



Victorian Commission for  
Gambling and Liquor Regulation

---

# Annual Report

2012–2013



# Table of contents

|  |     |
|--|-----|
| Letter to the Minister   | 3   |
| Message from the Chairman and Chief Executive Officer                    | 4   |
| Part 1 - The Victorian Commission for Gambling and Liquor Regulation     | 7   |
| The Victorian Commission for Gambling and Liquor Regulation .....        | 9   |
| Historical trends in gambling expenditure and revenue .....              | 11  |
| Historical trends in liquor licence numbers .....                        | 12  |
| Our operational performance.....   | 13  |
| Commissioners.....   | 14  |
| Achievements/milestones.....   | 16  |
| Part 2 - Our work  | 19  |
| Our organisation.....  | 21  |
| Our divisions .....  | 22  |
| Licensing and Approvals.....   | 22  |
| Compliance and Audit.....  | 28  |
| Fifth Casino Review.....   | 33  |
| Strategy, Education and Integration .....                                | 34  |
| General Counsel and Regulatory Services.....                             | 42  |
| Our people.....  | 48  |
| People and Culture.....  | 48  |
| Part 3 - Our strategic priorities  | 53  |
| Our strategic priorities .....   | 55  |
| Part 4 - Appendices  | 65  |
| Appendix 1: Disclosure index .....                                       | 66  |
| Appendix 2: Ministerial directions and regulatory requirements.....      | 68  |
| Appendix 3: Additional information.....                                  | 69  |
| Appendix 4: Inspections, audit and enforcement.....                      | 82  |
| Appendix 5: Governance and compliance.....                               | 90  |
| Appendix 6: Historical trends in liquor licence numbers (detailed) ..... | 97  |
| Part 5 – Our financial results   | 99  |
| 1 July 2012–30 June 2013.....  | 101 |



# Letter to the Minister

Mr Edward O'Donohue MLC  
Minister for Liquor and Gaming Regulation  
Level 26, 121 Exhibition Street  
MELBOURNE VIC 3000

Dear Minister

I am pleased to submit the Victorian Commission for Gambling and Liquor Regulation Annual Report for the year ended June 2013, for you to present to Parliament. The Annual Report has been prepared in accordance with the *Financial Management Act 1994* and the *Victorian Commission for Gambling and Liquor Regulation Act 2011*.

Yours sincerely



**Bruce Thompson**  
Chairman

# Message from the Chairman and Chief Executive Officer

**The Commission's first full year as a new organisation and an integrated liquor and gambling regulator has been one of immense change – for our organisation and the industries we regulate. It has also been a year of taking stock, reflecting and rethinking the way we regulate, deliver our business efficiently, and build a culture that will support us to be a modern, efficient, high performing and networked regulator.**

In our first year we made substantial progress against the ambitious aspirations in our 'Strategic Priorities 2012-15' by delivering major projects and government commitments, starting to define our risk-based regulatory approach and streamline our business practices, and strengthening our culture and corporate governance. We have set a new strategic direction and established the foundations for a number of high impact activities, through which will deliver transformational change to our organisation and the regulation of the liquor and gambling industries over the coming years.

Our priority focus in 2012–13 was on delivering significant changes to the structure of the gaming industry, most notably the transition from two gaming providers to over 500 individual venues being responsible for operating gaming machines across Victoria and connected to a central monitoring system. We also managed the substantial flow-on effects to our 'business as usual' activities, including technical approvals of the monitoring system, applications for new venues or increases to machine numbers, gaming machine entitlement payments and transfers, taxation integrity and collection, and raising venue awareness and compliance with new obligations. We will fully embed the new arrangements next year as we continue to apply a risk-based monitoring and compliance framework to the new major licence holders responsible for monitoring, wagering and betting, and including Keno and more than 500 venues.

Another milestone for the new Commission was completing and reporting to the government on



the five-year statutory review of the Melbourne Casino operator and licence. In undertaking the review, we also seized the opportunity to critically consider how we approach the task of regulating the casino, taking into account the increasingly international nature of the industry, emergent business models and technology, the maturity of the industry and operator in Victoria, and our commitment to developing intelligence-led, risk-based regulatory approaches. We will build these findings into our new approach to monitoring and managing our major licensees over the coming year.

We continue to deliver the commitment to building an integrated gambling and liquor regulator. In 2012–13, the newly acquired functions – liquor licensing contested applications, internal review and disciplinary action – were fully operationalised, tested and functioning well, with interested parties participating in transparent public hearings. The practical integration of liquor and gambling functions and systems continues across the entire organisation. The compliance and audit function was a particular focus in 2012–13 as the former liquor and gambling inspectorates were operating under different arrangements, systems and industrial provisions. After in-depth consideration and consultation with staff, we have developed a new operating model and integrated structure that will support gambling and liquor inspectors to undertake intelligence-led, risk-based compliance activities across the state.

Integrating two organisations gave us the impetus to look at how we regulate, streamline our approaches and identify opportunities for business process improvement. Several current projects are helping us to define our regulatory approach in line with contemporary thinking and practice, better assess and target risk, and make the most of our licensing, education and compliance regulatory tools. The pilot project we've recently embarked on with the Victorian Competition and Efficiency Commission about risk-based liquor licensing conditions is one example, as is our review of the approach to regulating underage live music events in licensed premises.

In March, the Minister presented the VCGLR with a Statement of Expectations focused on reducing red tape for business. This provided a further driver to identifying and prioritising activities to reduce determination times for gambling and liquor applications and the impost on industry associated with Commission hearings. Our staff approached this task enthusiastically and put forward many creative solutions. Talking about and generating our list of priority actions to reduce red tape was an important step in building a workplace culture that values innovation, collaboration and continuous improvement.

We recognise that technology is essential for a modern, efficient regulator. This year we undertook the scoping and tender process for a major information technology system – the Liquor and Gambling Information System. This sizeable investment will overhaul the VCGLR's ageing systems, enable business process improvements and provide a user-friendly interface with our regulated entities.

Understanding our regulatory space is critical to being an effective and networked regulator. In 2012–13, we continued to engage with a broad range of government, industry and community representatives as part of an ongoing conversation to inform better regulatory outcomes. For example, working closely with industry has assisted us to develop and pilot a training package for operators of late night liquor licensed venues to address the particular risks they face. We also focused on clarifying and strengthening our key relationship with Victoria Police to deliver more coordinated strategic and operational responses in areas where our roles overlap.

As a new organisation undergoing great change, it has been important to ensure our people, structures and governance frameworks support our strategic intent. Building a strong, cohesive leadership team has been a key achievement. Reviewing and strengthening corporate governance and reporting has delivered a robust foundation for our business, and will help us to continue to embed a culture of accountability and continuous improvement.

We've also used a number of methods – including the People Matter survey and an internal organisational stocktake survey - to listen to ideas and feedback from across the organisation, redesign our work and renew our organisational structure to support effective delivery of our services and priorities.

Our first year was characterised by high expectations – from government, industry and our people. We rose to many challenges to meet those expectations and implement a wide range of priorities while continuing to deliver high quality regulatory services to many thousands of people. At the end of a demanding year, we have matured as an organisation and a regulator. We are a leaner organisation; we are doing more with less and are focused on key priorities and business improvement.

Having laid the foundations for further change, we are well on the way on our transformational journey.



**Bruce Thompson**  
Chairman



**Jane Brockington**  
Chief Executive Officer





**PART 1:**

# The Victorian Commission for Gambling and Liquor Regulation

“Community-wide benefits to Victorians through the regulation of Victoria’s gambling and liquor industries.

Vision

“VCGLR is an efficient and dynamic independent regulator that ensures the integrity of the Victorian gambling and liquor industries and is committed to minimising harm.

Purpose

# The Victorian Commission for Gambling and Liquor Regulation

## Who we are

The Victorian Commission for Gambling and Liquor Regulation (VCGLR) is the independent statutory authority which regulates Victoria's gambling and liquor industries. We are responsible for gambling and liquor licensing, and for ensuring compliance with legislation and regulations. This includes informing and educating industry participants and the Victorian public about regulatory practices and requirements. We aim to provide community-wide benefits while minimising harm.

## What we do

As an independent statutory organisation, our obligations are set out in several Acts of Parliament. They include regulating:

- all forms of legalised gambling in accordance with the *Gambling Regulation Act 2003*, the *Casino Control Act 1991* and the *Casino (Management Agreement) Act 1993*, and
- the supply and consumption of liquor in accordance with the *Liquor Control Reform Act 1998*.

## Who we regulate

The VCGLR regulates liquor licensing and a range of gambling activities and products, including the operation and monitoring of electronic gaming machines, the Melbourne Casino, Keno, minor gaming, wagering and betting.

The VCGLR oversees approximately 20,000 liquor licences, the cap of up to 30,000 gaming machines across the state, more than 700 Keno outlets and almost 800 wagering and betting agents. We also assess and approve more than 3,000 minor gaming activities annually, such as bingo and trade promotions, and issue more than 3,200 gaming industry employee licence approvals.

## Our first year

The 2012–13 financial year represents the first full reporting year of the VCGLR's operations following its establishment under the *Victorian Commission for Gambling and Liquor Regulation Act 2011*.

Since commencing operations on 6 February 2012, the organisation has made positive steps towards building a modern, integrated regulator. Our initial focus, as indicated in last year's Annual Report, has been on meeting the significant challenges involved in establishing a new entity that brings together the diverse functions associated with gambling and liquor regulation in Victoria. These were previously dispersed across the Victorian Commission for Gambling Regulation (VCGR), Responsible Alcohol Victoria (RAV) and the Compliance Directorate.

Major achievements in our first five months included: implementing the new organisational structure and corporate values; rolling out new information technology systems and processes; moving to new office premises in Richmond; establishing a new corporate identity and website; and developing the VCGLR's strategic directions.

By 1 July 2012, the organisation was well placed to move into the next phase of its development. Over the past 12 months, this has focused on further building our capacity to rigorously and efficiently regulate Victoria's gambling and liquor industries in a responsive manner that balances industry and community needs.

Key outcomes have included implementing the organisation's new corporate governance structure to meet legislative requirements and support decision-making processes.

Further development of internal systems and processes helped to improve our operational effectiveness and supported the VCGLR in assuming new responsibilities, such as the disciplinary appeals processes relating to liquor decisions (previously with the Victorian Civil and Administrative Tribunal).

Work also continued towards building constructive industry and stakeholder relationships as part of the organisation's commitments to collaboration and harm minimisation.

The successful transition to new venue-based gaming industry arrangements, which represented a major industry reform, and the timely completion of the five-year casino review were both significant achievements for a young organisation, particularly given the complex environment in which we operate.

### **Operational context**

As integral features of Australia's popular culture, the gambling and liquor industries are significant contributors to Victoria's economic prosperity. Together they comprise an important part of the state's workforce while providing venues where many people choose to spend their leisure time.

The VCGLR operates in a dynamic, challenging environment that features changing laws and regulations often driven by deregulation shifts, competition among licensees for market share, and changing levels of community demand. Our work focuses on ensuring the integrity of Victoria's gambling and liquor industries while minimising harm.

In addition to our regulatory role, we are working to extend our communication reach through the electronic media. This aims to support various education, compliance and reform initiatives by engaging staff, industry and the community.

The need to continually meet probity and security challenges, and to ensure transparent, responsible and contemporary decision-making underpins every aspect of our work. We are focused on achieving our strategic priorities and balancing key influences, which currently comprise:

- the Victorian Government's initiative to achieve a 25 per cent reduction in the regulatory burden on the business and not-for-profit sectors by July 2014
- federal and state pre-commitment legislation
- the Australian Government's engagement in the gambling arena, specifically in relation to live betting and advertising during sporting games
- community expectations of the VCGLR as a new regulatory body
- Victoria's new alcohol and other drugs strategy
- 'bedding down' the new gaming machine monitoring technology, and
- increased community and media interest and scrutiny.

In light of these factors, we are continuing to deliver on external performance expectations while driving our own internal focus on integration, streamlining processes, stakeholder engagement and system improvements. Within the VCGLR, we are looking for opportunities to apply a more risk-based, proportionate and targeted approach to our regulation.

Through these efforts we are focused on our purpose of being "an efficient and dynamic independent regulator that ensures the integrity of the Victorian gambling and liquor industries and is committed to minimising harm".

# Historical trends in gambling expenditure and revenue

**Expenditure on all forms of gambling in Victoria amounted to \$5.4 billion in 2012–13.**

Last year, analysis in the VCGLR’s Annual Report showed that gaming machine expenditure (also known as player loss) has been in decline in real terms for a decade. The downward trend for gaming machine expenditure has continued this financial year.

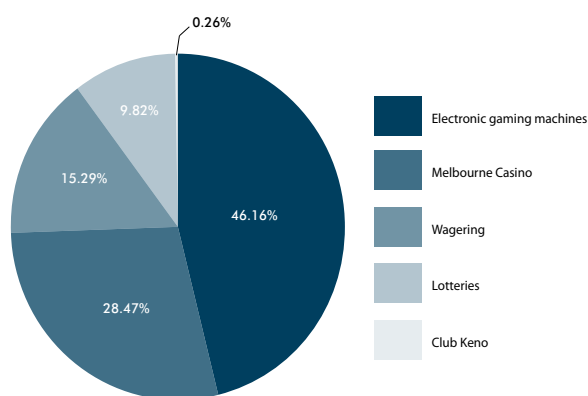
Over the past five years, the mix of gambling expenditure has changed in Victoria. Five years ago, in 2008–09 gaming machine losses accounted for 53 per cent of total gaming losses in Victoria. Now gaming machines account for less than half of total losses in Victoria, while gambling at the Melbourne Casino now accounts for 28 per cent of total losses, up from 24 per cent in 2008–09.

Expenditure growth at the Melbourne Casino over time has come from both its general play and International VIP gaming. Last financial year, International VIP gaming accounted for close to one-third of total gambling revenue at the Melbourne Casino.

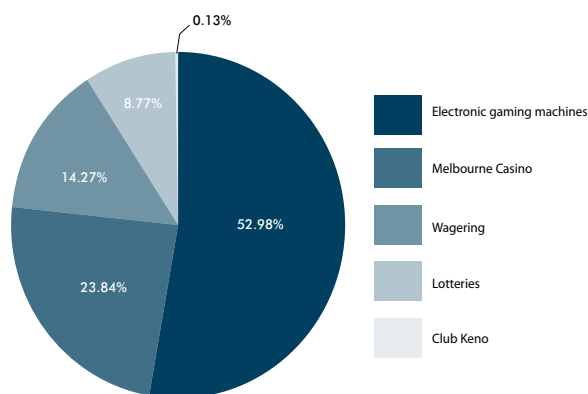
Lotteries and wagering’s proportion of gaming expenditure in Victoria has remained steady, while Keno now accounts for double the proportion of its predecessor, Club Keno. This is still less than one per cent of total gaming expenditure in Victoria.

Different forms of gambling are taxed at different rates. In aggregate, the state collected \$1.5 billion in tax from gambling this financial year.

2012–13 Total expenditure (\$,mill) 5,395.3



2008–09 Total expenditure (\$,mill) 5,109.9



# Historical trends in liquor licence numbers

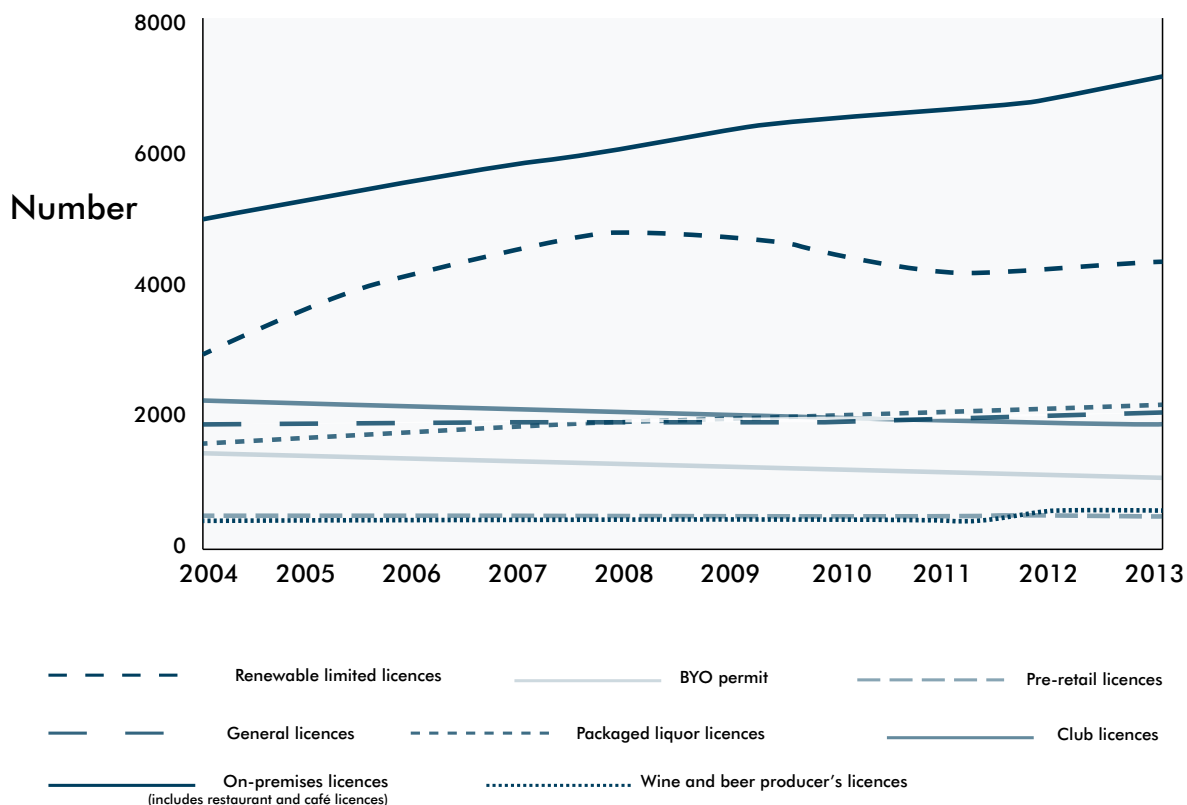
As at 30 June 2013, 19,978 liquor licences were active in Victoria. This figure has grown steadily from 1998 when 8,965 were issued.

New legislation in 2010 and 2012 resulted in changes in the categories of licences. Amendments to the *Liquor Control Reform Act 1998* in 2010 resulted in the creation of new licence types – Restaurant and café licence, Late night (general), Late night (on-premises) and Late night (packaged liquor). Amendments to the *Liquor Control Reform Act 1998* in 2012 resulted in the creation of the Wine and beer producer’s licence. The Wine and beer producer’s licence replaced the Vigneron’s licence. Additionally Licensees of other licence categories, including Renewable limited licence

and Pre-retail licence, were given the option of transitioning to the Wine and beer producer’s licence if they qualified.

There has been an upward trend in the number of Renewable limited licences issued. They are issued when the scale and scope of the supply of liquor is limited. This may include limited type of product supplied, patrons, method of supply or trading hours. VCGLR analysis has identified the growth in the number of active Renewable limited licences is consistent with increased levels of e-commerce, increased demand for liquor sold in a retail environment, increased demand for hospitality services and the expanding Victorian economy.

Liquor licences by licence category as at end of financial year



# Our operational performance

The VCGLR is responsible for delivering major outputs for gambling and liquor regulation in Victoria as part of the broader gambling and liquor regulation and racing industry development output.

State Budget Paper No. 3 for 2012–13 specifies our responsibilities. The following table outlines our major outputs for the year.

| Performance measures  | Unit of measure | 2012-13 actual | 2012-13 target |
|---|-----------------|----------------|----------------|
| <b>Quantity</b>   |                 |                |                |
| Liquor licensing information and advice provided to consumers and traders   | number          | 78,821         | 80,000         |
| Liquor licensing inspections, compliance monitoring and enforcement activities  | number          | 15,339         | 16,000         |
| Liquor licensing registration and licensing transactions<br><i>The variance of 24 per cent above target is due to an increase in Responsible Service of Alcohol Training delivery by Registered Training Organisations.</i>                                   | number          | 93,066         | 75,000         |
| Gambling regulatory services including licensing and compliance activities<br><i>The variance of 6.3 per cent below target is due to the move to a risk-based approach to technical inspections and a decrease in demand for some licensing applications.</i> | number          | 27,176         | 29,000         |
| <b>Quality</b>  |                 |                |                |
| Accuracy of gambling regulatory compliance activities   | per cent        | 100            | 100            |
| <b>Timeliness</b>   |                 |                |                |
| Gambling regulatory compliance and licensing activities progressed within set timeframes  | per cent        | 87             | 85             |

**Note:** Targets are considered to be achieved when actuals are within a plus or minus five per cent variance from target.

