



**Tasmanian**  
Audit Office



**Report of the Auditor-General  
No. 4 of 2016-17**

**Event funding**

November 2016

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## INTRODUCTION

Tasmanian Government departments contribute funding to more than 100 events annually, at an estimated annual cost of \$10.0 million.

Most events are funded through Events Tasmania, a unit of the Department of State Growth<sup>1</sup>. Other departmental units, such as Communities, Sport and Recreation Tasmania<sup>2</sup>, Screen Tasmania and Arts Tasmania<sup>3</sup> also fund events that are relevant to their objectives. Funding models used include grants, sponsorships and partnerships which are subject to different but similar regulations.

Notable supported events in 2014 included:

- Dark MOFO, in Hobart (\$1.0 million)
- V8 Supercars Championship Series at Symmons Plains (\$650 000)
- Hawthorn Football Club (HFC) playing Australian Football League (AFL) games in Tasmania and promoting Tasmania (\$3.8 million).

The events are supported for many reasons including attracting tourists, promoting business and supporting cultural activities, such as arts and sport.

Sponsorship of events is often justified by the ‘market failure’ argument that an anomaly in the marketplace prevents optimal economic outcomes. In the case of sporting and cultural events, the anomaly is that organisers may not achieve a positive financial return because they are unable to take advantage of all the benefits to the state or community generated by the events.

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<sup>1</sup> Events Tasmania was a unit of the Department of Economic Development, Tourism and the Arts. In 2014, it was transferred to State Growth. Approvals for some of the events covered in this report occurred prior to the transfers.

<sup>2</sup> Sport and Recreation Tasmania was a unit of the Department of Economic Development, Tourism and the Arts until June 2014 when it was transferred to the Department of Premier and Cabinet, merging with the Community Development Division to form Communities, Sport and Recreation. Approvals for some of the events covered in this report occurred prior to the transfer.

<sup>3</sup> Events Tasmania, Screen Tasmania and Arts Tasmania were units of the Department of Economic Development, Tourism and the Arts until 2014 when they were transferred to State Growth. Approvals for some of the events covered in this report occurred prior to the transfers.

The audit's objective was to express an opinion on whether supported events were cost effective for Tasmania and funded in accordance with applicable government policy.

The audit included a sample of events supported by government departmental funding in 2014<sup>4</sup>. Departments included in the audit were:

- Department of Health and Human Services (DHHS)
- Department of Premier and Cabinet (DPAC)
- Department of State Growth (State Growth).

## AUDIT CONCLUSIONS

These audit conclusions are based on criteria that we developed to support the audit's objective.

### Had funding agencies complied with reasonable processes?

Based on our testing, event funding was approved at appropriate levels.

Qualitative criteria (e.g. effective management of event) were used to assess eligibility for funding, for all but four of our sample of funded events. However, quantitative pre-funding evaluations had not been performed for 14 of 17 funded events.

Despite substantial evidence of risk mitigation, risk management process had not been undertaken. Funding agreements existed, were considered by Crown Law and included adequate monitoring controls.

However, despite an exit report being required and obtained, no evidence was provided for 13 of 19 events that post-event evaluations had been performed.

### Did funded events generate a net benefit to Tasmania?

Based on our own simplified cost-benefit model we concluded that funding of most individual events was justified by cost-benefit analysis.

We also concluded that total event funding generated a substantial net benefit for Tasmania.

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<sup>4</sup> In limiting the scope to events funded by departments, we have excluded events funded by other state entities, such as TT Line's sponsorship of the North Melbourne Football Club games in Hobart.

## LIST OF RECOMMENDATIONS

The Report contains the following recommendations:

REC	WE RECOMMEND THAT ...
1	... all documentation related to event-funding decisions be retained.
2	... qualitative criteria including at least alignment with government policy and effective management of the event be performed prior to agreeing to fund events.
3	... quantitative assessment, preferably cost benefits analysis, be performed wherever reasonably possible, prior to agreeing to fund events.
4	... exit reports for funded events be routinely compared with the information used to make funding decisions.

**Notes:**

**For the full report go to:**  
<http://www.audit.tas.gov.au/publications/reports-to-parliament/>

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