.
102. It is my view that the results of the Own Motion Inquiry go towards reinforcing public confidence in racing in this state.

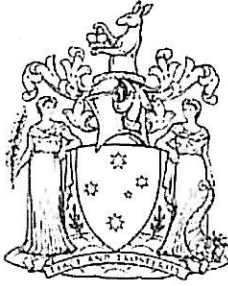
End of Report.



Report on Own Motion Inquiry into Betting Activities of Racing Officials Employed by the Victorian Racing Industry

**APPENDIX 1 – Minister for Racing Media Release, 5
August 2011**

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Media release

The Hon Dr Denis Napthine MP

Minister for Ports
Minister for Regional Cities
Minister for Racing
Minister for Major Projects

Friday 5 August 2011

Napthine: Inappropriate bets not tolerated

Minister for Racing Denis Napthine today confirmed the Victorian Coalition Government's commitment to maintain the highest level of integrity in Victoria's racing industry following a crack down on inappropriate betting by Greyhound Racing Victoria (GRV) staff.

An investigation by the independent Racing Integrity Commissioner (RIC) this week found nine GRV employees, some of whom had direct responsibility in the conduct of the sport, had placed bets on greyhound races. Some bets were placed during working hours.

Eight of the investigations have been finalised with one situation still unresolved and is likely to conclude next week.

From the eight matters that have been finalised:

- Three employees have had their services terminated forthwith - one full time steward, one part time steward and one full time grader (all of whom are prohibited from betting on greyhound races).
- Four employees have been issued with *First and Final* warnings (all of whom are prohibited from betting on duty).
- One part-time employee resigned his position at GRV effective Thursday 4 August, 2011

Betting on greyhound races is a breach of the GRV code of conduct for employees who are responsible for conducting races. Dr Napthine said it is important the code is upheld to protect the integrity of the Victorian greyhound industry

"These actions by employees who are responsible for the good conduct of greyhound racing are utterly inappropriate and will not be tolerated," Dr Napthine said.

"Victoria's racing industry is worth more than \$2 billion to the state economy and provides more than 70,000 jobs. The Coalition Government will not allow this critical industry to be put at risk by breaches of the employee codes of conduct.

"I am confident, particularly in light of the efficient and independent investigation and the penalties handed down to the employees involved, that Victoria has in place the measures needed to identify and address this inappropriate behavior.

.../2

GRV chairman Peter Caillard, who was appointed to the position earlier this week, said despite the actions uncovered by the investigation, there was no suggestion that any greyhound race had been compromised.

"Most importantly, as a result of this joint investigation, GRV and the RIC are satisfied that there is no evidence of any collusion or corrupt practice. As such, the GRV racing integrity has not been compromised," Mr Caillard said.

"GRV has acted swiftly and worked cooperatively and closely with the RIC to take action in regards to the breaches made by the unacceptable betting activity of its staff."

Both GRV and the RIC are satisfied with the level of action taken.

In concluding, the Racing Integrity Commissioner Mr Sal Perna today said:

"The sanctions administered by GRV are both necessary and proportionate to the importance of the high standards expected of its staff. These actions enhance GRV's commitment to both racing and people integrity.

Having concluded the investigatory part of this matter, we are now working together to address the broader issues of cultural, social and personal issues associated with gambling, together with a review of the GRV policies and/ or rules and overall employee integrity responsibilities."

The RIC will release a full report, including recommendations, at the completion of the inquiry.

Media contacts: Mark Lee 0408 547 381 (Minister Napthine)
John Stephens (03) 83291101 (GRV CEO)
Sal Perna (03) 8684 7776 (Racing Integrity Commissioner)

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End of Appendix.