# Commissioners



## **Bruce Thompson**

*Acting Chairman (from 1 January 2013 to 30 June 2013)*

*Deputy Chairman (from 6 February 2012 to 31 December 2012)*

Bruce was the Chairman of the former Victorian Commission for Gambling Regulation, having been appointed for a five-year term in September 2009. Bruce is a non-executive director of SMS Management and Technology Ltd, a consulting, technology and systems integration company, as well as a director of the Box Hill Institute of TAFE. His previous positions include Chairman and Managing Director of Hewlett Packard Australia Ltd, CEO of Keycorp Ltd, former member of the Business Council of Australia and trustee of the Melbourne Cricket Ground Trust.



## **Gail Owen OAM**

*Deputy Chairman*

Gail was a Commissioner of the former Victorian Commission for Gambling Regulation and President of the Law Institute of Victoria. She has held senior legal positions with Gadens Lawyers, Blake Dawson Waldron, EZ Industries Ltd and CRA Ltd. Gail is a current partner of HWL Ebsworth Lawyers.



## **Des Powell AM**

*Commissioner*

Des is an experienced senior executive and director within the private and public sectors. His previous positions include Director of the Port of Melbourne Corporation and Chairperson of the Alpine Resorts Coordinating Council. Other appointments include Commissioner of the State Services Authority, Deputy Chair of the National Transport Commission and Independent Chair of the National Marine Safety Committee Incorporated.



## **Kate Hamond**

*Commissioner*

Kate has an extensive background as a consumer advocate and regulator. Prior to her appointment to the VCGLR, she was Chairman of the Board of Third Age Directions Pty Ltd and Chief Executive Officer of the Australian Retirement Village Association. She served as Victorian Legal Ombudsman between 1999 and 2005. Kate is a member of the Queen Victoria Women's Centre Trust, the Eastern Community Legal Centre Board and the Women's Correctional Services Advisory Committee.





**Robert Kerr**

*Commissioner*

Robert has a background as a senior economic policy executive with the Commonwealth and Victorian governments. He was a Commissioner at the Victorian Competition and Efficiency Commission between 2004 and 2010, Head of Office at the Productivity Commission from 1996 to 2004, and a senior executive at the Commonwealth Treasury since 1983. Robert is also an Honorary Research Fellow with the Brotherhood of St Laurence and a member of the Victorian Government's National Disability Insurance Scheme Implementation Taskforce.



**Mark Brennan**

*Chairman (from 6 February 2012 to 31 December 2012)*

Mark Brennan held the position of Chairman from the commencement of the VCGLR on 6 February 2012 until 31 December 2012. The VCGLR thanks Mark for his important contributions during the organisation's infancy and wishes him all the best in his new role as Australian Small Business Commissioner.

## Chief Executive Officer



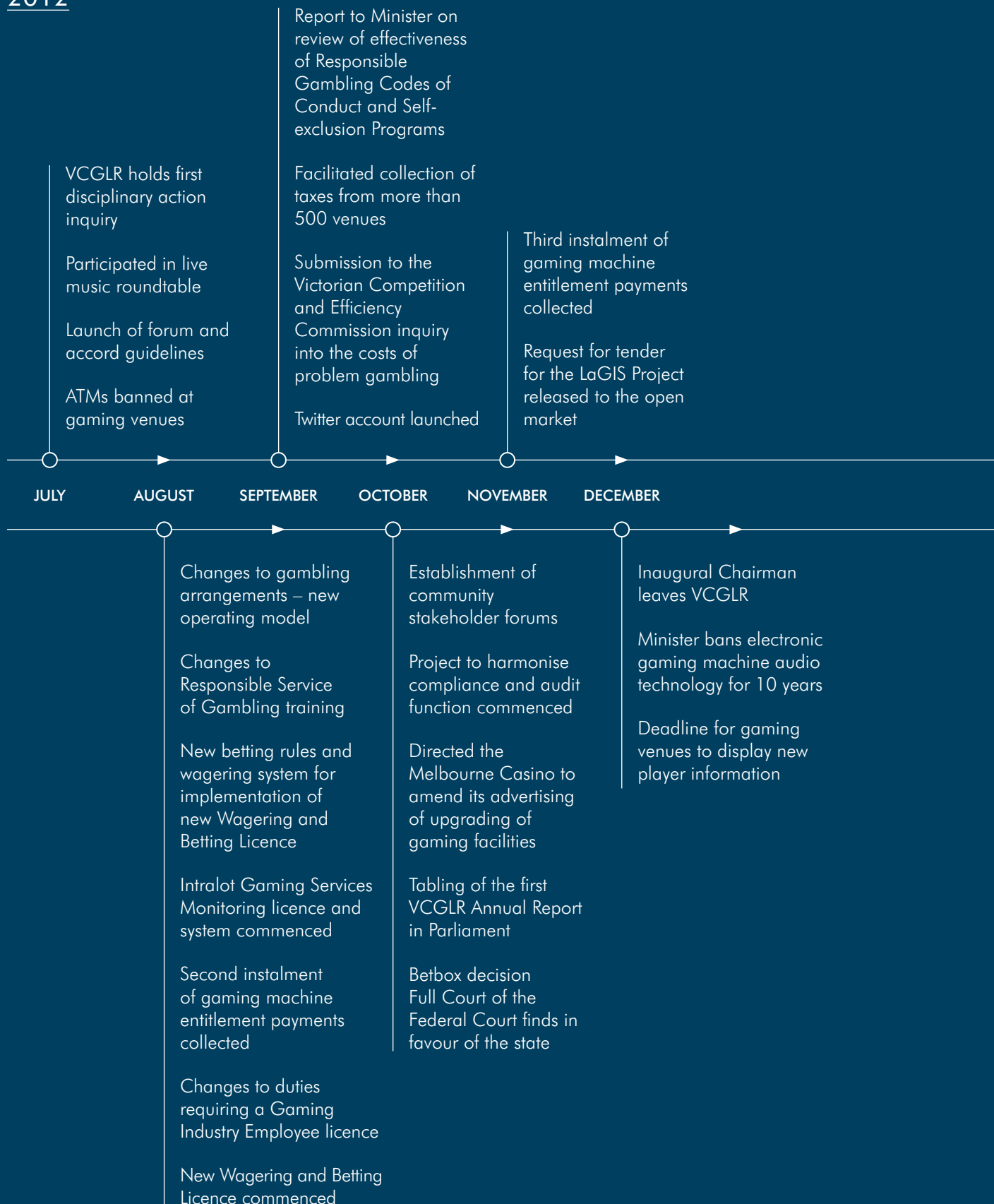
**Jane Brockington**

*Chief Executive Officer*

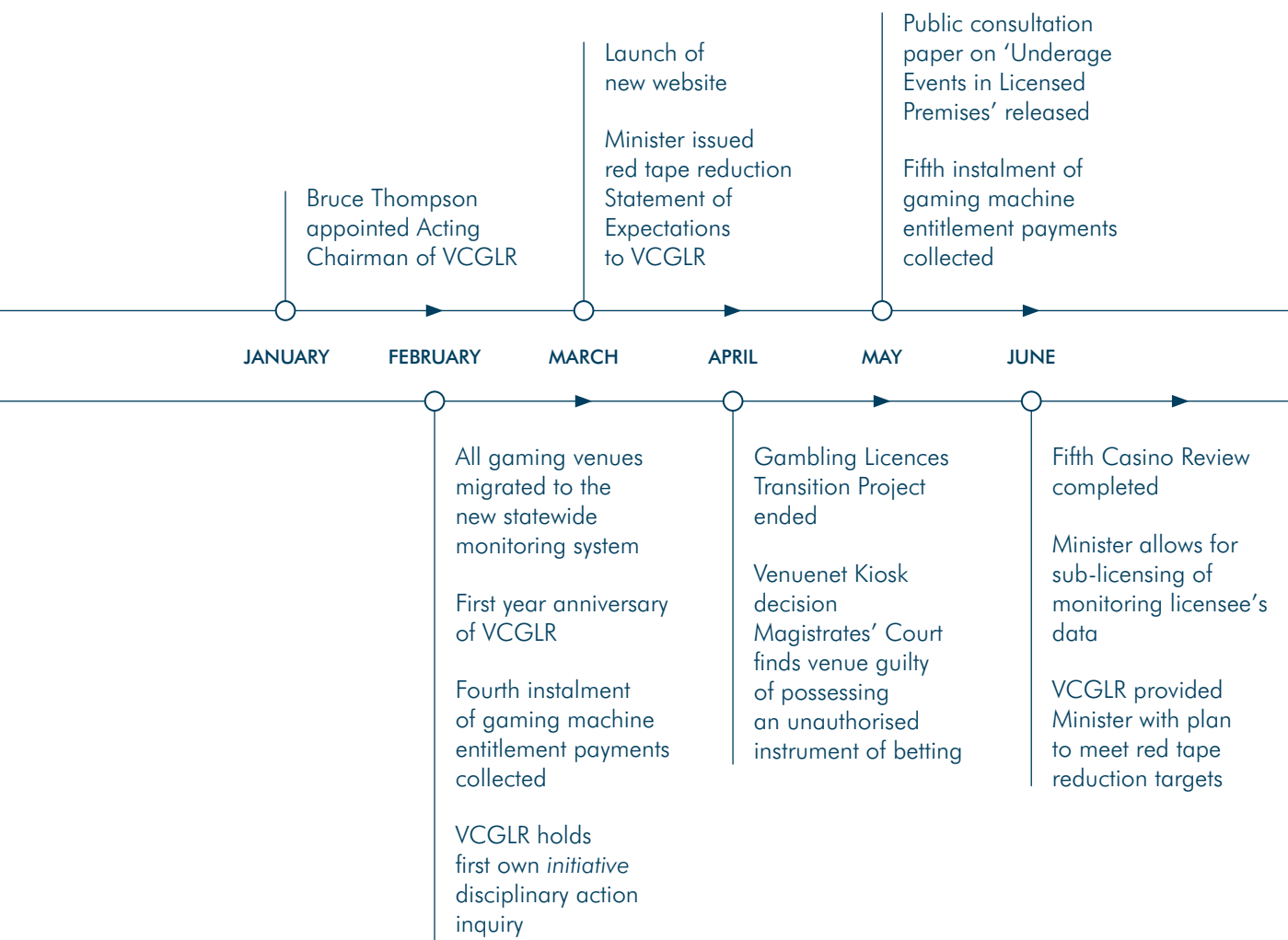
Jane has held a diverse range of roles across policy, regulation, reform and research in both the Commonwealth and Victorian public sectors. She commenced in the role of Chief Executive Officer of the VCGLR on 6 February 2012. Her previous positions include: Executive Commissioner of the former Victorian Commission for Gambling Regulation; Executive Director, Public Policy and Organisation Reviews at the State Services Authority; and Chief Executive Officer of the 2009 Victorian Bushfires Royal Commission.

# Achievements/milestones

2012



## 2013





**PART 2:**

Our work

# Organisational structure



Positions current as at 30 June 2013

Refer page 95 - responsible persons in acting executive roles.

# Our organisation

The VCGLR consists of four main divisions:

1. Licensing and Approvals
2. Compliance and Audit
3. Strategy, Education and Integration, and
4. General Counsel and Regulatory Services.

The People and Culture Unit, which forms part of the Office of the Chief Executive Officer, also fulfills an important role within the organisation and is required to report on its performance for the year.

Our organisational structure aligns with our ongoing operational work while supporting the need to deliver major projects. To this end, two temporary divisions were established to deliver the following projects during 2012–13:

- Gambling Licences Transition Project (GLTP), and
- Fifth Casino Review.

Our 2012–15 strategic priorities ensure we remain focused on our vision and purpose. Part 3 reports our progress towards achieving these against the first year targets outlined in our business plan for 2012–13.



From left: Marianne Munro, Strategic Advisor; Catherine Myers, Director Strategy, Education and Integration; Karen Lees, Director Compliance and Audit; Toniann Stitz, Finance and Budget Manager; Jane Brockington, Chief Executive Officer; Scott Widmer, Project Director Fifth Casino Review; Adam Toma, Director Licensing and Approvals; Raj Malhotra, Director General Counsel and Regulatory Services; Mary Amiridis, Director GLTP; John Veale, Manager People and Culture.

# Our divisions

## 1. Licensing and Approvals

**The Licensing and Approvals Division assesses and approves applications for various liquor and gambling licences and permits. These range from those pertaining to industry employees, products and premises to the systems, equipment and software that support modern gambling operations.**

The division also advises and assists the Commission in determining applications for new gaming venues and those from existing venues to increase the number of electronic gaming machines. This entails a strong focus on maintaining the standards and guidelines relating to industry participants and the conduct of gaming.

The past 12 months were extremely busy with the division processing some 32,000 applications while implementing several major industry reforms. These included introducing new venue-based gaming industry arrangements from August 2012, integrating the former liquor and gambling regulatory bodies, and overseeing the first full year of the new liquor licence demerit and star-rating system.

### **Key 2012–13 operational achievements**

In keeping with its role of ensuring gaming is conducted responsibly and in accordance with legislative requirements, the **Gambling Licences Inspectorate** oversaw the migration of 25,000 electronic gaming machines, across more than 500 venues, to new monitoring software. This represented a major component of the successful transition to the new venue-based gaming industry arrangements.

The **Minor Gaming Unit** assessed 244 new community and charitable organisation declarations, and 320 renewals, which supported legitimate community and charitable gaming activities primarily via bingo and raffles. The issuing of permits, notifications or amendments for more than 2,000 trade promotion lotteries and 900 minor gaming activities (including raffles) ensured their fair and honest conduct.

The **Employee Licensing Unit** issued 3,361 new and renewed licences for Gaming Industry Employees (GIE), Casino Special Employees (CSE), and Bookmaker Key Employees (BKE) for people working or wishing to work in venues with electronic gaming machines, the Melbourne Casino, or for bookmakers. Of these, 68 per cent were new GIE licences, 20 per cent were new CSE licences, and 0.4 per cent were new BKE licences. The balance related to renewals across all licence categories. There were 34,717 active gaming employee licences at 30 June 2013.

The **Commercial Licensing and Monitoring Unit** undertook 862 assessments relating to the structure, probity and financial status of commercial operators involved in the Melbourne Casino, gaming and racing industries. This included companies, associations, partnerships and individuals seeking approval to operate gaming or bingo venues, supply electronic gaming machines, organise commercial raffles, or supply goods and services to the Melbourne Casino.

The unit's work also involved ongoing active monitoring of all commercial licence holders to identify any changes in structure, addition of associates or any adverse probity or financial issues; and considering applications relating to Responsible Gambling Codes of Conduct, transfer of gaming machine entitlements and amendments to entitlement conditions. More than 1,100 such applications were determined during 2012–13.

**Liquor Licensing** assessed 16,101 applications, including applications for new permanent liquor licences and permits, temporary and major event licences, variations to existing licence or permit conditions, and transfer of existing licences or permits. The majority of applications (65 per cent) were for temporary limited or major event licences.

By comparison 15,876 applications were assessed in the previous year. Of the applications finalised, 81 per cent were determined within 60 days of lodgement. As at 30 June 2013, 22 per cent of applications had been pending for more than 60 days compared with 42 per cent the previous year, representing a significant decrease in waiting time.

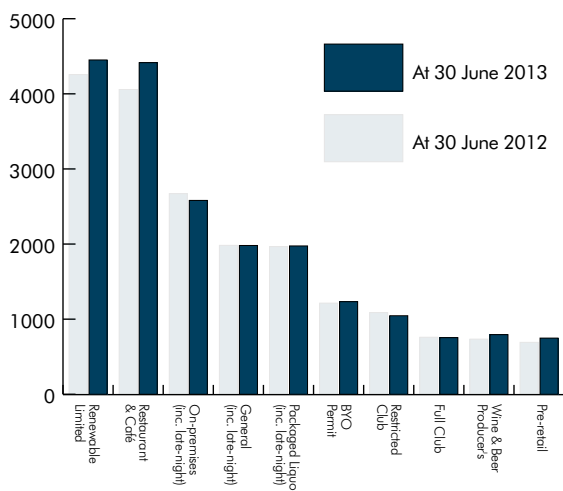


Of the total applications finalised for the year, 91 per cent were granted, four per cent refused and five per cent withdrawn by the applicant. Licences often included special conditions that aimed to minimise any harm associated with operating the licensed premises, including potential impacts on the local area's amenity. A very small proportion of applications was contested (less than two per cent), and the majority of these were determined by delegates of the Commission.

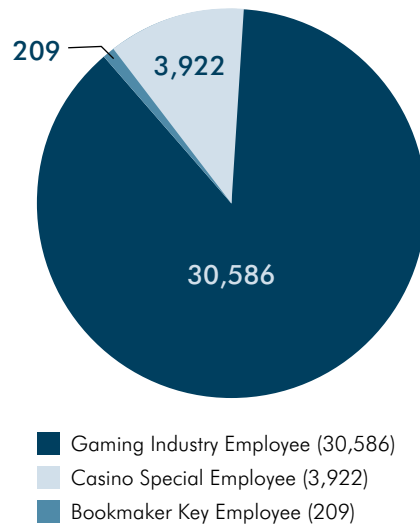
At 30 June 2013, there were 19,978 active permanent liquor licences and permits, which represented a three per cent increase on the previous year. This was largely driven by an additional 356 Restaurant and café licences, and 195 additional Renewable limited licences.

The VCGLR issued more than 10,000 proof of age cards during the year. Commonly used to verify that a person seeking to enter licensed premises or purchase liquor is over 18 years of age, the proof of age card is recognised under the *Liquor Control Reform Act 1998* as an official evidence of age document. An application can be lodged at one of 70 photo point agencies located throughout metropolitan and regional Victoria. Cards are generally issued within two to three weeks after initial lodgement.

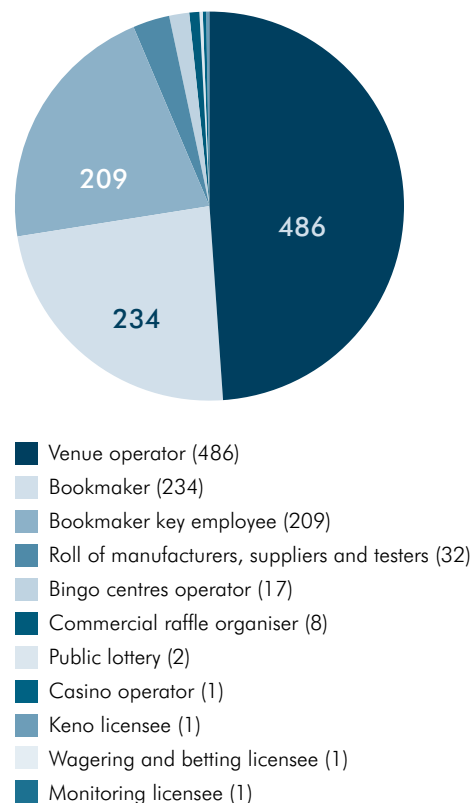
### Number of permanent active liquor licences and permits



### Number of active gaming employee licences as at 30 June 2013



### Other gambling authorisations held at 30 June 2013



## **Our work in action and key outcomes**

### Gaming machine entitlements

The introduction of new venue-based gaming industry arrangements from 16 August 2012 enables approved gaming venue operators to purchase gaming machine entitlements. The change required the VCGLR to develop the processes and systems required to effectively manage regulation of the attachment, amendment, transfer, payment and extension of relevant holding periods of entitlements.

The development of an online portal supported the change by allowing venue operators to self-manage their gaming machine entitlements more efficiently. Users can easily attach their entitlements to an approved venue, apply to transfer the entitlements to another venue operator, amend the conditions or extend the relevant holding period, view their payment requirements and history, advertise entitlements for sale or advertise the wish to purchase entitlements.

Following the portal's launch, the VCGLR processed some 100 applications involving the transfer of more than 2,700 gaming machine entitlements, amended the geographic conditions of some 600 gaming machine entitlements and approved 79 applications to amend the relevant holding periods for more than 1,300 entitlements. Venue Operators with EGM entitlements must commence gaming under that entitlement within the relevant holding period, unless an amendment is granted by the VCGLR.

### **Gambling products**

The new venue-based gaming industry arrangements also had implications for the regulation of gambling products, including electronic betting terminals, gaming machines, lottery tickets and Keno games. These included a new requirement for the VCGLR to separately approve linked jackpot arrangements in hotel and clubs before they are installed in any venue. Since 16 August 2012 when this arrangement came into effect, more than 400 approvals have been granted.

The VCGLR is also responsible for examining all systems, equipment, software, procedures and rules related to gambling to ensure they are fit for purpose. During 2012–13, the organisation

processed applications from manufacturers and suppliers to approve more than 350 electronic gaming machines, games, and variations to games and gaming machines for operation in Victoria. Each application was accompanied by independent test reports, artwork, player information displays and mathematical bases for the games and payouts.

The VCGLR examines applications thoroughly to ensure they comply with relevant standards such as player return (which must be more than 87 per cent), game fairness and security, and responsible gambling. Changes to the electronic systems that monitor these games and gaming machines are also submitted to the VCGLR for assessment against standards to ensure integrity in the monitoring of gaming machines.

Similarly, the electronic systems and procedures that underpin other major gambling activities (eg wagering and betting, Keno, lotteries, bingo) are subject to rigorous approval processes, as are the rules and procedures that govern these activities. During the year, the VCGLR processed more than 90 changes to the systems, rules and procedures that apply to gambling in Victoria. In addition, more than 100 changes to rules, equipment and operating procedures were assessed and approved for the Melbourne Casino.

### **Gamechanger Project and Licence Management Framework**

The Gamechanger Project was established within the Licensing and Approvals Division to help to actively manage major gambling-related and gaming venue operator licences. It aims to ensure a seamless transition from the upfront work involved in implementing the new gaming industry arrangements to their day-to-day 'business as usual' administration.

Major gambling-related licences include Keno, wagering and betting, public lotteries, the Melbourne Casino and the Monitoring Licence.

The Gamechanger Project aims to:

- equip the VCGLR with the knowledge, capability and governance to successfully administer the new gaming industry arrangements, and
- assist with the implementation of a more risk-based approach to regulation.

The development of a related Licence Management Framework provides a coherent strategy, guiding principles and clear processes for administering the major licences. The framework also encompasses an approach to addressing a range of matters related to the operation of electronic gaming machines at venues. These include but are not limited to: compliance challenges, technical expertise requirements, entitlement payment

obligations, 'use it or lose it' regime (where venue operators not using their entitlements within the necessary timeframe could lose them), the gaming machine entitlements transfer market, ongoing guidance and information, approved games and responsible gaming.

## Rules

The rules of games establish the conditions, in respect to gambling products, to be observed by gambling providers and players. The VCGLR regulates all rules and rule changes.

In 2012–13, the following submissions were approved:

| Type of submission                          | Operator                       | Number of approvals |
|---|--------------------------------|---------------------|
| Lottery rules                               | Tattersalls Sweeps Pty Ltd     | 2                   |
| Betting rules (pari-mutuel)                 | Tabcorp Wagering (Vic) Pty Ltd | 2                   |
| Betting rules (fixed-odds) – sports betting | Tabcorp Wagering (Vic) Pty Ltd | 0                   |
| Fixed odds betting                          | Tabcorp Wagering (Vic) Pty Ltd | 1                   |
| Casino games                                | Crown Melbourne Pty Ltd        | 14                  |

## Melbourne Casino

| Type   | Authorisation issued under                       | Number submitted | Number approved |
|--|--|------------------|-----------------|
| Re-configuration of gaming tables and electronic gaming machines | Section 59 of the <i>Casino Control Act 1991</i> | 1                | 1               |

Fifty-one submissions from the Melbourne Casino to amend the casino operator's Internal Control Statements (ICS) were approved by the VCGLR under Section 121 of the *Casino Control Act 1991*. These submissions included amendments to the ICS and Standard Operating Procedures (SOP) to address product enhancements, reflect changed operational practices and maintain integrity.

## Victorian gambling industry reforms

**In 2012, Victoria's gambling industry was fundamentally reshaped. The changes included:**

- a single new 12-year Keno licence to be operated by Tabcorp. The new licence commenced on 15 April 2012
- an exclusive 12-year wagering and betting licence operated by Tabcorp that commenced on 16 August 2012
- a single 15-year Monitoring Licence operated by Intralot Gaming Solutions (IGS) that commenced on 16 August 2012, and
- the introduction of the venue-based gaming industry model for a period of 10 years that also commenced on 16 August 2012.

These changes have not resulted in any change to the maximum number of electronic gaming machines that can operate within Victoria, outside of the Melbourne Casino.

The most significant change occurred with the introduction of the venue-based gaming industry model. Under this model, licensed venue operators are now responsible for gaming activities in licensed hotels and clubs across the state. Venue operators can only own and operate electronic gaming machines if they purchase gaming machine entitlements. Electronic gaming machines can also only be operated if they are connected

to the monitoring system. All electronic gaming machines are monitored electronically to ensure only approved machines are operating with approved software and games on offer.

While the new venue-based gaming industry model gives venue operators more autonomy and business opportunity, it also requires them to assume greater responsibility for compliance with the extensive regulatory requirements, including operational, technical and financial standards, and responsible gambling imperatives.



The single Keno licence is now operated in many more premises than under the previous industry arrangements, and the wagering licence has significantly changed the arrangements between Tabcorp and the Victorian racing industry.

At the end of 2012–13, the monitoring system continues to be developed and all gaming

venues are operating on the Intralot Gaming Services (IGS) monitoring system. The VCGLR continues to closely supervise IGS's implementation of the full functionality of the monitoring system.

All of these industry changes are underpinned by extensive legislation, related regulatory instruments and licence arrangements. This means that the VCGLR is now educating and enforcing the complex new regulatory requirements.

When there is significant industry restructuring, experience suggests transition

will present challenges for everyone involved. This has also proven true in the gaming industry, especially in the early stages following 16 August 2012.

To facilitate the smoothest transition possible, the VCGLR has worked closely with all major licensees and venues. The VCGLR closely oversees IGS, peak bodies and industry

associations to educate venue operators about their new obligations and responsibilities. To assist our compliance efforts, the VCGLR conducted extensive venue consultations and education across Victoria in 2012–13. This included information sessions for venues on their financial and accounting requirements under the venue-based gaming industry model. The VCGLR's compliance staff also visited every venue to provide information to venue operators and assist with transition matters.

### **Gambling Licences Transition Project**

The Gambling Licences Transition Project (GLTP) was a special project team created and funded by the Department of Justice to oversee the implementation of the new gaming licences.

Located in the VCGLR, the project team worked closely with VCGLR staff members and licensees to assist implementation of the new systems and processes to support the initial transition to the new licensing arrangements.

Before finishing up in April and leaving in June 2013, the team transferred its knowledge and know-how to the VCGLR. This provided the VCGLR with a baseline for further implementation and integration to resolve any residual issues, and supported the VCGLR in effectively managing the

major licences as part of the organisation's 'business as usual' activities.

### **Education and compliance**

The delivery of a targeted communication and stakeholder strategy supported venue operators in meeting their new responsibilities by providing them with information and education about the changes and related compliance requirements.

Key activities leading up to the 16 August 2012 changeover included a series of information sessions held at various metropolitan and regional locations across the state. Once the new arrangements took effect, VCGLR provided additional information and support via its website, contact centre and online venue services portal. Other activities included industry forums, newsletters and regular direct correspondence.

The strategy also targeted those involved in delivering training courses related to the gambling and liquor industries, key gambling, liquor and hospitality industry stakeholders, and the Victorian community.

### **Gambling supervision charges: successful collaboration between government agencies**

The new licences and venue-based gaming industry arrangements also necessitated an extensive review of gambling

supervision charges, including the methodology, systems and processes involved.

Under the *Gambling Regulation Act 2003*, specified gambling licence holders and gaming venue operators holding gaming machine entitlements are required to pay supervision charges. The Treasurer determines these charges, in consultation with the Minister for Liquor and Gambling Regulation. The charges assist the VCGLR in recovering the costs of regulating licence activities.

The review was undertaken by a working group comprising representatives of the VCGLR, Department of Treasury and Finance, and Department of Justice.

This approach ensured the timely completion of a significant body of work. On 7 June 2013, prior to determining the new charge, the Department of Treasury and Finance released a Regulatory Impact Statement for public comment.

The new gaming supervision charge for 2012–13 and its implementation will be announced later this year.



## 2. Compliance and Audit

**The Compliance and Audit Division is responsible for promoting, investigating, auditing and enforcing compliance with Victoria's gambling and liquor laws.**

The VCGLR's compliance inspectors regularly visit liquor licensed and gambling venues across Victoria to audit regulatory compliance, including responsible gambling and service of alcohol, and to promote harm minimisation.

The division's work also has a strong focus on ensuring probity and appropriate conduct of licensees and permit holders.

During 2012–13, the division's compliance inspectors conducted a total of 21,272 inspections across gambling and liquor industries, which resulted in 3,924 breaches being detected. A total of 1,482 warning letters were issued and 33 prosecutions undertaken.

### **Key 2012–13 operational achievements**

A focused inspection program was implemented across the liquor industry targeting high-risk venues, packaged liquor sales outlets and venues requiring follow-up to ensure previous enforcement actions had achieved positive outcomes.

This saw 15,339 inspections across 14 licence categories undertaken with 3,069 breaches detected. Actions included six prosecutions and three enforceable undertakings issued under the *Liquor Control Reform Act 1998*.

Other work also led to three inappropriate liquor promotions being stopped, while a series of visits to 1,826 late night trading venues provided an opportunity to inform and advise 339 licence holders about the compliance requirements relating to the new permanent and temporary liquor licences.

In the gambling industry, 5,917 inspections and audits were completed resulting in 856 breaches being detected. This included 431 inspections of community and charitable gaming activities and venues with 27 warning notices being issued.

Eight people were prosecuted for 36 offences under the *Gambling Regulation Act 2003*. Under the *Casino Control Act 1991*, 50 patron complaints were received in relation to various

matters of concern related to the Melbourne Casino; and 103 official warning notices were issued to 'excluded persons' at the casino who had breached their exclusion orders. In addition, 18 'excluded persons' were prosecuted.

Throughout the year, the division concentrated its efforts on large public events such as the Spring Racing Carnival, Australian MotoGP and the Australian Grand Prix. Major public holidays (for example Christmas Day, Good Friday and ANZAC Day) also entailed compliance operations to ensure the gambling and liquor industries were prepared for these peak periods, often working collaboratively with Victoria Police and local councils.

The new gambling licensing arrangements also impacted significantly on the division's work, particularly compliance activities relating to Keno venues and electronic gaming machine venues.

Inspectors visited all gaming venues across the state to deliver information packs and to explain the changes, including the new monitoring system. This ensured venue operators were aware of their new regulatory responsibilities and compliance requirements.

The regular presence of VCGLR inspectors at key venues, including the Melbourne Casino, focused on ensuring the integrity and reliability of gambling systems and activities.

At the Melbourne Casino for example, this includes monitoring gambling and licensing activity via surveillance cameras and by accessing all areas, including private gambling rooms.

During 2012–13, operations conducted at the Melbourne Casino focused on minors, 'excluded persons' and patrons gambling while intoxicated. These saw 424 younger persons checked, resulting in four minors being detected, and 660 patrons checked with eight 'excluded persons' identified.

## Our work in action and key outcomes

### Reviewing a Melbourne Casino complaint

A Melbourne Casino patron complained to VCGLR inspectors about not receiving payment for a winning roulette bet. He asked VCGLR to review the casino's decision after expressing dissatisfaction with the attitude of its employees and their handling of his situation.

The inspectors recorded full details including: table number, date and time, bet type, physical description of the complainant, winning number and other relevant data. They also informed the complainant of VCGLR's impartial role and the use of video footage, in conjunction with the rules of the game, to determine an outcome.

Following a full review of the surveillance camera footage of the incident, the inspectors verified that the Melbourne Casino's decision was correct. They explained the game play in detail to the complainant who accepted their decision and thanked them for their consideration and professionalism.

### VCGLR and Victoria Police work together to address sale of alcohol to minors

The sale of alcohol to minors is a priority focus area for the VCGLR's compliance activity.

The VCGLR was made aware that a venue in a local area was selling alcohol to minors. Inspectors canvassed the area and observed activities enabling them to identify the premises in question.

They inspected the venue and provided the licensee with information about the legal requirements relating to the supply of liquor to minors. A joint operation with Victoria Police also saw several Penalty Infringement Notices (PIN) issued.

Several months later, operating under a new licensee the venue again came to inspectors' attention. While minors were observed entering the premises, they were not supplied with alcohol at that time. The new licensee received a written warning pertaining to allowing unaccompanied minors on licensed premises.

During a follow-up, minors were observed entering, purchasing liquor and departing the premises. The licensee subsequently received a PIN for this offence and was issued with a demerit point.

These examples demonstrate how joint operations with Victoria Police provide a sound foundation for sharing resources and intelligence to achieve good regulatory and harm minimisation outcomes.

### Investigating and prosecuting venue operators

A complaint from a member of the public alerted the VCGLR to the regular practice of a particular venue in relation to patrons withdrawing large sums of money from an ATM for gambling purposes. This directly contravenes legislative requirements.

The ensuing VCGLR investigation confirmed the complainant had withdrawn more than \$200 from an ATM located in the venue's TAB wagering area on 37 separate occasions. The most significant withdrawal amount was \$7,000.

The attending inspectors expanded their inquiry to include an audit of the venue's banking and gaming records. This identified a further 43 transactions where other patrons had withdrawn amounts exceeding \$200 from the same ATM terminal.

The inspectors interviewed staff members and the venue's nominee, who subsequently made admissions regarding 80 suspect transactions. The venue operator was later charged and convicted of breaching Section 3.5.32 of the *Gambling Regulation Act 2003*. This resulted in fines totalling \$45,000 plus court costs of \$350.

Please note: Since July 2012, ATMs have been removed from gaming venues.

## Other projects

### Harmonisation Project

In October 2012, the VCGLR started work on the Harmonisation Project, which focused on delivering a more integrated, sustainable service delivery model for its compliance and audit functions.

An integrated inspector role for the gambling and liquor industries was created in the *Victorian Commission for Gambling and Liquor Regulation Act 2011*.

Achieving the new integrated role required the clarification of various disparities between the existing employment conditions of liquor and gambling inspectors while working to modernise compliance functions and synthesise governance processes. This included building stronger intelligence, improving the integrity of decision-making processes, providing consistent employment conditions for inspectors, and enhancing the effectiveness of the liquor and gambling regulatory schemes.

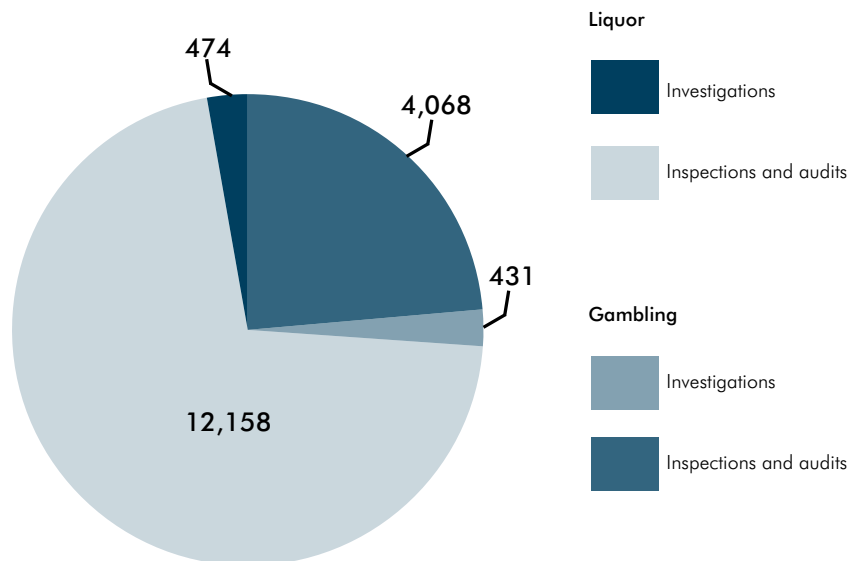
A new Director of the Compliance division commenced in June 2013 and will lead the implementation of the proposed model in late 2013.

### Compliance strategy for gaming venue operators

With the new venue-based gaming industry arrangements taking effect from August 2012, the VCGLR developed a compliance strategy to assist venue operators to remain compliant throughout the transition process and afterwards. This focused on education, information, service and support.

In the first instance, if venues were found to be non-compliant for matters not related to harm, they were encouraged to participate in a formal risk management discussion. Venues were given a period of time to reach a state of compliance and re-inspected after the relevant time period. If they were still non-compliant, further enforcement action followed.

## Compliance activity for 2012–13



The number of liquor compliance breaches for 2012–2013 totalled 3,069 and gambling compliance breaches totalled 856.



## Assuring the systems and data integrity of Victoria's gambling system

VCGLR's three-member System Assurance Team may be small but it fulfils an important role. This involves conducting audits and risk assessments of Victoria's four main gambling operators: Intralot, Tabcorp, Tattersalls and the Melbourne Casino.

Team members Shiva Anandaganeshan, Ashley Bong and James Huang are part of our Compliance and Audit Division. Their work ensures that:

- Victoria's gaming, wagering, lottery, Keno and betting systems operate as approved, and
- the supporting procedures provide assurance in relation to systems and data integrity.

*"It's challenging but rewarding work," explains Shiva.*

*"When a risk or compliance issue is identified, we work closely with the relevant operator to create an action plan, which sets out a series of corrective actions and the timeframes for when these actions need to be completed.*

*"We then follow up to ensure the operator has implemented the plan within the set timeframes. If so, we prepare a final report and close the case," Shiva says.*

During 2012–13, the team completed two back-to-back audits at Tabcorp. The first involved auditing Tabcorp's Sportsbet system, which resulted in 14 security and control weaknesses being identified. While these represented a

security risk, they were not necessarily a compliance issue.

The second audit concerned a follow-up review of Tabcorp's Customer Account Management system.

The team is currently following up on the outcomes emerging from recent audits of the Intralot lottery system and the Keno system, and is investigating several significant events reported by Intralot and Tabcorp.





## Fifth Casino Review

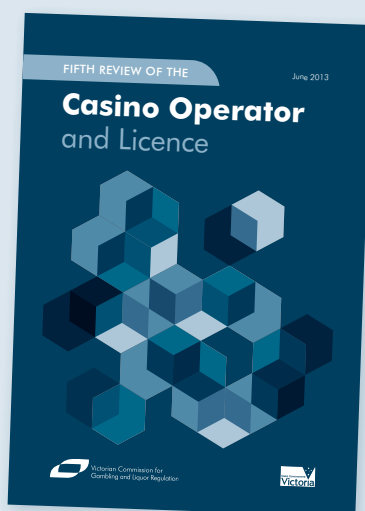
The VCGLR started the Fifth Casino Review in June 2012. A separate unit was established to conduct the investigations and report to a steering committee. Chair Mark Brennan (until December 2012), Commissioner Bruce Thompson (acting Chair from January 2013), Commissioner Robert Kerr (presiding over day-to-day progress) and CEO Jane Brockington sat on the steering committee.

The *Casino Control Act 1991* requires the VCGLR to investigate the casino operator and casino licence at least once every five years. Crown Melbourne Limited holds the only casino licence under the Act, which was granted on 19 November 1993 and expires in 2033.