Report on Own Motion Inquiry into Betting Activities of Racing Officials Employed by the Victorian Racing Industry

**APPENDIX 2 – Greyhound Racing Victoria Media
Release, 5 September 2011**

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Media Release

Monday 5th September, 2011

New gambling policy at Greyhound Racing Victoria (GRV) sets benchmark

As a consequence of a joint Racing Integrity Commissioner and GRV investigation, on Friday 5th August 2011, the Minister for Racing the Hon. Dr. Denis Napthine MP confirmed the Victorian Coalition Government's commitment to maintain the highest level of integrity in Victoria's racing industry following a crack down on inappropriate betting by some GRV staff.

In endorsing this stance at their meeting of Tuesday 31st August, the GRV Board went further in approving a new gambling policy applicable for all GRV employees, as well as all GRV Board members.

In announcing this significant and proactive step, newly appointed GRV Chairman Peter Caillard said today:

'I am pleased that there is no evidence of any collusion, corrupt practice or any suggestion that any greyhound race has been compromised. However, GRV is keen to be a first mover in setting a new gambling benchmark for officials.

'Accordingly, all GRV employees – including the Board of GRV – will be banned from betting on greyhound races. Betting activities currently considered to be unacceptable for racing stewards are now also unacceptable for GRV Board members. We will not bet on events under our control.'

'GRV takes its statutory responsibility to control the sport of greyhound racing very seriously. We must avoid any perception of conflict and maintain the highest standards of integrity. Thus GRV is totally committed to working with its Clubs to constantly improve its processes.'

In a separate announcement, Mr Caillard said that Brett Clothier had been appointed to the GRV Board's Independent Integrity Sub-Committee. Mr Clothier was previously Legal Counsel to the stewards of Racing Victoria before assuming the role of AFL Integrity Manager in August 2008.

In announcing this appointment, Mr Caillard today said:

'We are delighted that someone of Mr Clothier's experience and stature has joined the GRV Board's independent Integrity Sub-Committee. There should be no doubt that we are serious about maintaining the highest standard of integrity.'

In other changes, current Integrity Sub-Committee member Rick Harley will become Chairman of the Integrity Sub-Committee and the GRV Board will continue to be represented by its Deputy Chairman, Bill Salter.

Background to Greyhound Racing Victoria

Greyhound Racing Victoria (GRV) is a statutory body responsible for controlling greyhound racing under the Victorian Racing Act. Greyhound racing is one of the fastest growing forms of entertainment in Victoria and a major employer. This popular sport is experiencing a renaissance in Victoria with its share of totalisator turnover approaching 20%; more than 10,000 registered owners and nearly 3,000 registered trainers.

The Integrity Sub-Committee was established by GRV after a review of Victoria's racing industry by Judge Gordon Lewis in 2008.

For more information:
JOHN STEPHENS
GRV CHIEF EXECUTIVE OFFICER
8329 1100

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End of Appendix.



Report on Own Motion Inquiry into Betting Activities of Racing Officials Employed by the Victorian Racing Industry

**APPENDIX 3 – Greyhound Racing Victoria Media
Release, 21 December 2011**

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Media Release

Wednesday 21st December, 2011

Racing Integrity Commission Investigation

Greyhound Racing Victoria (GRV) has primary responsibilities in regards not only the day to day greyhound racing product (racing integrity) but also the behaviour of industry participants, club and GRV employees (people integrity).

Following the Judge Gordon Lewis report of 2009 and more specifically, formation of the Racing Integrity Commission (RIC), contemporary GRV policies and/or rules were updated requiring employees to consider and acknowledge integrity responsibilities, at least annually. One such rule states that certain GRV employees *are not permitted to be involved in any form of betting on any greyhound racing event.*

As an extension of recent investigations from the Office of the RIC, the GRV Integrity Sub-Committee (ISC) has determined that two GRV employees be disciplined for inappropriate betting practises. Accordingly, one fulltime GRV staff member has been dismissed and another part-time employee has received a First and Final warning

It is important to note that following this total investigation, GRV is satisfied that there is no evidence or suggestion that any collusion or corrupt practices have taken place.

There are no further matters being investigated by the ISC.

For inquiries please contact:

John Stephens

CEO

Greyhound Racing Victoria

Ph: 03 8329 1100

End of Appendix.