Section 25(1) of the Act sets out the scope of the periodic investigations in that the VCGLR must investigate and form an opinion in relation to each of the following matters:

- (a) whether or not the casino operator is a suitable person to continue to hold the casino licence
- (b) whether or not the casino operator is complying with the *Casino Control Act 1991*, the *Casino (Management Agreement) Act 1993*, the *Gambling Regulation Act 2003* and the regulations made under any of these Acts

- (c) in the case of the Melbourne Casino operator, whether or not the casino operator is complying with:
  - (i) the transaction documents, and
  - (ii) any other agreements between the Melbourne Casino operator and the state, or a body representing the state, that impose obligations on the casino operator in relation to gaming
- (d) whether or not it is in the public interest that the casino licence should continue in force.



The review was completed on 30 June 2013 and provided to the Minister for Gambling and Liquor Regulation. The Commission found that Crown Melbourne Limited remains a suitable person to hold a casino

licence, is complying with the legislation and regulations and transactions documents, and it is in the public interest that the casino licence should continue in force.

The Commission also made 10 recommendations for improvement, including six relating to responsible gambling. Crown Melbourne Limited's response to these recommendations will be monitored by the VCGLR.

The full report is available on the VCGLR website.

An important part of the investigation involved consulting with a range of stakeholders, including community groups, academics, government agencies, law enforcement bodies, and various Australian and international gambling regulators.

On 29 August 2012, the public was invited to make submissions to the Fifth Casino Review by 15 October 2012. Details of the submission process were published on the website and in VCGLR's newsletter (distributed to more than 10,000 subscribers), and advertised in *The Age*, *The Australian* and *The Australian Financial Review*. In response, the VCGLR received one submission (from Crown Melbourne Limited), a copy of which is available on the Fifth Casino Review web page.

### 3. Strategy, Education and Integration

**The Strategy, Education and Integration Division supports the VCGLR in developing and implementing innovative business processes, effective stakeholder engagement programs and various governance activities.**

The division's organisation-wide functions include information technology, administrative services, facilities management, and financial and corporate reporting, including audit and analysis of all gambling revenue.

It also undertakes communication, education and training activities, and drives innovation, process improvement and business systems development. Much of this work involves engaging and collaborating with industry and other key stakeholders.

The past year has seen the bedding down of systems and processes relating to the organisation's business operations and governance. Stakeholder engagement has also remained a major focus.

Highlights included:

- improving our service levels with Contact Centre data showing 80 per cent of calls answered within 20 seconds
- upgrading the VCGLR website with various multi-media features, a modern, more engaging design and better navigation system, which makes it easier for stakeholders to find key information, resources and online services
- conducting a pilot program, in consultation with industry and key stakeholders, for a new Advanced Responsible Service of Alcohol training program for late night venues
- coordinating the synchronisation and system automation of gaming venue data between the two licensing systems (ie Gaming Licence System and Gambling Audit and Monitoring System) to enhance venue data integrity and quality

- producing online Responsible Service of Alcohol (RSA) inspection data enabling VCGLR inspectors to check the currency and validity of RSA certificates during field inspections
- assessing the accuracy and completeness of reported data and government revenue from all gambling licensees, primarily relating to the transition to the new venue-based gaming industry arrangements from 16 August 2012
- addressing almost 200 internal and external requests for gaming expenditure and gaming tax data, and
- establishing regular community stakeholder forums.

#### Key 2012–13 operational achievements

More than 67,000 participants undertook VCGLR-approved **Responsible Service of Alcohol (RSA)** training with over 8,500 RSA courses delivered by some 240 registered training organisations.

In addition, more than 860 liquor licence applicants completed new entrant training and over 20,000 industry employees undertook the RSA online refresher training course via the VCGLR website.

At 30 June 2013, there were more than 700,000 holders of RSA training certificates across Victoria with the VCGLR responsible for administering course delivery via approved trainers and registered training organisations.

The VCGLR worked with nine **liquor forums** to develop formal accords and engaged with more than 2,500 participants at forum and accord meetings held during the year.

These forums enable groups of local licensees across various licence categories (for example, sporting clubs, nightclubs, bars, restaurants, packaged liquor outlets) to meet with local Victoria Police, local government, community and industry representatives to discuss local alcohol-related issues and implement a range of strategic initiatives to promote harm minimisation.

The establishment of a **liquor accord** under the *Liquor Control Reform Act 1998* formalises a forum's outcomes with a document that sets out specific aims, objectives, strategies and actions to address local alcohol-related problems.

The VCGLR supports liquor forums by providing resources and educational materials, and by attending meetings to deliver up-to-date information about licensing and other regulatory initiatives.

At 30 June 2013, there were 81 liquor and gambling forums and accords throughout Victoria. A list of local forums and accords appears on the VCGLR website.

The VCGLR conducted various **audit programs** throughout the year as part of fulfilling its responsibilities under the *Gambling Regulation Act 2003* and the *Casino Control Act 1991*. These focus on ensuring that all gambling revenue is correctly calculated and licensees pay the requisite taxes and levies. They also ensure the legitimacy of gambling in Victoria.

The organisation's risk-based audit approach aims to effectively mitigate risk across all gambling products. This saw the establishment of a new risk-based framework for gaming venues, which was implemented from 16 August 2012 when the new venue-based gaming industry arrangements took effect.

The framework primarily identifies and mitigates risk associated with the conduct of gaming at venues and ensures operators comply with legislative, and accounting and auditing requirements.

Operational audits of gaming venues during the year ensured that gaming operators complied with the statutory obligation of returning to players not less than 87 per cent of the total amounts wagered in a year at each gaming venue.

Further information relating to player loss is contained in Appendix 3 (page 75). Data on gaming machine expenditure or player loss by individual gaming venues is regularly published on the VCGLR's website.

The past 12 months also saw 1,605 lottery draws conducted under VCGLR supervision in accordance with the *Gambling Regulation Act 2003*. An amendment to the Act that took effect in 2011 has removed the mandatory requirement for the VCGLR to supervise Random Number Generated lottery draws (RNG). The VCGLR will continue to supervise the conduct of all machine-based lottery draws and retains the authority to attend any draw, and nominated government supervisors will continue to conduct random audits of RNG draws.

## Contracts and procurement

During the 2012–2013 financial year, the VCGLR has undertaken a significant amount of work to review and improve its policies and procedures relating to procurement and contract management. This has resulted in a number of new policies being adopted, the creation of an Internal Purchasing Unit and improvements to the organisation's contract management capacity. It's expected that these changes will lead to more efficient and effective processes, and will also provide the VCGLR with stronger control mechanisms.

## Gambling monitoring system (Gammon) project

VCGLR's Information, Communication and Technology Unit completed several major initiatives during 2012–13, the most significant being the Gammon Project.

This project achieved the seamless continuation of VCGLR's auditing and monitoring functions in light of the implementation of a new tax collection model and two major reforms to Victoria's gaming industry:

- introduction of the new Keno licence from 15 April 2012, and
- implementation of the new venue-based gaming industry arrangements from 16 August 2012.

It involved identifying the impacts of these changes on existing systems and processes, and the need to improve or change them. The ensuing program of work delivered a series of enhancements to the Gambling Audit and Monitoring System (Gammon) and to the Gaming Licence Systems. These ensured better synchronicity between the two systems while addressing the new venue-based gaming industry arrangements.

The project also addressed the 'Use it or lose it' legislative requirements related to gaming machine entitlements. This enables VCGLR to identify venues that have not used their allocated gaming machine entitlements within the specified legislative period.

## Office-based environmental impacts

VCGLR's Environment Management System (EMS) meets government requirements for the organisation to reduce its impact on the environment. The initial focus has been on office-based activities in the areas of energy and paper consumption, transportation, waste generation and green procurement.

The EMS objectives include:

- reducing the amount of waste and maximising the amount reused and recycled
- separating office waste into recyclable, compost and true waste parts
- reducing passenger vehicle fleet emissions
- ensuring new capital works incorporate environmental sustainability principles
- making environmentally sound purchasing decisions for capital items and consumables
- communicating environmental performance through regular reporting, and
- encouraging staff to reduce their environmental footprint.

## Environmental purchasing

In line with the Victorian Government's Environmental Purchasing policy, the VCGLR purchased only Australian-manufactured copy paper with a recycled paper content and operated photocopiers and laser printers that are environmentally endorsed.

## Waste

While we continue to conscientiously separate waste into recyclables, compost and land fill, the Property Manager of our Richmond office does not currently measure the volume or weight of the three streams when they are removed from the premises. Waste was similarly not measured at the former VCGR offices at Spring Street, Melbourne, since July 2010, so no relevant historical data is available.

We have continued to be involved for a number of years in a toner recycle project operating through 'Close the Loop'. This service guarantees that no office printing product waste ends up in landfill.

## Paper use

| Paper use   | 2011–12 | 2012–13  |
|---|---------|----------|
| Paper used per Full Time Equivalent (FTE) (reams) | 15.35*  | 18.92*** |
| Paper used in total (reams)                       | 3,729** | 3,962    |

\* The FTE figure being used in this calculation is 242.96 and represents the staffing figure of the VCGLR at 30 June 2012. As the former Responsible Alcohol Victoria (RAV) staff paper usage is not able to be included in the above information, using the total FTE figure creates a distortion in the figure for paper used per FTE in 2011–12.

\*\* This figure does not reflect any paper usage from the former Responsible Alcohol Victoria staff before February 2012 and seriously understates the total annual usage of paper.

\*\*\* The figure used in this calculation is 208.9 and represents the staffing figure at the VCGLR at 30 June 2013. It does not include Commissioners, staff on leave without pay, staff on secondment, or contractors/agency staff.

## Water consumption

The building water consumption at 49 Elizabeth Street, Richmond, is not individually metered and no usage figures are available. The former VCGR office at 35 Spring Street, Melbourne, was also not individually metered and therefore there are no historical figures available.

Water consumption at 49 Elizabeth Street, Richmond, is used solely for office purposes. Environmental initiatives include waterless urinals and the harvesting of rainwater to flush toilets.

## Sustainable Energy Authority Victoria – ResourceSmart

As part of the government’s Business and Environmental Strategy, the VCGLR is committed to responsible energy management. This is practised throughout all our rented premises and energy efficient equipment is purchased wherever it is cost-effective to do so. Work projects that facilitate a reduction in energy usage continue to be evaluated as they come to hand.

| Year       | Energy consumption* |              |           |              |                    |          |               |
|------------|---------------------|--------------|-----------|--------------|--------------------|----------|---------------|
|            | Peak kWh            | Off-peak kWh | Total kWh | kWh per FTE  | Green Energy units | Green \$ | Total***** \$ |
| 2011–12**  | 320,232             | 207,298      | 527,530   | 2,171.3****  | 0                  | 0        | 66,363        |
| 2012–13*** | 296,399             | 187,660      | 484,058   | 2,316.8***** | 0                  | 0        | 90,446        |

\* Information supplied by Brookfield Multiplex on behalf of the Department of Treasury and Finance.

\*\* The 2011–12 figure includes the Spring Street office from July 2011 to the end of January 2012 and VCGLR usage at the Richmond office from February 2012–June 2012. Billing problems between Brookfield Multiplex and the power company have resulted in some power bills for the Richmond office not being processed or included in these figures. Five monthly power bills for level 4 and one monthly power bill for level 3 have not been able to be included in the above figures. The purchase of green power ceased on 1 July 2011.

\*\*\* Billing problems have resulted in exclusion from the above figures of one bill for ground floor, one bill for level 1, two bills for level 3 and two bills for level 4.

\*\*\*\* The kWh per FTE figure is impacted by the above note as the FTE figure used in this calculation is 242.96 and represents the staffing figure of the VCGLR at 30 June 2012. The former RAV staff power usage is not able to be included in the above information. Using the total FTE figure creates a distortion in the figure for kWh used per FTE in 2011–12.

\*\*\*\*\* The FTE figure for VCGLR at 29 June 2013 is 208.9 and does not include Commissioners, staff on leave without pay, staff on secondment, or agency/contract staff.

\*\*\*\*\* Excludes GST.

| Energy consumption greenhouse gas emissions*                                       | 2011–12** | 2012–13**  |
|--|-----------|------------|
| Total greenhouse gas emissions associated with energy use (CO <sup>2</sup> tonnes) | 729.73*** | 585.71**** |
| Total greenhouse gas emissions saved (CO <sup>2</sup> tonnes)                      | 0*****    | 0*****     |

\* Information supplied by Brookfield Multiplex on behalf of the Department of Treasury and Finance.

\*\* The 2011–12 figure includes the Spring Street office from July 2011 to the end of January 2012 and VCGLR usage at Richmond from February 2012–June 2012.

\*\*\* Billing problems between Brookfield Multiplex and the power company have resulted in some power bills for Richmond not being processed or included in these figures. One monthly power bill for level 3 and five monthly power bills for level 4 have not been able to be included in the above figures so the 2011–2012 greenhouse gas emissions figure is understated.

\*\*\*\* Billing problems have resulted in exclusion of one bill for ground floor, one bill for level 1, two bills for level 3 and two bills for level 4 from the above figures so the 2012–13 greenhouse gas emissions figure is understated.

\*\*\*\*\* The purchase of green power ceased on 1 July 2011.



## Transportation

The VCGLR maintains a fleet of 16 operational vehicles. Over the past 12 months, we have increased the proportion of hybrid vehicles in our operational fleet from 40 per cent to 87 per cent. The number of vehicles for executives was reduced from four to three during 2011-12 and then further reduced from three to one during 2012-13.

Vehicles are hired from the Department of Treasury and Finance's shared service provider vehicle pool and the costs are covered under the hire arrangements for each vehicle. Individual consumption figures are not available. The slight decrease in the litres per vehicle for executives is reflective of the relocation of the VCGLR out of the CBD to Richmond.

| Executive vehicles <sup>^</sup> | 2011-12 | 2012-13 |
|---------------------------------|---------|---------|
| Litres of petrol used           | 8,732   | 5,547   |
| Litres per vehicle              | 2,762   | 1,386   |

<sup>^</sup> The number of vehicles for executives reduced by two during 2012-13 and the average number of vehicles for executives was two.



## Customer service

The first point of contact for customers visiting the VCGLR's Richmond office at 49 Elizabeth Street is our main reception desk and service counter. This is staffed between 8.30 am and 5.00 pm from Monday to Friday. We are committed to providing a friendly and helpful service to our customers. One of our highly efficient and friendly receptionists is Yanyun Tan. Her role involves helping customers by:

- receiving applications for liquor licences and BYO permits
- processing and receipting gaming machine entitlement cheques
- certifying 100-point ID checks

- issuing RSA certificates
- receipting gaming licence payments, and
- handing out National Police Check forms.

Other services handled at our reception counter include:

- applications for Gaming Industry Employee licences and other gambling applications
- mandatory fingerprinting of Gaming Industry Employee licence applicants, and
- liquor licence applications including transfers.

Yanyun signs customers and visitors in, and directs participants attending VCGLR hearings to the hearing room. The reception desk is also the

contact point for couriers and taxis picking up visitors. Yanyun handles telephone enquiries and dispatches forms and other information in response to callers' requests.

When needed, Yanyun will organise one of our certified language aides or staff interpreters to assist with customers from non-English speaking backgrounds. Yanyun herself speaks Mandarin. The role is busy and demanding but one that Yanyun enjoys immensely.

*"I love the variety and challenges of my job. I love that every day is different. I enjoy meeting people and I believe we provide a high quality service to our customers,"* Yanyun explains.



## 4. General Counsel and Regulatory Services

**The General Counsel and Regulatory Services Division advises the VCGLR on all legal matters and provides advocacy services, including representing the Commission in appeal matters and prosecutions. Other functions include policy, registry and secretariat services.**

The division also supports the organisation's own regulatory and governance obligations, including freedom of information, privacy, protected disclosures, delegations frameworks and the like.

The past year saw the division extend its role beyond these usual support services, which assisted the VCGLR in transitioning to the new venue-based gaming industry arrangements, implementing the new Monitoring Licence and streamlining inquiry processes.

These changes required extensive input and support from our legal, policy and secretariat areas. This generated a real focus on defining the VCGLR's regulatory approach and reducing the regulatory burden on industry.

Highlights included:

- undertaking prosecutions/litigation in relation to several notable cases
- preparing a position paper and inviting submissions in relation to the process for temporary approval of 'Unaccompanied Minors on Licensed Premises'.
- presenting a series of information sessions to local councils to improve understanding of their role in the hearings process for applications for new gaming premises and requests to increase gaming machines at existing venues
- developing a submission to the Victorian Competition and Efficiency Commission's 'Inquiry into the Social and Economic Cost of Problem Gambling in Victoria'
- presenting a response to the Minister for Liquor and Gaming Regulation's 'Statement of Expectations for Red Tape Reduction Initiatives in 2013–14'
- progressing a project aimed at clearly defining the VCGLR's regulatory approach as an evidence-led, risk-based regulator

- participating in various external working groups, including the Live Music Roundtable and the Venue Support Worker Program Reference Group, which aims to build the capacity of gambling venues to provide responsible gambling environments
- providing secretariat support at 23 Commission meetings, 66 inquiries and 82 hearings
- establishing the sensitive litigation group, and
- determined 4 disqualifications of licences and related persons.

### Summary of services provided 2012–13

| Service area  | Delivery |
|---|----------|
| Legal advice  | 138      |
| Counsel assisting for electronic gaming machine enquiry matters | 41       |
| Counsel assisting for internal reviews                          | 30       |
| Counsel assisting for liquor disciplinary inquiries             | 21       |
| VCAT appeals  | 12       |
| Prosecutions  | 56       |
| FOI applications  | 15       |

### Key Projects

#### Define the Regulatory Approach

The VCGLR is committed to implementing a world-leading approach to gambling and liquor regulation using contemporary regulatory thinking. We are developing a public statement setting out how we view and undertake our statutory functions. This will:

- describe the organisation's regulatory tools and how we will use them
- articulate what industry and the community can expect from us
- provide a high level framework to support consistent decision-making across the organisation, and
- assist us to set and deliver priorities and manage resources by taking a risk-based approach to regulation.

We see this work as important to supporting independent, consistent, transparent and accountable behaviour in decision-making. The statement will also articulate our role in minimising gambling and liquor-related harms as well as working towards other statutory objectives.

One of our guiding principles is that compliance activities will be risk-based as informed by the use of intelligence. A dedicated intelligence unit will be established to support the organisation in undertaking its regulatory functions.

Some initiatives to introduce more risk-based regulatory practices into our operations will be implemented in the next financial year. Further initiatives to embed risk-based practices more comprehensively will be developed once our regulatory approach is finalised.

#### Red Tape Reduction

In line with the Victorian Government's objective of reducing the regulatory burden ('red tape') on the business and not-for-profit sectors by 25 per cent by July 2014, the Minister for Liquor and Gaming Regulation issued his Statement of Expectations to the VCGLR on 25 March 2013.

This sets specific goals and targets for the organisation including: 15 per cent reductions in determination times for lower risk liquor licence and minor gaming permit applications; and reducing red tape for gambling and liquor enquiries by 25 per cent streamlining procedures and reducing average hearing times.

Since receiving the Minister's statement, the VCGLR has established a taskforce to examine ways the organisation can achieve these targets through various operational reforms, including application processes, information provision and administrative procedures.

The VCGLR's establishment in February 2012 already provides significant opportunities to reduce red tape through integrating gaming and liquor regulatory regimes. This saw much being achieved during 2012–13, including the development and implementation of an integrated

compliance inspector role. The Compliance and Audit Division section reports on this initiative in detail (see page 30).

Appendix 3 (page 78) includes full details of red tape initiatives planned for 2013–14 and the baseline figures the VCGLR will use to track and report on its performance from 2013–14.

#### **Key 2012–13 operational achievements**

##### Responsible Service of Gaming

As part of the new gaming industry arrangements which commenced on 16 August 2012, legislative changes were made to the requirements for gaming venue employees to complete Responsible Service of Gaming (RSG) training.

Previously, only venue employees holding a Gaming Industry Employee (GIE) licence were required to complete RSG training.

From 16 August 2012, these changes mean all employees working in the gaming machine area of a gaming venue (while it is open to the public) must complete an approved RSG training course within six months of starting work in the gaming machine area. This requirement does not include venue staff who have no, or little, interaction with patrons while working in the gaming machine area. Examples are cleaners, technicians and tradespersons.

Employees must also renew their RSG qualification by completing an approved refresher course within three years after their initial training.

It is the gaming venue operator's responsibility to ensure that employees working in the gaming machine area have received the appropriate training and can provide a copy of each employee's RSG certificate on request by a VCGLR inspector.

### Machine caps

In keeping with the Victorian Government's cap on electronic gaming machine entitlements, which has been set at 27,500 (excluding the Melbourne Casino) since 1996, the VCGLR may set regional caps and municipal limits in accordance with the criteria set by the Minister for Liquor and Gaming Regulation. The VCGLR must review regional caps every five years but may conduct more frequent reviews when required.

On 13 September 2012, the Commission determined regional caps for 20 regions and municipal limits for 67 municipal districts. At 30 June 2013, the total number of electronic gaming machine entitlements allocated to venue operators within Victoria was 27,193 of which 26,164 were attached to approved gaming venues.

The table below shows the change in entitlements over the past two years. As at June 2013, 27,300 entitlements were allocated following club offer and auction. 107 entitlements have been forfeited to the state because of failure to pay instalments or failure to utilise. These entitlements maintain their geographic and venue conditions.

### **Electronic gaming machine entitlements in Victoria 2012–13**

|              | <b>August 2012</b> | <b>June 2013</b> | <b>Change</b> | <b>% Change</b> |
|--------------|--------------------|------------------|---------------|-----------------|
| Country      | 7,243              | 7,887            | 644           | 8.89%           |
| Metro        | 18,067             | 19,413           | 1,346         | 7.45%           |
| <b>Total</b> | <b>25,310</b>      | <b>27,300</b>    | <b>1,990</b>  | <b>7.86%</b>    |
| Club         | 12,544             | 13,550           | 1,006         | 8.02%           |
| Hotel        | 12,766             | 13,750           | 984           | 7.71%           |
| <b>Total</b> | <b>25,310</b>      | <b>27,300</b>    | <b>1,990</b>  | <b>7.86%</b>    |

### Premises, approvals and litigation

During 2012–13, the VCGLR assessed six applications for approval of premises as suitable for electronic gaming machines, and 27 applications to vary the number of gaming machines permitted to operate in an approved gaming venue.

The statutory appeal process, whereby a venue operator or municipal authority can appeal VCGLR's decision, saw nine appeals lodged with the Victorian Civil and Administrative Tribunal (VCAT). Of these, VCAT overturned four decisions, most due to the additional information provided to the tribunal that was not part of applicants' original VCGLR submissions.

### Codes and Self-exclusion Programs review

The VCGLR submitted a third Annual Report to the responsible Minister on the effectiveness and operation of Gambling Codes of Conduct and Self-exclusion Programs (SEP). The report made observations and comparisons, and identified trends and areas requiring improvements.

Various factors demonstrated that responsible gambling practices have generally become embedded within the industry, particularly within gaming venues. Key indicators compared to the previous year included:

- a significant increase in overall compliance levels over the past three years
- venue operators adopting and transitioning to new codes, which have been authorised by venue service providers and approved by the VCGLR for the new gaming industry environment
- approval of multiple codes across the industry, which provide potential benefits to patrons by allowing industry to identify best practice
- positive outcomes achieved through the Gambler's Help Venue Support Worker program, which has continued to raise awareness among venue staff about problem gambling issues, and
- high levels of awareness among venue staff of the prohibition of gambling by minors and the procedures to be followed to ensure this is enforced.

The VCGLR continued to work with commercial gambling providers and gaming venue operators to develop codes and SEPs. An ongoing educative approach to compliance proved successful with no repeated breaches of the codes and SEPs occurring during the year. This meant the VCGLR was not required to take any disciplinary action against commercial gambling providers and gaming venue operators.

#### Advertising and promotional bans

Action was initiated to ban three inappropriate advertising or promotions likely to encourage irresponsible consumption of alcohol.

#### Designated areas

Under Section 147 of the *Liquor Control Reform Act 1998*, the Commission has the power to declare an area in Victoria to be a designated area.

Requests to declare a specified area as a designated area originate from Victoria Police via a written request, together with supporting documentation. The Commission determine requests in consultation with the Chief Commissioner of Police. To declare an area to be designated, the Commission must hold a belief that alcohol-related violence or disorder has occurred in a public place that is in the immediate vicinity of licensed premises within the area and the designation is reasonably likely to be an effective means of reducing or preventing the occurrence of alcohol-related violence or disorder in the area.

Upon declaration Victoria Police then have the power to ban people from licensed premises and designated areas for up to 72 hours for offences including drunkenness, physical assault, destroying or damaging property and failure to leave licensed premises (and up to 12 months for repeat offending).

During 2012-13, the Commission declared designated areas in Colac, Mildura and Footscray.

## **Major court actions**

### Betbox Internet Betting Terminal (Sportsbet)

In July 2010, inspectors from the then Victorian Commission for Gambling Regulation (VCGR) seized wagering terminals known as 'Betbox', under the provisions of the *Gambling Regulation Act 2003*, from the North Suburban Club in Moonee Ponds and the Eureka Stockade Hotel in Ballarat.

At that time, the VCGR determined that these terminals allowed unauthorised betting to take place. The terminals were owned by Sportsbet Pty Ltd, a bookmaker licensed in the Northern Territory.

Sportsbet and the Eureka Stockade Hotel filed an application in the Federal Court against the VCGR and the State Government of Victoria. The application sought orders to the effect that Sections 2.5.2 and 2.6.1 of the *Gambling Regulation Act 2003* were invalid to the extent that they would apply to the installation and use of the 'Betbox' in Victoria by Sportsbet and the Eureka Stockade Hotel. Tabcorp Holdings Ltd joined the court action as a third respondent.

The Federal Court found in favour of Sportsbet and the Eureka Stockade Hotel. The State and Tabcorp appealed this decision.

On 12 October 2012, the Full Court of the Federal Court found in favour of the state and overruled the previous decision. The Full Court found the Victorian provisions within the *Gambling Regulation Act 2003* prevented the installation and operation of internet wagering devices in licensed premises by anyone other than the holder of the single licence (in this case Tabcorp).

### Venuenet Kiosk

VCGR inspectors seized an alleged betting kiosk from the Rising Sun Hotel in South Melbourne in August 2009. The kiosk purportedly allowed patrons with Sportsbet Pty Ltd (a bookmaker licensed in the Northern Territory) to place bets on racing and sports events via this machine.

In June 2010, the former VCGR laid a number of charges against VenueNet Pty Ltd, the owners of the kiosk, and the Rising Sun Hotel.

VenueNet was charged under the *Gambling Regulation Act 2003* with possessing an unauthorised instrument of betting at the hotel on 16 June and 31 July 2009, and helping the Rising Sun Hotel run a betting house via an unauthorised kiosk on those dates.

Rising Sun South Melbourne Pty Ltd faced charges of allowing the hotel to be used as a betting house on 16 June and 31 July 2009, and possessing the kiosk on those dates.

VenueNet contested the charges and the matter was heard before the Magistrates' Court on 29 April 2013. On 30 April 2013, the court found the charges proven and fined the company \$5,000 without conviction. VenueNet Pty Ltd is appealing the decision.

Rising Sun South Melbourne Pty Ltd did not contest the charges. The hotel owners were placed on a diversion plan under the condition they agree to donate \$1,000 to the Victorian Responsible Gambling Foundation.

### Wagering service providers and inducements

The past year saw several successful prosecutions against wagering service providers offering inducements to open betting accounts. An example of this behaviour may be offering a free bet of up to a certain amount for first-time players as an inducement to open a betting account.

Luxbet Pty Ltd, a wholly-owned subsidiary of Tabcorp and Eskander's Betstar Pty Ltd (both licensed in the Northern Territory), pleaded guilty to offering inducements to open a betting account. Betfair Pty Ltd, a Tasmanian-licensed wagering service provider, also pleaded guilty on 21 May 2013 to offering inducements to open a betting account.

The County Court dismissed appeals lodged by Sportsbet Pty Ltd and International All Sports Ltd (both also holding Northern Territory licences) against Magistrates' Court decisions in relation to matters heard in 2011–12. Both entities have since lodged further appeals against the County Court's findings, which are yet to be heard.

Two more interstate bookmakers, Betezy Pty Ltd and Tom Waterhouse N.T. Pty Ltd, were also charged with offering inducements to open betting accounts. These matters are yet to be determined.



## Other projects

### Ban on earphones and similar devices on gaming machines

In December 2011, the then Minister for Gaming and Racing called upon the Victorian Commission for Gambling Regulation to investigate the use of earphones and similar devices on gaming machines. At that time, an interim ban was in place with the Minister using his authority, under the *Gambling Regulation Act 2003*, to ban a gambling product or practice that may undermine responsible gambling. The Minister asked for advice in relation to a fixed-term ban order.

Following presentation of the VCGLR's report on 21 September 2012, the Minister banned the use of earphones and similar devices on gaming machines in Victoria for 10 years from 3 December 2012.

### Live Music Roundtable

The Live Music Roundtable met for the first time on 12 July 2012. Comprising music industry and government representatives, including the VCGLR, the roundtable aims to:

- support a vibrant, successful and responsible live music industry, and
- promote best practice for safe and well-managed music venues in Victoria, including those venues holding liquor licences.

The VCGLR's participation in the roundtable resulted in a review of liquor licensing arrangements for underage music events.



# Our people

## People and Culture

**The VCGLR's People and Culture Unit promotes and supports sound people practices that contribute to a collaborative and innovative approach, and enable successful business outcomes across the organisation. This includes nurturing employees' development and supporting them in working to achieve the VCGLR's vision and purpose.**

Throughout 2012–13, the unit continued to deliver on focus areas including learning and development, leadership development, harmonising the Compliance and Audit Division, Occupational Health and Safety practices, and workforce planning.

In addition, the unit successfully facilitated the organisation's participation in the People Matter survey and initiated and promoted VCGLR's Rewards and Recognition program.

The year ahead will see an informed focus on helping to shape VCGLR's organisational culture, based on recent employee surveys. The unit has already identified several key themes – which include communication, recognition, and learning and development – and formalised its key priorities and core functions to enable a more focused and strategic approach.

This approach encompasses building organisational capacity, shaping its culture and supporting VCGLR in continuing to meet its obligations as an equal opportunity employer and responsible corporate citizen.

### Good governance

The People and Culture Unit provides the Executive Management Team with strategic advice in relation to the organisation's people development and change management programs, and related governance requirements. This includes developing policies that reflect VCGLR's values and ensure compliance with relevant legislation.

A number of policies were reviewed during the year to meet these requirements and support the organisation in fulfilling its obligations under the *Public Administration Act 2004*, *Equal Employment Opportunity Act 1996* and Public Sector Standards

Commissioner guidelines. The review ensured the VCGLR's employment and training policies and practices addressed key principles such as merit and equity, fair and reasonable treatment, and equal opportunity.

### Equity and diversity

#### Culturally and linguistically diverse communities

The organisation continued to respond to the cultural and linguistic diversity of the Victorian community, including by providing access to employees with language aid accreditation.

#### Equality and diversity

The establishment of Equal Employment Opportunity policies reflected VCGLR's commitment to equality and diversity in its employment practices and service delivery. Our diverse workforce represents equality in gender, age and ethnicity, including a significant proportion of employees from non-English speaking backgrounds.

### Occupational health and safety

The endorsement of an Occupational Health and Safety (OHS) policy formalised the organisation's commitment to providing all employees with a healthy, safe work environment. This provided a framework for continuously improving workplace safety, including through staff education programs, consultative programs and other activities.

Quarterly meetings of the Occupational Health and Safety Committee ensured work-related risks were identified and addressed. Work continued towards reviewing fire warden and first aid officer training. The committee's involvement in identifying noise levels as an OHS risk during venue inspections, due to loud music, resulted in inspectors being provided with ear plugs to reduce the risk of hearing loss.

Other OHS initiatives undertaken during the year included office-specific environmental awareness sessions, flu vaccinations, health checks and the provision of hand sanitisers. The Employee Assistance Program continued to offer confidential counselling to employees requiring this service.

Together these initiatives contributed to improving employee health and wellbeing as evidenced by an overall decrease in the number of WorkCover claims. A total of three new claims were lodged during 2012–13, compared to eight the previous year, with our claims costs for the year totalling \$126,295.

### **Workforce planning**

Workforce planning played an important role in accommodating the impacts of 24 employees taking up Voluntary Departure Packages (VDPs) during 2012–13. Based on the outcomes of workforce planning assessments, six roles were retained due to an identified ongoing operational need and 18 ceased.

The People and Culture Unit continued to work closely with the Executive Management Team to determine the workforce capacity and capability needed to support the VCGLR in achieving its strategic priorities. This aims to ensure the right people with the right skills are in the right jobs at the right times to enable the organisation to successfully deliver its business outcomes.

The year ahead will see workforce planning progressively incorporated into VCGLR's operational and financial planning processes.

### **Leadership development**

Progress was made throughout the year towards developing leadership skills at all levels of the organisation. This included identifying expected behaviours and leadership standards for senior managers through the delivery of the 'Great Managers, Great Results' and 'Managing Difficult Conversations' programs.

Future training will address key management fundamentals, such as setting and prioritising goals, situational leadership, delegation skills, giving and receiving feedback, building trust, team motivation and the importance of conducting effective team meetings.

### **Learning and development**

The development of individual staff performance and development plans reflected VCGLR's commitment to developing a workplace culture focused on learning and development. These plans help individuals, teams and the organisation to identify opportunities to improve skills, knowledge and service delivery.

The availability of a range of training and other development opportunities presented throughout the year sought to provide employees with knowledge and skills relevant to their present roles and future career aspirations. This included working towards introducing the Nexus Learning Management system, which will enable employees and their managers to be more proactive in identifying development opportunities via a combination of e-learning, face-to-face and discussion-based learning.

The delivery of Ethics and Respect in the Workplace training helped to reinforce expected workplace behaviors and the new VCGLR organisational culture following the merging of separate entities. The introduction of an annual Spring into September program focused on employee health and wellbeing, and work-life balance as part of the organisation's OHS approach.

Other learning and development outcomes included participating in the Victorian Public Service Graduate Program and the Institute of Public Administration's Peer Plus Mentor Program (see case study on page 49). The implementation of a study leave policy and ongoing divisional transfer and higher duties opportunities also provided important development opportunities for staff.



## The IPAA Peer Plus Mentoring Program

Kelly Skennerton is a Senior Inspector in VCGLR's Compliance and Audit Division. In 2013, Kelly gained admission into the Peer Plus Mentoring Program, which is promoted by our People and Culture Unit and delivered by the Institute of Public Administration Australia (IPAA) in association with the Australian Mentor Centre.

The program is directed at young people in the public sector and designed to link successful applicants with a mentor who can provide professional development advice during the foundation of their career. IPAA only chooses a select number of applicants and ensures that the mentor-mentee matches are closely aligned to the needs of both parties.

A key strength of the program, identified by Kelly, is the highly personalised approach through which the needs and aspirations of the mentee are matched with a mentor who can provide the necessary advice. She believes that a core advantage for her was the program's focus on young people in the public service. Kelly says it is *"really powerful for young people to be provided the opportunity to speak with successful people and learn from their experiences"*.

Kelly's program mentor is Leanne Ansell-McBride, CEO of the Victorian Leadership Development Centre. Each

of their conversations follows a loose agenda, allowing for specific development needs to be addressed while still enabling rich and vibrant discussion of other relevant topics.

Having direct access to a successful mentor on a daily basis has been exceptionally valuable to Kelly, who often emails Leanne outside of their formal catch-ups to seek advice about day-to-day activities. Leanne's advice, which often provides *"wisdom in a couple of sentences"*, allows Kelly to *"step back"* from situations and see things more clearly. She reports that this has influenced how she thinks about and responds to situations.

Kelly encourages others in the VCGLR to take part in the program and make a commitment to the program and their careers. The follow-up readings and research that she has completed outside the formal mentoring conversations have made the program really worthwhile for her.

VCGLR supported Kelly's participation in the program by providing her with an 18-month IPAA membership, which allows her access to the Institute's many publications and events. We also facilitated regular meetings with a People and Culture Unit member to ensure that the program continued to provide Kelly with valuable experience.



Kelly Skennerton (pictured right) with her mentor Leanne Ansell-McBride, Chief Executive Officer, Victorian Leadership Development Centre.



## **PART 3:**

# Our strategic priorities

## VISION

Community-wide benefits to Victorians through the regulation of Victoria's gambling and liquor industries

## PURPOSE

VCGLR is an efficient and dynamic independent regulator that ensures the integrity of the Victorian gambling and liquor industries and is committed to minimising harm

Our success as a **modern** regulator is defined by the VCGLR delivering its regulatory functions as measured by industry, government and the community

Our success in **efficiency** is defined by administration of legislation that reduces time and cost to the VCGLR and industry

Our success as a **high performing** and dynamic workplace is defined by a positive workplace and enhanced perceptions of the VCGLR by stakeholders

Our success as a **networked** regulator is defined by the nature of the relationships we foster with relevant stakeholders

## MODERN

1. Define and implement regulatory approach
2. Strategic and major projects
3. Use data to monitor the regulatory approach
4. Maximise opportunities for joint regulation afforded by integration

## EFFICIENT

1. Simplify processes
2. Educate comprehensively
3. Adopt dynamic resourcing approach

## HIGH PERFORMING

1. Shape our culture
2. Engage with our staff to maximise integration opportunities
3. Deliver fiscal responsibility

## NETWORKED

1. Define key relationships
2. Engage industry participants and community
3. Connect with comparable regulators

## VALUES

- Work together
- Act with integrity
- Respect other people
- Make it happen



# Our strategic priorities

The VCGLR's *Strategic Priorities 2012–2015* outline our actions for delivering community-wide benefits to Victorians through the regulation of Victoria's gambling and liquor industries.

Our four strategic priorities are statements of our direction that guide our decision-making around the allocation of resources and focus on our overarching goals to ensure coherent and considered action.

In this section, we report on our progress during the first year of our three-year plan, including new initiatives and specific achievements that met our strategic priorities for 2012–13.

---

## Strategic Priority 1 - Modern

### *Modern in our regulatory approach; demonstrating VCGLR's leadership and innovation*

Our success as a modern regulator is defined in the way we deliver our regulatory functions as measured by industry, government and the community.

We are therefore constantly seeking ways to model best practice and look for innovative ways to deliver services. There are a number of strategic projects through which we are initiating contemporary regulatory thinking and practice. These are outlined below.

#### **Demerit points and star rating systems**

In the last year we saw the completion of the first full year of the liquor licence demerit points and star rating systems that commenced on 20 February 2012. These systems aim to encourage good business practices in licensed premises and improve compliance levels.

In the demerit point system, a licensee will incur one demerit point for one non-compliance incident. The points are recorded against the licence for three years and can be viewed on our website.

Automatic licence suspensions will occur for these thresholds:

- Five demerit points in a three-year period leads to a 24-hour suspension
- Ten demerit points in a three-year period leads to a seven-day suspension, and
- Fifteen demerit points in a three-year period leads to a 28-day suspension.

Conversely, the star rating system rewards good compliance by liquor licensees. The ratings range from a one-star rating applied to licensees who have had three or more non-compliance incidents in the previous 12 months to a five-star rating for those who have had no non-compliance incidents in the previous 36 months.

At the commencement of this system all licensees were granted a three-star rating to indicate that the licensees had no non-compliance incidents in the previous 12 months. If licensees attain a four or five-star rating they will receive discounts on their annual liquor licence renewal fees. The star rating of a licensee can be viewed on our website.

At 30 June 2013, 38 demerit points were recorded across 33 different venues and 33 licensees have had their star rating drop as a result.

#### **Dual Licensing 'One-Stop Shop'**

The Dual Licensed Sector Unit is central to providing enhanced services in the regulation of venues with both gaming and liquor licences. The unit is the key interface between the VCGLR and those applicants and regulated entities, and aims to provide them with a 'one-stop shop'.

The unit has overcome challenges in the start-up stage following integration of the former gambling and liquor regulatory bodies in February 2012. This involved working to streamline activities within the processing chain across different legacy information technology platforms and teams with differing legislative demands.

The need to optimise service delivery, stakeholder consultation and feedback will continue to be driving features that will help us achieve our strategic priorities and regulatory responsibilities while providing better regulatory outcomes for this sector of the gambling and liquor industries, and the community.

Progress during 2012–13 provided a sound base to accelerate and streamline the service delivery model further in 2013–14 to achieve a more efficient and seamless process. The key to achieving this will be the implementation, scheduled for 2013–14, of the new integrated Liquor and Gambling Information System (LaGIS) IT platform.



## Transition to new gaming venue tax arrangements

As part of the gaming licence system's transition from a gaming operator duopoly to a decentralised, venue operator model, the gaming tax calculation and collection requirements underwent a significant change during 2012–13.

Under the previous regime, the VCGLR was responsible for the collection and assessment of two tax payments from each of the gaming operators at the conclusion of each taxable week.

From 16 August 2012, the *Gambling Regulation Act 2003* now requires every single venue operator to submit required gaming taxes within seven days after the end of the month to which the tax relates.

To facilitate the tax collection process from more than 500 gaming venues, the VCGLR moved to implement a direct

sweep of taxes from bank accounts nominated by the venues. The advantages to the industry and the Victorian Government included:

- a smooth transition for gaming venues that were accustomed to the direct sweep of monies under the old gaming operator model, and
- providing the VCGLR with an efficient and effective method of regulating the receipt of taxes in line with legislative requirements.

In the lead up to the first tax sweep on 7 September 2012, the VCGLR contacted gaming venues to advise operators of the process and the requirement to submit direct debit authorities to the VCGLR, including nominated bank account details.

After months of successful information gathering, development work, system

testing and consultation with the monitoring licensee, we rolled out our first tax sweep on 7 September 2012.

The results of the initial sweep were the collection of complete and accurate gaming taxes from 391 out of a possible 394 taxable venues for a partial month, 16 to 31 August 2012. The gaming taxes for the remaining three venues were promptly collected after determining that a venue administrative error in each instance caused the transmission of incorrect bank details in the direct debit authorities provided to the VCGLR.

The new processes represent a successful initiative introduced for the benefit of all stakeholders in the industry.

## Strategic Priority 2 - Efficient

### *Efficient in our practices and in the way we regulate*

Our success as an efficient regulator is defined by administration of legislation that reduces time and cost to the VCGLR and industry.

The VCGLR is focused on initiatives that save time and money, protect the environment and reduce the regulatory burden on industry. We are therefore improving our systems and streamlining our decision-making processes, including those under delegation, to reduce administrative burden and red tape. We have demonstrated progress in becoming more efficient in our practices through a number of projects. These are outlined below.

#### **Online/paperless process for approval of Venue Operator Licences with linked jackpot arrangements**

Legislation requires all venue operators to seek approval before conducting gaming with a linked jackpot arrangement in any of their venues. With more than 500 venues in operation in Victoria, and over a dozen approved linked jackpot products that could be installed in any venue as a linked jackpot arrangement, venue operators could generate large volumes of application paperwork for the VCGLR to handle and assess.

To address this potential increase in work and paper volumes, we developed an online application process for linked jackpot arrangements, which makes use of the venue operators' online portal. This allows them to log on to the system using a secure ID, make a request for approval, respond to a number of questions and attach electronic copies of any required paperwork.

Using this process, applications are received almost instantly by our staff, who can review the application on screen. If meeting all requirements, an application is approved and an electronic copy of an approval letter is emailed to the applicant. Unless a hard copy of an approval letter is required, the application and approval does not generate any paper and is filed electronically.

More than 400 such applications have been approved since the migration of venues to the Intralot monitoring system under the new venue-based gaming industry arrangements. This has resulted in significant savings in paper and staff time for venues and the VCGLR.

#### **Section 59 Casino Control Act 1991 approvals process streamlined**

Following a review of risk associated with the approval process for the casino layout, the VCGLR decided to amend the notification process relating to the lay-out of table games as documented in the 'Internal Control Statement – Table Games'. This ensures the VCGLR receives advice of any impending changes to the casino's layout via a single process. Previously, another process applied to layout changes other than table games.

#### **Reduction of casino-controlled contracts requiring approval**

After an assessment of risks associated with casino contracts and a requirement to reduce the regulatory burden associated with the current process, the VCGLR reduced the number of contract types requiring prior approval. We are continuing to review this process to ensure its ongoing regulatory integrity and potential for achieving further efficiencies.

## Advanced Responsible Serving of Alcohol training pilot program

In March 2011, the Minister endorsed a recommendation to develop, pilot and evaluate an Advanced Responsible Service of Alcohol (RSA) training program for late night venues. The Advanced RSA training program aims to ensure that owners and staff working in late night venues are equipped with the appropriate skills to manage the particular challenges of the environments in which they operate.

In December 2012, we piloted the Advanced RSA training program for 19 late night venue

owners and managers. The pilot program was evaluated in February 2013 through a facilitated industry consultation process. A further pilot was conducted in June 2013 to trial and refine the revised training program structure.

The training material and delivery structure of the Advanced RSA are being amended and recommendations will be provided to the Minister in 2013–14.



### VCGLR ICT Plan

The VCGLR ICT Plan 2013–2015 has been developed to provide a framework and direction for our technology solutions. The plan aims to facilitate the ongoing integration of our gambling and liquor regulatory functions, and support our business objectives and strategic priorities.

A key component of the plan involves establishing a business intelligence and knowledge management initiative that will manage information access and presentation to support our operations. Through our website and online portal, the public and industry participants will be able to access timely and accurate information from the VCGLR.

### LaGIS Project

Work continued throughout 2012–13 on the Liquor and Gambling Information System (LaGIS), with the completion of the Request for Tender, solution evaluations, contract negotiation and award of contract.

Implementation of this new system will occur over the coming 12-18 months to provide a fully integrated system that supports internal processes and online portal access for industry participants and their partners. With inbuilt efficiencies and process automation, the system will also support the Victorian Government's red tape reduction initiative by enabling faster processing of applications and providing stakeholders with the capacity to submit applications, updates and enquiries online.

## Strategic Priority 3 - High Performing

*High performing and dynamic in our workplace; where our people are respected, supported and model integrity*

Our success as a high performing and dynamic workplace is defined by a positive workplace and enhanced perceptions of the VCGLR by stakeholders.

We are therefore fostering a culture, underpinned by integrity and respect, to encourage leadership, energy and enthusiasm in our employees. We offer a physical environment and systems that support our people to be safe, flexible and collaborative. We have made significant progress in this area with a number of initiatives.

### **VCGLR Reward and Recognition program**

The focus of our Reward and Recognition program which was launched at the first all staff event on 27 July 2012, was to demonstrate our commitment to providing and encouraging a supportive environment for our people, to reward their achievements and promote performance.

The program aims to encourage behavior that reflects the VCGLR's values, and to increase staff morale, job satisfaction and retention. It is important that the contribution of our people to the organisation's success is acknowledged, valued and appropriately rewarded.

In 2012–13, the Reward and Recognition program continued to run on a quarterly basis, with all staff events providing opportunities for employees to nominate peers and teams who, through their work, display outstanding behaviour in support of our values. This program has been a key component in achieving the strategic priority of shaping our culture by reinforcing and rewarding efforts and behaviour consistent with our values.

The program includes several award categories including Peer, Team and Integration Champion. During 2012–13, the Integration award was replaced by the Innovation Champion award. This change reflects our evolution from a newly-integrated organisation to a high performing regulator that seeks creative and innovative ideas for continuous improvement.

### **People Matter survey**

The People Matter survey conducted by the State Services Authority is a tool designed to help public sector organisations measure and build positive and ethical workplaces. The survey measures employee perceptions of the values and principles underpinning an organisation's culture and operations.

It also provides important information about employee wellbeing, job satisfaction and engagement, as well as feedback about leadership and other important organisational factors. Gaining this insight was critical to VCGLR's development in its first full year of operation.

Our participation in the People Matter survey in May 2012 and again in May 2013 allowed us to compare data over time and to benchmark our progress, with the aim of identifying continuous improvement initiatives that will shape our culture.

In response to the feedback from last year's survey, we identified three key aspirations for the VCGLR. These are to:

- create a culture of communication where all employees can give and receive feedback
- adopt a zero tolerance approach to bullying and harassment, and
- foster learning and development opportunities throughout the organisation.

As a result, we developed a number of initiatives including the VCGLR Reward and Recognition program, various formal and informal learning and development opportunities, clear and accessible policies, and innovative ways of communicating.

A new feature of the 2013 survey data will be the ability to see a breakdown of results for each division in addition to results for the VCGLR as a whole. It is expected that this will significantly improve the usability of employee feedback and allow targeted initiatives in response to each division's specific needs.

A strong participation rate of 73 per cent was achieved this year, which is an encouraging increase of 12 per cent on last year. The positive rate increase clearly demonstrates the willingness of our people to make a difference in the workplace.

The feedback provided by staff will be used to drive continuous development, shape our culture and identify ways to improve the experience of our workplace.

### **Internal communication**

The VCGLR is committed to providing information to help employees perform their duties in an efficient and professional manner. Where possible, we use digital platforms for speed, accessibility and environment protection. Some of these communication tools include:

- *Our Voice*, an internal newsletter that keeps staff up to date with what is happening in the organisation, and highlights staff profiles, business unit updates, project milestones and events.
  - *Friday FYI*, a weekly e-newsletter that provides the latest internal public sector news, website and intranet updates, and upcoming events and staff news.
- *Gateway*, the intranet that provides staff with access to organisational news, policies and other reference materials.



## Strategic Priority 4 - Networked

### Networked to improve our gambling and liquor regulatory outcomes

Our success as a networked regulator is defined by the nature of the relationships we foster with relevant stakeholders.

We are therefore committed to providing consistent and transparent information about our regulatory activities, decisions and role in minimising gambling and liquor-related harms.

#### Information sharing

Some of the formal publications and methods we use to communicate with our stakeholders, which are now online, include:

- *VCGLR News*, a quarterly publication providing up-to-date information about the regulation of liquor and gambling in Victoria. It plays a significant role in keeping gambling and



liquor licensees informed about important policy changes and news about education and community initiatives that promote harm minimisation and the responsible service of gaming and alcohol. The public can view

the newsletter on the website and subscribe to receive email notifications when new editions are released.

- *Industry Training News*, a regular publication covering news and information pertaining to the VCGLR's accredited training courses to ensure that registered training organisations and trainers are up-to-date with the latest training and education news. The newsletter is available to registered training organisations

and trainers who subscribe to receive new editions.

- *Our Club*, a resource kit and comprehensive guide developed to provide committee members of clubs with a clear outline of the club's obligations under liquor and gambling legislation, and to assist with management of the club's liquor licence and community or charitable gaming activity. It includes templates, signs, checklists and forms to assist with knowledge transfer between committee members. Each section of the *Our Club* resource kit is available on our website.
- *Venue Manual*, an online resource for gaming venue operators and gaming industry employees, which is designed to help them meet their regulatory and compliance obligations. The *Venue Manual* is available on our website.
- *Twitter*, used by the VCGLR to tweet about work, legislation, education and issues associated with gambling and liquor. Followers can expect two to four tweets a week and can use *Twitter* to receive alerts about new website content, recent VCGLR decisions, publications, media releases and other activities.

#### Responsible Gambling Awareness Week

Responsible Gambling Awareness Week 2013 focused on presenting information about Victoria's Responsible Gambling Codes of Conduct, which apply to all commercial gambling providers, while raising awareness of initiatives aimed at maintaining a balanced approach to gambling.



## Two-way feedback

The VCGLR already provides many opportunities for stakeholders to express their views and provide input into decision-making and service delivery. We are committed to facilitating two-way feedback to inform better outcomes and improvements in our regulatory processes. Some of these mechanisms include:

- one-on-one meetings
- gambling and liquor inspections
- forums and accords
- surveys
- face-to-face, telephone and email communication
- tweets
- education and training sessions
- stakeholder community forums
- media enquiries
- road shows, and
- conferences.

## Stakeholder engagement

In continuing to work closely with stakeholders, we are focused on ensuring greater compliance and minimising any potential harm the gambling and liquor industries may have on individuals and the broader community.

The development of a formal Stakeholder Engagement Strategy will assist us in achieving this. Its collaborative approach will enable us to deliver more rigorous and predictable decisions, greater efficiency and a holistic response to industry needs. The strategy will be implemented during 2013–14.

The VCGLR regularly engages with industry and community members to properly understand their perspectives and deliver information about gambling and liquor regulation. We work with government departments and public and private sector agencies to deliver transparent, accessible and consistent services to the community.

## Posters and signage

Under gaming and liquor licensing laws, gaming venue operators and liquor licensees are required to display certain signs in their licensed premises. The purpose of these signs is to educate patrons about Victorian laws relating to responsible gambling, underage drinking, drunkenness and public safety.

A suite of five liquor posters was updated in February 2013 in time to be mailed out to licensees along with their 2013 liquor licences. The design of the new posters highlights the key messages of legal prohibitions, penalties for non-compliance and the powers of venue staff to request patron identification. Articles and fact sheets were posted on our website at the same time to remind liquor licensees of their legal requirements.

We produce and distribute gaming signage to gaming venues and to the casino operator. Information on how to display gaming posters, talkers and brochures is provided. These items are known collectively as the ‘player information standards’.

Gaming venue operators and liquor licensees can contact us for additional signage and posters to be mailed to them. There is no cost for this service.





## **PART 4:**

# Appendices

|   |    |
|---|----|
| Appendix 1: Disclosure index .....                          | 66 |
| Appendix 2: Ministerial directions .....                    | 68 |
| Appendix 3: Additional information .....                    | 69 |
| Appendix 4: Inspections, audit and enforcement .....        | 82 |
| Appendix 5: Governance and compliance .....                 | 90 |
| Appendix 6: Historical trends in liquor licence numbers ... | 97 |

# Appendix 1: Disclosure index

The Annual Report of the VCGLR is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of the VCGLR's compliance with statutory disclosure requirements.

| Legislation   | Requirement   | Page reference |
|---|---|----------------|
| <b>Ministerial directions</b>   |   |                |
| <b>Report of operations - Financial Reporting Directions Guidance</b> |   |                |
| <b>Charter and purpose</b>  |   |                |
| FRD 22C   | Manner of establishment and relevant Ministers                                      | Page 3, 90     |
| FRD 22C   | Objectives, functions, powers and duties  | Page 9         |
| FRD 22C   | Nature and range of services provided   | Page 9         |
| <b>Management and structure</b>                                       |   |                |
| FRD 22C   | Organisational structure  | Page 20        |
| <b>Financial and other information</b>                                |   |                |
| FRD 8B  | Budget portfolio outcomes   | Page 13        |
| FRD 10  | Disclosure index  | Page 66        |
| FRD 12A   | Disclosure of major contracts   | Page 93        |
| FRD 15B   | Executive officer disclosures   | Page 93        |
| FRD 22C,<br>SD 4.2(k)   | Operational and budgetary objectives and performance against objectives             | Page 13        |
| FRD 22C   | Employment and conduct principles   | Page 48        |
| FRD 22C   | Occupational health and safety policy   | Page 48        |
| FRD 22C   | Summary of the financial results for the year                                       | Page 102       |
| FRD 22C   | Significant changes in financial position during the year                           | Page 103       |
| FRD 22C   | Subsequent events   | Page 147       |
| FRD 22C   | Application and operation of the <i>Freedom of Information Act 1982</i>             | Page 92        |
| FRD 22C   | Compliance with building and maintenance provisions of the <i>Building Act 1993</i> | Page 93        |
| FRD 22C   | Statement on National Competition Policy  | Page 93        |
| FRD 22C   | Application and operation of the <i>Protected Disclosure Act 2012</i>               | Page 93        |
| FRD 22C   | Details of consultancies over \$100, 000  | Page 93, 96    |
| FRD 22C   | Details of consultancies under \$100, 000   | Page 93        |
| FRD 22C   | Statement of availability of other information                                      | Page 93        |
| FRD 24C   | Reporting of office-based environmental impacts                                     | Page 36        |
| FRD 25A   | Victorian Industry Participation Policy disclosures                                 | Page 93        |
| FRD 29  | Workforce Data disclosures  | Page 94        |
| SD 4.5.5  | Risk management compliance attestation  | Page 91        |
| SD 4.2(j)   | Sign-off requirements   | Page 3         |

| Legislation  | Requirement   | Page reference |
|--|---|----------------|
| <b>Ministerial directions (continued)</b>  |   |                |
| <b>Financial Report</b>  |   |                |
| <b>Financial statements required under Part 7 of the Financial Management Act 1994</b> |   |                |
| SD4.2(a)   | Statement of changes in equity  | Page 108       |
| SD4.2(b)   | Operating statement   | Page 106       |
| SD4.2(b)   | Balance sheet   | Page 107       |
| SD4.2(b)   | Cash flow statement   | Page 109       |
| <b>Other requirements under Standing Directions 4.2</b>                                |   |                |
| SD4.2(c)   | Compliance with Australian Accounting Standards and other authoritative pronouncements  | Page 111       |
| SD4.2(c)   | Compliance with Ministerial directions  | Page 68        |
| SD4.2(d)   | Rounding of amounts   | Page 119       |
| SD4.2(c)   | Accountable officer's declaration   | Page 151       |
| SD4.2(f)   | Compliance with Model Financial Report  | Page 151, 52   |
| <b>Other disclosures as required by FRDs in notes to the financial statements</b>      |   |                |
| FRD 9A   | Departmental disclosure of administered assets and liabilities  | Page 134       |
| FRD 11   | Disclosure of ex-gratia payments  | Page 140       |
| FRD 13   | Disclosure of Parliamentary appropriations  | Page 141       |
| FRD 21B  | Disclosures of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the Financial Report | Page 144       |
| FRD 103D   | Non-current physical assets   | Page 125       |
| FRD 109  | Intangible assets   | Page 127       |
| FRD 110  | Cash flow statements  | Page 139       |
| FRD 112C   | Defined Benefit superannuation obligations  | Page 131       |
| FRD 114A   | Financial instruments - General government entities and public non-financial corporations   | Page 134       |
| FRD 119  | Contributions by owners   | Page 108       |
| <b>Legislation</b>   |   |                |
|  | <i>Freedom of Information Act 1982</i>  | Page 92        |
|  | <i>Building Act 1983</i>  | Page 93        |
|  | <i>Protected Disclosure Act 2012</i>  | Page 93        |
|  | <i>Victorian Industry Participation Policy Act 2003</i>   | Page 93        |
|  | <i>Financial Management Act 1994</i>  | Page 111       |
|  | <i>Victorian Commission for Gambling and Liquor Regulation Act 2011</i>   | Page 9         |

## Appendix 2: Ministerial directions and regulatory requirements

There were no Ministerial directions made during the year. Ministerial directions can be found on the VCGLR website.

### Electronic gaming machine limits imposed by Ministerial direction and regulatory requirements as at 30 June 2013

|  |          | Gaming Machine Entitlement Limits imposed by section 3.4A.5 of GRA 2003 |        | Number of Gaming Machine Entitlements attached to an approved venue |        |
|--|----------|---|--------|---|--------|
|  |          | Number  | %      | Number  | %      |
| Total number   |          | 27,500  | 100%   | 26,136  | 95.04% |
| Allocated to venue operators   |          | 27,193  | 98.88% | 26,136  | 96.11% |
| <b>Proportion of Gaming Machine Entitlements with geographic conditions outside the Melbourne Statistical Division (MSD)</b> |          |   |        |   |        |
| Outside MSD  | Minimum: | 5,500   | 20%    | 7,887   | 28.68% |
| Within MSD   | Maximum: | 22,000  | 80%    | 19,413  | 70.59% |
| <b>Proportion of Gaming Machine Entitlements with venue conditions</b>   |          |   |        |   |        |
| Hotels   | Total    | 13,750  | 50%    | 13,295  | 48.34% |
| Clubs  | Total    | 13,550  | 49.27% | 12,841  | 46.69% |

## Appendix 3: Additional information

Information available on the VCGLR website includes:

- bingo centres and commercial raffle organisers
- Commission reasons for decisions following hearings and inquiries
- community benefit statements
- enforceable undertakings
- gaming machine expenditure data broken down by local government area (monthly) and venue (six-monthly)
- gaming machine entitlements
- gaming venues
- gaming venue operators
- information on regional caps and municipal limits on the number of permissible gaming machines available for gaming in each capped region
- registered bookmakers
- Responsible Service of Gambling training course providers
- Responsible Service of Alcohol training course providers
- Roll of manufacturers, suppliers and testers
- VCGLR rules

### Gambling licensing-related activity

| Gambling licence or approval type |                |                  | 2010–11 | 2011–12 | 2012–13 |
|-----------------------------------|----------------|------------------|---------|---------|---------|
| Applications*                     | Finalised      |                  | 12,919  | 10,765  | 9,920   |
| Gaming Industry Employee          | Issued         | New              | 2,138   | 1,851   | 2,269   |
|                                   |                | Renewal          | 983     | 377     | 271     |
|                                   |                | Replacement      | 365     | 497     | 436     |
|                                   | Refused        |                  | 32      | 17      | 8       |
|                                   |                | Appealed         | 3       | 3       | 1       |
|                                   | Appeal granted |                  | 2**     | 2***    | 2**     |
|                                   |                | Appeal rejected  | 0       | 1       | 0       |
|                                   |                | Appeal pending   | 2       | 3       | 0       |
|                                   |                | Appeal withdrawn | 0       | 1**     | 0       |
| Casino Special Employee           | Issued         | New              | 607     | 632     | 666     |
|                                   |                | Renewal          | 294     | 102     | 141     |
|                                   |                | Replacement      | 88      | 135     | 121     |
|                                   |                | Upgrade          | 60      | 276     | 60      |
|                                   | Refused        |                  | 1       | 2       | 1       |
|                                   |                | Appealed         | 0       | 2       | 0       |
|                                   | Appeal granted | 0                | 2       | 0       |         |
| Casino Operator                   |                | New associate    | 2       | 4       | 0       |
| Public Lottery                    |                | New associate    | -       | -       | 3       |
| Wagering and betting****          |                | New associate    | -       | -       | 10      |
| Keno                              |                | New associate    | -       | -       | 6       |
| EGM Monitor                       |                | New associate    | -       | -       | 1       |

## Gambling licensing-related activity (continued)

| Gambling licence or approval type      |          |                             | 2010-11 | 2011-12 | 2012-13 |
|--|----------|-----------------------------|---------|---------|---------|
| Venue Operator                         | Issued   | New                         | 1       | 3       | 15      |
|  |          | Renewal                     | 9       | 1       | 0       |
|  |          | New nominee                 | 65      | 63      | 77      |
|  |          | New associate               | 750     | 454     | 465     |
|  |          | Amendment                   | 26      | 56      | 117     |
|  |          | Endorsement                 | 0       | 2       | 3       |
|  | Refused  | -                           | -       | 1       |         |
| Entitlements                           | Approved | Transfer                    | N/A     | 9       | 102     |
|  |          | Amendment of conditions     | N/A     | 32      | 88      |
|  |          | Extension of holding period | -       | -       | 79      |
| Automatic Teller Machine (ATM)         | Approved | Provision of ATM            | N/A     | 0       | 0       |
|  | Refused  |                             | N/A     | 2       | 0       |
| Responsible Gambling Codes of Conduct  | Approved | New                         | 0       | 6       | 2       |
|  |          | Amendments                  | 3       | 1       | 1       |
|  | Refused  |                             | 0       | 0       | 0       |
| Bookmakers                             | Issued   | Sole Trader new             | 5       | 18      | 12      |
|  |          | Sole Trader renewal         | 135     | 14      | 3       |
|  |          | Corporate new               | 0       | 0       | 1       |
|  |          | Corporate renewal           | 2       | 4       | 1       |
|  |          | Partnerships new            | 3       | 4       | 18      |
|  |          | Partnerships renewal        | 13      | 19      | 2       |
|  |          | Nominee new                 | 0       | 2       | 5       |
|  |          | Replacement                 | 0       | 2       | 3       |
|  | Refused  |                             | 2       | 0       | 1       |
|  | Appealed |                             | 0       | 0       | 0       |
| Bookmaker's Key Employee               | Issued   | New                         | 26      | 17      | 14      |
|  |          | Renewal                     | 114     | 3       | 0       |
|  |          | Replacement                 | 0       | 1       | 0       |
|  | Refused  |                             | 0       | 1       | 0       |
|  | Appealed |                             | 0       | 0       | 0       |
| Controlled Contracts (Casino Operator) | Issued   | New                         | 0       | 0       | 0       |
|  |          | Variations                  | 0       | 0       | 0       |
|  |          | Exemptions                  | 0       | 0       | 0       |
| Bingo Centre Operator                  | Issued   | New                         | 0       | 1       | 1       |
|  |          | Renewal                     | 0       | 4       | 2       |
|  |          | Nominee new                 | 2       | 2       | 3       |
|  |          | Associate new               | 0       | 0       | 8       |



## Gambling licensing-related activity (continued)

| Gambling licence or approval type                   |                        |                                      | 2010-11 | 2011-12 | 2012-13 |
|---|------------------------|--------------------------------------|---------|---------|---------|
| Bingo Centre Operator (continued)                   | Refused                |                                      | 0       | 0       | 0       |
|   | Withdrawn by applicant |                                      | 0       | 0       | 0       |
|   | Appealed               |                                      | 0       | 0       | 0       |
| Commercial Raffle Organiser                         | Issued                 | New                                  | 0       | 0       | 2       |
|   |                        | Renewal                              | 0       | 0       | 0       |
|   |                        | Nominee new                          | 0       | 1       | 1       |
|   |                        | Associate new                        | 0       | 0       | 9       |
|   | Refused                |                                      | 0       | 0       | 0       |
| Roll of Manufacturers, Suppliers and Testers        | Issued                 | New                                  | 1       | 5       | 8       |
|   |                        | Associate new                        | 21      | 46      | 81      |
|   | Refused                |                                      | 0       | 0       | 0       |
|   |                        | Voluntary removal                    | 1       | 0       | 0       |
| Premises  | Issued                 | Modifications to gaming machine area | 128     | 430     | 318     |
|   | Refused                |                                      | 0       | 0       | 2       |
| Possession of gaming machines                       | Issued                 |                                      | 50      | 38      | 32      |
|   | Refused                |                                      | 0       | 0       | 0       |
| Minor Gaming  | Issued                 | Raffles                              | 337     | 383     | 402     |
|   |                        | Bingo (Notifications)                | 59      | 41      | 24      |
|   |                        | Lucky Envelopes                      | 353     | 181     | 318     |
|   |                        | Fundraising Events                   | 120     | 32      | 22      |
|   |                        | Amendments                           | 195     | 159     | 171     |
|   | Refused                |                                      | 0       | 0       | 0       |
| Trade Promotion Lottery                             | Issued                 | New                                  | 2,928   | 2,740   | 1,679   |
|   |                        | Amendments                           | 654     | 636     | 388     |
|   | Refused                |                                      | 1       | 0       | 0       |
| Declaration of Community or Charitable Organisation | Issued                 | New                                  | 464     | 390     | 244     |
|   |                        | Renewal                              | 1,363   | 386     | 320     |
|   | Refused                |                                      | 11      | 5       | 5       |
|   | Revoked                |                                      | 0       | 0       | 0       |
|   | Appealed               |                                      | 0       | 0       | 0       |
|   | Reviewed               |                                      | 20      | 0       | 0       |

## Gambling licensing-related activity (continued)

| Gambling licence or approval type |          |   | 2010–11 | 2011–12 | 2012–13 |
|-----------------------------------|----------|---|---------|---------|---------|
| Gambling Product                  | Approved | EGM new                                       | 12      | 5       | 2       |
|                                   |          | EGM game new                                  | 181     | 182     | 141     |
|                                   |          | Modifications to EGM, game or system          | 172     | 361     | 223     |
|                                   |          | Linked jackpot arrangements in venues         | -       | -       | 423     |
|                                   |          | Modifications to wagering systems             | 89      | 97      | 61      |
|                                   |          | Modification to Keno system                   | -       | -       | 5       |
|                                   |          | Modifications to lottery products and systems | 26      | 19      | 19      |

\* Applications include, but are not limited to, applications for new and renewals or amendments for a range of gambling licences, including gaming industry employees and bookmaker registrations, and permits including trade promotion lotteries. It also includes approval requests for new associates, nominees, gaming machine and gambling products and rules, new premises and modifications, entitlements transfers and amendment of conditions.

\*\* This appeal was pending from the previous year.

\*\*\* One appeal was pending from 2010–11 and one was pending from the period 1 July 2011 to 5 February 2012.

\*\*\*\* New licence commenced on 16 August 2012.

## Number of active gaming employee licences as at 30 June

| Category                 | 2010          | 2011          | 2012          | 2013          |
|--------------------------|---------------|---------------|---------------|---------------|
| Casino Special Employee  | 3,801         | 3,702         | 3,714         | 3,922         |
| Gaming Industry Employee | 37,685        | 33,762        | 31,397        | 30,586        |
| Bookmaker Key Employee   | NA            | 178           | 195           | 209           |
| <b>Total</b>             | <b>41,486</b> | <b>37,642</b> | <b>35,306</b> | <b>34,717</b> |

## Community Benefit Statements - Summary of the total claims made by club gaming venues

This report shows information for Community Benefit Statements lodged in 2011–12 in accordance with the determination of 8 February 2008 made by the Minister for Gaming.

Community Benefit Statements are due by 30 September and are made available on our website ([www.vcglr.vic.gov.au](http://www.vcglr.vic.gov.au)) when lodged. Following audit, combined summary tables are also made available on our website in November or December of each year. Information for the previous financial year is then published in the Annual Report.

|   | Clubs          |
|---|----------------|
| Number of Community Benefit Statements lodged   | 262            |
|   |                |
|   | \$'000         |
| Net Gaming Revenue (NGR) for the financial year   | 898,318        |
|   |                |
| Community Benefit Statement claims  |                |
| CLASS A   | \$'000         |
| (a) Donations, gifts and sponsorships (including cash, goods and services)  | 13,023         |
| (b) Cost of providing and maintaining sporting activities for use by club members   | 27,535         |
| (c) Cost of any subsidy for the provision of goods and services but excluding alcohol   | 12,326         |
| (d) Voluntary services provided by members and/or staff of the club to another person in the community                                    | 4,591          |
| (e) Advice, support and services provided by the RSL (Victorian Branch) to ex-service personnel, their carers and families                | 1,379          |
| <b>CLASS A - TOTAL</b>  | <b>58,854</b>  |
| CLASS B   | \$'000         |
| (a) Capital expenditure   | 8,187          |
| (b) Financing costs (including principal and interest)  | 7,963          |
| (c) Retained earnings accumulated during the year   | 150            |
| (d) Provision of buildings, plant and equipment over \$10,000 per item excluding gaming equipment or the gaming machine area of the venue | 2,338          |
| (e) Operating costs   | 223,240        |
| <b>CLASS B - TOTAL</b>  | <b>241,878</b> |
| CLASS C   | \$'000         |
| (a) Provision of responsible gambling measures and activities but excluding those required by law   | -              |
| (b) Reimbursement of expenses reasonably incurred by volunteers   | 210            |
| (c) CBS preparation and auditing expenses   | 280            |
| <b>CLASS C - TOTAL</b>  | <b>490</b>     |
| <b>CBS TOTAL (CLASS A + B + C)</b>  | <b>301,222</b> |
| Percentage of NGR claimed for community purposes  | 33.53%         |

## Liquor licensing-related activity

| Liquor licence or approval type |  |                                    | 2010–11      | 2011–12      | 2012–13    |
|---------------------------------|--|------------------------------------|--------------|--------------|------------|
| Applications*                   | Lodged                                 |                                    |              | 15,436       | 15,504     |
|                                 | Finalised                              |                                    |              | 15,876       | 16,101     |
| Licences                        | New permanent licences/ permits issued | Full club licence                  | 1            | 3            | 1          |
|                                 |  | Restricted club licence            | 15           | 13           | 7          |
|                                 |  | General licence                    | 29           | 17           | 33         |
|                                 |  | Late night (general) licence       | 1            | 12           | 4          |
|                                 |  | On-premises licence                | 77           | 34           | 56         |
|                                 |  | Late night (on-premises) licence   | 4            | 5            | 1          |
|                                 |  | Renewable limited licence          | 384          | 346          | 385        |
|                                 |  | Packaged liquor licence            | 74           | 61           | 61         |
|                                 |  | Pre-retail licence                 | 131          | 100          | 152        |
|                                 |  | Restaurant and café licence        | 392          | 325          | 467        |
|                                 |  | Vignerons' licence**               | 9            | 2            | 0          |
|                                 |  | Wine and beer producer's licence** | -            | 730          | 74         |
|                                 |  | BYO permit                         | 129          | 118          | 122        |
|                                 | <i>Total</i>                           | <i>1,246</i>                       | <i>1,766</i> | <i>1,363</i> |            |
| Exemptions                      | Exempted                               | Bed and breakfast                  | 102          | 12           | 13         |
|                                 |  | Butcher                            | 36           | 7            | 10         |
|                                 |  | Florist                            | 52           | 8            | 25         |
|                                 |  | Gift service                       | 131          | 21           | 37         |
|                                 |  | Hairdresser                        | 49           | 5            | 43         |
|                                 |  | <i>Total</i>                       | <i>370</i>   | <i>53</i>    | <i>128</i> |
| Proof of Age card               | Issued                                 | 9,280                              | 10,152       | 10,705       |            |

\* Applications include, but are not limited to, applications for permanent licences, permits and temporary licences, applications to vary an existing licence/permit, applications to transfer an existing licence/permit, requests to approve directors and nominees, applications for fee waivers, and applications to be exempted from holding a liquor licence. The majority are temporary limited licences.

\*\* On 20 February 2012 a legislative amendment created a new liquor licence category called the Wine and beer producer's licence. On this date, all Vignerons' licences were transitioned across to the Wine and beer producer's licence category and the Vignerons' licence category was removed.

## Gambling player loss and taxes and levies paid 2012–13

For the year ended 30 June 2013, player loss in its various forms within Victoria amounted to \$5,395.3 million and taxes and levies paid to the state amounted to \$1,576.8 million, made up as follows:

| Source  | Consolidated<br>(1 Jul 2011 to<br>30 June 2012)<br>player loss | Consolidated<br>(1 Jul 2011 to<br>30 June 2012)<br>taxes and levies<br>paid into the<br>Consolidated<br>Fund | Consolidated<br>(1 Jul 2012 to<br>30 June 2013)<br>player loss | Consolidated<br>(1 Jul 2012 to<br>30 June 2013)<br>taxes and levies<br>paid into the<br>Consolidated<br>Fund |
|---|--|--|--|--|
|   | \$m  | \$m  | \$m  | \$m  |
| Gaming machines (hotels and clubs)  | 2,681.5  | 886.2  | 2,490.5  | 841.0  |
| Health Benefit Levy <sup>i</sup>  |  | 125.7  |  | 42.33  |
| <b>Sub total - gaming taxes</b>   | <b>2,681.5</b>   | <b>1,011.9</b>   | <b>2,490.5</b>   | <b>841.0</b>   |
| Melbourne Casino - (gaming,<br>machines and table games) ii               | 1,528.0  | 195.3  | 1,536.1  | 201.3  |
| Wagering - racing (totalisator),<br>football, trackside and sportsbetting | 789.2  | 136.5  | 825.1  | 68.2   |
| Lotteries (Victoria only)   | 486.4  | 386.7  | 529.7  | 420.5  |
| Club Keno/Keno <sup>iii</sup>   | 7.1  | 1.7  | 13.9   | 3.4  |
| <b>Total</b>  | <b>\$5,492.2</b>   | <b>\$1,732.1</b>   | <b>\$5,395.3</b>   | <b>\$1,576.8</b>   |

- i The Health Benefit Levy is payable for 2012–13 was \$84.7 million. The first instalment of \$42.33 million was received in 2012–13.
- ii In relation to Consolidated taxes for 2012–13, Super Tax of \$25.48 million is included in the schedule of Melbourne Casino taxes above, which were paid at the end of July 2013.
- iii Club Keno operated by the Joint Venture (Tabcorp and Tattersalls) ceased operating on 14 April 2012. Keno operated by Tabcorp commenced operating on 15 April 2012.

## Applicable taxation rates

| Gaming machines – hotels and clubs       | 1 July 2012–<br>15 August 2012 |
|--|--------------------------------|
| Tabcorp hotels and clubs gaming tax      | 24.24% of player loss          |
| Tattersall’s hotels and clubs gaming tax | 31.24% of player loss          |
| Community Support Fund tax (hotels only) | 8.33% of player loss           |
| Health Benefit Levy (per gaming machine) | \$4,333.33                     |

| Gaming machines<br>– hotels and clubs | Average monthly player loss per machine<br>16 August 2012–30 June 2013 |                          |                |
|---------------------------------------|--|--------------------------|----------------|
|                                       | less than \$2,666  | between \$2,666-\$12,499 | above \$12,500 |
| Clubs                                 | 0%   | 42.50%                   | 50%            |
| Hotels                                | 8.33%  | 50.83%                   | 58.33%         |

| Casino – gaming machines and table games                 |                       |
|--|-----------------------|
| General player casino tax (tables only)                  | 21.25% of player loss |
| General player casino tax (gaming machines only)         | 28.13% of player loss |
| Commission-based player tax (tables and gaming machines) | 9.00% of player loss  |
| Community Benefit Levy (all players)                     | 1.00% of player loss  |

| Wagering                          | 1 July 2012–<br>15 August 2012 | 16 August 2012–<br>30 June 2013 |
|-----------------------------------|--------------------------------|---------------------------------|
| Totalisator (pari-mutuel) betting | 19.11% of player loss          | 7.6% of player loss             |
| Approved betting competitions     | 19.11% of player loss          | 7.6% of player loss             |

| Fixed odds                         | 1 July 2012–<br>15 August 2012 | 16 August 2012–<br>30 June 2013 |
|------------------------------------|--------------------------------|---------------------------------|
| Fixed odds sportsbet and trackside | 10.91% of player loss          | -                               |
| Fixed odds sportsbet               | -                              | 4.38% of player loss            |
| Fixed odds trackside               | -                              | 10.91% of player loss           |

| Lotteries                                  |                       |
|--|-----------------------|
| Public lottery tax (Australian sales)      | 79.40% of player loss |
| Public lottery tax (overseas sales)        | 90.00% of player loss |
| Soccer pools gaming tax (Australian sales) | 57.52% of player loss |
| Soccer pools gaming tax (overseas sales)   | 68.00% of player loss |

| Keno       |                       |
|------------|-----------------------|
| Gaming tax | 24.24% of player loss |

### Supervision of lottery draws

| Draw type            | Draws supervised<br>(1 July 2012 – 30 June 2013) |
|----------------------|--|
| Lucky Keno 70        | 337  |
| Lucky Lines          | 337  |
| Lucky Bingo Star     | 49   |
| Lucky 3              | 337  |
| Lucky 5 Red or Black | 337  |
| Super 66             | 52   |
| Tattslotto           | 52   |
| Oz Lotto             | 52   |
| Powerball            | 52   |
| <b>Total</b>         | <b>1,605</b>                                     |

### Tax collection analysis

| Taxable month  | Number of taxed gaming venues for month |                      |                                   |                        |
|----------------|---|----------------------|-----------------------------------|------------------------|
|                | **Scheduled for collection              | Failed initial sweep | Gaming tax subsequently collected | Gaming tax outstanding |
| August 2012    | 394                                     | 3                    | 3                                 | 0                      |
| September 2012 | 471                                     | 7                    | 7                                 | 0                      |
| October 2012   | 471                                     | 1                    | 1                                 | 0                      |
| November 2012  | 468                                     | 0                    | 0                                 | 0                      |
| December 2012  | 475                                     | 0                    | 0                                 | 0                      |
| January 2013   | 472                                     | 2                    | 2                                 | 0                      |
| February 2013  | 460                                     | 2                    | 2                                 | 0                      |
| March 2013     | 472                                     | 0                    | 0                                 | 0                      |
| April 2013     | 470                                     | 0                    | 0                                 | 0                      |
| May 2013       | 474                                     | 1                    | 0                                 | 1                      |
| June 2013 ^^   | 470                                     | 3                    | 0                                 | 3                      |

\*\* Number of venues scheduled differs due to a number of clubs falling in the tax-free threshold for the month specified.

^^ Failed tax sweeps detected prior to publication of Annual Report. Follow-up of non-payments in progress.

## Red Tape Reduction Baseline Performance Measures

### Liquor and Gambling Applications – Baseline Measures 2011

| Application type   |  | Applications lodged in 2011 and finally determined | Average determination time (days) |
|--------------------|--|--|-----------------------------------|
| Gambling Licensing | Application for a trade promotion lottery permit                                     | 2,928  | 7.63                              |
|                    | Application to conduct a raffle  | 345  | 6.06                              |
|                    | Application to sell lucky envelopes  | 246  | 4.83                              |
|                    | Application to conduct fundraising events  | 96   | 7.21                              |
| Liquor Licensing   | Application for a new permanent liquor licence*                                      | 899  | 105.46                            |
|                    | Application for a new BYO permit*  | 130  | 55.06                             |
|                    | Application for a temporary licence*<br>• served on Victoria Police for comment      | 3,055  | 33.86                             |
|                    | Application for a temporary licence<br>• not served on Victoria Police for comment   | 7,163  | 7.95                              |
|                    | Application for the temporary approval of unaccompanied minors on licensed premises* | 77   | 37.95                             |
|                    | Application to transfer a liquor licence or BYO permit*                              | 1,363  | 75.68                             |

\* Many liquor licence applications must be served by the regulator on local councils and Victoria Police to provide them with the opportunity to comment or object. Additionally, many liquor licence applications must be publicly displayed for a period of time to enable community members to object. For some applications, these steps are not mandatory and the regulator can decide to require these steps to be taken. The legislation requires the regulator not to determine an application before the objection period ends. This is usually 30 days. This can have an effect on determination times.

#### Notes:

- During the baseline period, liquor licensing applications were determined by the Director of Liquor Licensing and gambling licensing applications were determined by the Victorian Commission for Gambling Regulation.
- Figures have been calculated based on all applications received between 1 January 2011 and 31 December 2011 regardless of when a final determination was made. This means an application received during 2011, but determined in 2012 or 2013, will be included in these figures.
- Average determination time is the difference between the date that the regulator received the application and the date that a final determination is made.
- Figures include applications that have been granted or denied. Applications that have been withdrawn are not included.
- Figures are correct as at 19 June 2013. There are a small number of liquor licence applications lodged in 2011 that have not yet been finally determined. Baseline figures will be adjusted in future to take these applications into account if relevant.
- Liquor licence applications in some parts of the City of Boroondara and the City of Whitehorse require a poll of residents by the Victorian Electoral Commission prior to an application being granted. This can have an effect on determination times.
- 'Permanent licence applications' includes: general, on-premises, late night, restaurant and café, packaged liquor, full club, restricted club, pre-retail, vigneron and renewable limited licence applications.
- 'Temporary licence applications' includes: major events and temporary limited licence applications.
- Liquor licence applications can in some cases be conditionally approved. Conditional approval means the regulator approves the application, subject to another action taking place. Examples include where a planning permit hasn't yet been issued or a building is still to be completed. The regulator will give conditional approval, but the licence is not deemed as granted until the nominated action takes place. Only applications that have been finally deemed as granted have been included in these figures and this date is reflected in the figures. This can have an effect on determination times.



## Commission Inquiries – Baseline Measures 2011

| Matter type  | Number of matters | Number of matters that went to hearing | Average days spent in hearing for all matters | Average number of directions hearings for all matters | Average decision time (days) |
|--|-------------------|--|---|---|------------------------------|
| Reviews of liquor licensing decisions  | 13                | 3                                      | 0.23  | 0.92  | 184.62                       |
| Disciplinary and amenity hearings against liquor licence holders                 | 9                 | 6                                      | 0.78  | 2.11  | 102.78                       |
| Contested liquor licence applications  | 56                | 46                                     | 0.82  | N/A   | 216.95                       |
| Reviews of gambling decisions  | 9                 | 7                                      | 0.78  | N/A   | 65.11                        |
| Disciplinary matters against gambling licence holders and other related entities | 27                | 2                                      | 0.07  | N/A   | 127.81                       |
| Applications for electronic gaming machine (EGM) premises                        | 12                | 10                                     | 1.42  | N/A   | 115.33                       |

### Notes:

- During the baseline period, the following matters were determined by the former Director of Liquor Licensing (DLL): contested liquor licence applications.
- During the baseline period, the following matters were determined by the Victorian Civil and Administrative Tribunal (VCAT): reviews of liquor licensing decisions and disciplinary and amenity hearings against liquor licence holders.
- During the baseline period, the following matters were determined by the former Victorian Commission for Gambling Regulation (VCGR): reviews of gambling decisions, disciplinary matters against gambling licence holders and other related entities and applications for EGM premises.
- Figures are correct as calculated on 24 June 2013. There are a small number of matters, commenced in 2011, that have not yet been finally determined. Baseline figures will be adjusted in future to take these matters into account if relevant.
- Figures for 'Reviews of liquor licensing decisions', 'Disciplinary and amenity hearings against liquor licence holders' and 'Contested liquor licence applications' are based on all applications received between 1 January 2011 and 31 March 2012 that were determined by VCAT or the DLL as guided by transitional requirements in the VCGLR Act.
- Figures for 'Reviews of gambling decisions' and 'Disciplinary matters against gambling licence holders and other related entities' are based on all applications received or matters commenced in the 2011 calendar year.
- Figures for 'Applications for EGM premises' are based on all applications received between 1 January 2011 and 31 August 2011. The shorter baseline period has been adopted as the former VCGR received a surge of applications in September and October 2011 due to the implementation of arrangements to transform gaming industry structures in 2012.
- Struck out matters have been excluded from all categories but withdrawn matters are included.
- Average days spent in hearings include those matters which were resolved without the need for a hearing.
- Average number of directions hearings is the average of the number of directions hearings for all matters including those matters where no directions hearing were conducted. It is noted that where 'N/A' appears, there was no policy of holding directions hearings during the relevant baseline period.
- Average decision time is the average time taken by the decision-maker to make their decision. This is broadly defined as the difference between application lodgement, or the matter commencing, and the date of the decision.

## Ministerial Statement of Expectations - Planned Red Tape Reduction initiatives for 2013–14

### Reduce determination times for lower-risk liquor licence applications and approvals by 15 per cent.

#### Focus:

- new permanent and temporary liquor licences
- liquor licence transfers
- temporary approval of unaccompanied minors on licensed premises.

1. Review and improve the useability and effectiveness of selected VCGLR application forms ensuring they are effective in gathering the information necessary to determine an application while not asking for unnecessary information and documents.

#### For example:

- increase use of plain English
- provide clearer instructions on information and documents that must be provided for an application to be accepted
- ask more effective questions to gather a good understanding of the applicant's business and reduce follow-up requests by the VCGLR for information.

2. Review and improve the process used by the VCGLR to determine a new licensee's right to occupy a licensed premises during a transfer application.

3. Provide more effective guidance on processes where an applicant wishes to vary a licence they are applying to transfer.

4. Streamline internal VCGLR administrative processes to more quickly move applications received through to determination.

#### For example:

- reduce the time taken for an application received by mail to be provided to licensing staff to commence determination.

5. Pilot the greater use of email to communicate with applicants reducing reliance on postal services.

6. Review and improve information provided to applicants to increase understanding of the VCGLR's application requirements and processes.

#### For example:

- provide clearer guidance on what training applicants must complete, when they must complete it and what evidence of training must be provided with an application.

7. Review and improve the VCGLR's online application portal for temporary limited licences.

#### For example:

- ask more effective questions to gather a good understanding of the applicant's business and reduce follow-up requests by the VCGLR for information.

8. To reduce determination times for lower-risk applications, consider the introduction of risk-based reforms to the application process for the temporary approval of unaccompanied minors on licensed premises for underage live music events. Consider whether it is appropriate to allow all-ages live music events in more circumstances.

The VCGLR released a public consultation discussion paper to inform its consideration of this reform in May 2013.

9. Develop more proactive management and support for major events requiring a liquor licence.

#### For example:

- maintain a calendar of major events enabling the VCGLR to have contact with event organisers well in advance of events to streamline the application process.

## Reduce determination times for lower-risk minor gaming approvals and permits by 15 per cent.

### Focus:

- trade promotion lotteries
- raffles
- lucky envelopes
- fundraising events.

1. Provide more information to applicants to assist them to comply with relevant laws.  
For example:
  - increase information on requirements for fundraising events rules.
2. Develop lower-cost ways for applicants to demonstrate their suitability for a trade promotion lottery and raffle permit. This will better reflect the lower-risk of harm to the community presented by this type of activity.
3. Provide more information to support applicants to draft terms and conditions that are compliant with relevant laws and reduce application requirements for trade promotion lotteries. This will better reflect the lower-risk of harm to the community presented by this type of activity.
4. Refine the current risk-based approach to determining appropriate conditions for raffles with high value prizes so that conditions are more tailored to the risk presented by the applicant.  
For example:
  - cease the automatic imposition of additional conditions for lower-risk, repeat applicants with a good history of compliance.
5. Streamline internal VCGLR administrative processes to more quickly move applications received through to determination.  
For example:
  - adjust ICT to better support efficient practices by staff when determining raffles applications
  - change the delegation of Commission powers to speed up determinations.
6. Review and improve the useability and effectiveness of VCGLR application forms ensuring they are effective in gathering the information necessary to determine the application while not asking for unnecessary information and documents.  
For example:
  - reduce confusion by introducing separate application forms for the different types of minor gaming.
7. Develop a strategy to increase use of the existing online application portal for trade promotion lotteries.

## Reduce the red tape on applicants and participants in gaming and liquor inquiries conducted by the Commission by 25 per cent.

### Focus:

Inquiries conducted by the Commission are those matters that could involve a hearing by one or more Commissioners. Examples include:

- applications to allow electronic gaming machines (EGMs) or increase EGM numbers
  - reviews of certain gambling-related decisions
  - disciplinary or amenity hearings against licence and permit holders and other related entities
  - contested liquor licence or permit applications
  - reviews of liquor licence or permit decisions.
1. Review and improve the useability and effectiveness of VCGLR application forms ensuring they gather information necessary to support an inquiry while not asking for unnecessary information and documents.  
For example:
    - improve forms for EGM applications.
  2. Utilise directions hearings where appropriate to encourage efficient and expeditious finalisation of matters.
  3. Increase publicly available information about Commission inquiry processes and procedures to increase understanding of how the Commission operates.
  4. Develop and distribute estimated timeframes for the finalisation of internal reviews of liquor licence and permit decisions.

# Appendix 4: Inspections, audits and enforcement

## Gambling licence compliance activity 2012–13

### Prosecutions under the *Gambling Regulation Act 2003* in date order

| Name                                     | Suspect address | Offence   | Court date        | Court result  |
|--|-----------------|---|-------------------|---|
| Michael James Cooper                     | Grovedale       | Breach of Section 9A.1.3(1) of the <i>Gambling Regulation Act 2003</i> performing the functions of a gaming industry employee without being the holder of a licence. Also breached Section 10.5.16 (1) of the <i>Gambling Regulation Act 2003</i> .   | 27 September 2012 | Without conviction, adjourned for 12 months with an undertaking to be of good behaviour and ordered to pay to the court fund costs of \$380.  |
| Jozo Ivusic                              | Drumcondra      | Breach of <i>Gambling Regulation Act 2003</i> , Section 10.7.6 (1) minor accessing the gaming area of the Melton Entertainment Complex.   | 14 December 2012  | Without conviction, adjourned to 13 December 2013 with an undertaking to be of good behaviour and ordered to pay costs of \$322.  |
| Keith Maxwell Burns                      | Newcomb         | Breach of <i>Gambling Regulation Act 2003</i> , Section 9A.1.3 (2) (a) The nominee of the Peninsula Hotel Motel continued to use the services of an employee whose gaming industry employee licence had expired.  | 6 February 2013   | Without conviction, adjourned for a period of six months with an undertaking to be of good behaviour, ordered to donate \$500 to the Salvation Army Geelong plus costs of \$374.31. |
| Willets D.I. Pty Ltd                     | Dingley         | Breach of Section 3.5.32 (1) of the <i>Gambling Regulation Act 2003</i> with 23 charges of allowing another person to provide cash facilities in the venue that allowed a person to withdraw more than \$200.   | 19 March 2013     | Convicted and fined \$45,000 with costs of \$350.   |
| VenueNet Pty Ltd<br>(subject to appeal)  | Melbourne       | Breach of Section 2.5.2 (1) of the <i>Gambling Regulation Act 2003</i> on four occasions assisting the Rising Sun Hotel to conduct the business of a betting house. Breach of Section 2.6.1.(1) of <i>Gambling Regulation Act 2003</i> possessing an unauthorised instrument of betting on two occasions. | 29 April 2013     | Without conviction, fined \$5,000 plus prosecution's costs of proceedings.  |
| Rising Sun Hotel South Melbourne Pty Ltd | South Melbourne | Breach of Section 2.5.2(1) of the <i>Gambling Regulation Act 2003</i> on two occasions of using the hotel as a betting house.<br>Breach of Section 2.6.1.(1) on two occasions of possessing an unauthorised instrument of betting.  | 30 April 2013     | Entered into a diversion plan and ordered to donate \$1,000 to the Victorian Responsible Gambling Foundation.   |

### Prosecutions under the *Gambling Regulation Act 2003* in date order (continued)

| Name            | Suspect address | Offence  | Court date  | Court result  |
|-----------------|-----------------|--|-------------|---|
| Betfair Pty Ltd | Melbourne       | Breach of Section 4.7.10 of the <i>Gambling Regulation Act 2010</i> offering an inducement to open a betting account on two occasions. | 21 May 2013 | Without conviction, placed on a 12-month good behaviour bond.   |
| RPH Pty Ltd     | Carlton         | Breach of <i>Gambling Regulation Act 2003</i> , Section 10.7.6 (1) minors accessing the gaming area of the Roxburgh Park Hotel.        | 23 May 2013 | Without conviction, adjourned for 12 months with an undertaking to be of good behaviour and ordered to donate \$1,000 to the court fund plus \$550 costs. |

Note: Offences under the *Crimes Act 1958* and the *Summary Offences Act 1966* are the responsibility of the Victoria Police, with the assistance of VCGLR Inspectors when required.

'Relevant offence' in relation to a venue operator means:

- an offence against a gaming Act or gaming regulations; or
- an offence arising out of or in connection with the management or operation of an approved venue; or
- an indictable offence, or an offence that, if committed in Victoria, would be an indictable offence, the nature or circumstances of which, in the opinion of the Commission, relate to an approved venue of the venue operator.

### Prosecutions under the *Casino Control Act 1991* in date order

| Name          | Suspect address | Offence                                       | Court date       | Court result  |
|---------------|-----------------|---|------------------|---|
| Thi Nhu Hoang | Seabrook        | Breach of Casino Exclusion Order, section 77. | 11 July 2012     | Adjourned warrant for arrest issued.                    |
| Hoa Trong Vu  | Sunshine        | Breach of Casino Exclusion Order, section 77. | 11 July 2012     | Convicted, fined \$1,000 plus costs of \$250.           |
| Thi Nhu Hoang | Seabrook        | Breach of Casino Exclusion Order, section 77. | 19 October 2012  | Convicted, fined \$4,000 plus costs of \$500.           |
| Hong Lakey    | St Albans       | Breach of Casino Exclusion Order, section 77. | 24 October 2012  | Convicted, fined \$2,500 plus costs of \$250.           |
| Duong Nam     | Deer Park       | Breach of Casino Exclusion Order, section 77. | 24 October 2012  | Convicted, fined \$3,000 and costs of \$275.            |
| Duong Nam     | Deer Park       | Breach of Casino Exclusion Order, section 77. | 28 November 2012 | Convicted, fined \$1,200 plus costs of \$300.           |
| Blade Nguyen  | Dandenong       | Breach of Casino Exclusion Order, section 77. | 28 November 2012 | Without conviction, fined \$200 with costs of \$227.30. |
| Duong Nam     | Deer Park       | Breach of Casino Exclusion Order, section 77. | 28 December 2012 | Convicted, fined \$300 plus costs of \$250.             |

### Prosecutions under the *Casino Control Act 1991* in date order (continued)

| Name                    | Suspect address | Offence                                       | Court date      | Court result   |
|-------------------------|-----------------|---|-----------------|--|
| Hong Lakey              | Moolap          | Breach of Casino Exclusion Order, section 77. | 29 January 2013 | Convicted, fined \$750 plus costs of \$250.  |
| Ngien Eaim Mui Sae      | North Melbourne | Breach of Casino Exclusion Order, section 77. | 29 January 2013 | Without conviction, fined \$200 with costs of \$250.   |
| Thi Kim Tran            | St Albans       | Breach of Casino Exclusion Order, section 77. | 29 January 2013 | Without conviction, adjourned to 20 December 2013 with an undertaking to be of good behaviour and ordered to continue seeing psychologist, plus costs of \$325.24.   |
| Van Viet Luu            | Altona          | Breach of Casino Exclusion Order, section 77. | 29 January 2013 | Without conviction, fined \$450 plus costs of \$324.24.  |
| Hoang Tran              | Noble Park      | Breach of Casino Exclusion Order, section 77. | 5 February 2013 | Without conviction, adjourned for 12 months with an undertaking to be of good behaviour, ordered to complete the Salvation Army Positive Lifestyle Program, \$500 donation to the court fund plus costs of \$275.84. |
| Hong Lakey              | Moolap          | Breach of Casino Exclusion Order, section 77. | 5 March 2013    | Convicted, fined \$4,500 with costs of \$320.  |
| Thi Nhu Hoang           | Seabrook        | Breach of Casino Exclusion Order, section 77. | 5 March 2013    | Convicted, fined \$8,000 and costs of \$890.   |
| Dinh Kim Tran           | St Albans       | Breach of Casino Exclusion Order, section 77. | 13 March 2013   | Convicted and fined \$300 plus costs of \$250.   |
| Daman Preet Singh Sahni | Footscray       | Breach of Casino Exclusion Order, section 77. | 20 May 2013     | Placed on a diversion program plus costs of \$263.   |
| Duong Nam               | Deer Park       | Breach of Casino Exclusion Order, section 77. | 21 June 2013    | Convicted, fined \$1,500 with \$300 costs.   |
| Heang Tang              | Mitcham         | Breach of Casino Exclusion Order, section 77. | 21 June 2013    | Without conviction fined \$600 with \$300 costs.   |

Note: Offences under the *Crimes Act 1958* and the *Summary Offences Act 1966* are the responsibility of the Victoria Police, with the assistance of VCGLR Inspectors when required.

### Appeals against Exclusion Orders

During 1 July 2012 to 30 June 2013, 15 persons lodged appeals against exclusion orders prohibiting them from entering or remaining in the Melbourne Casino.

Of these 15 appeals, one appeal was upheld, six were rejected, five appeals were outside the time allowed and three are pending.

### Gaming Industry Employee (GIE) disciplinary action in date order

| Surname      | Given name | Licence type | Licence number | Grounds   | Decision date     | Result            |
|--------------|------------|--------------|----------------|---|-------------------|-------------------|
| Coulson      | Jessica    | GIE          | G09146695      | Failed to provide required information.   | 19 July 2012      | Letter of censure |
| O'Dwyer      | Amy        | GIE          | G09148699      | Failed to provide required information and is considered to be no longer a suitable person to hold the licence.                                       | 14 August 2012    | Licence cancelled |
| Shuttleworth | Liana      | GIE          | G09147138      | Found guilty of a 'relevant offence', failed to provide required information and is considered to be no longer a suitable person to hold the licence. | 28 September 2012 | Licence cancelled |
| Collard      | Ann-Maree  | GIE          | G05134920      | Found guilty of a 'relevant offence', failed to provide required information and is considered to be no longer a suitable person to hold the licence. | 24 October 2012   | Licence cancelled |
| Monaco       | Claudio    | GIE          | G9521645       | Found guilty of a 'relevant offence'.   | 18 December 2012  | Letter of censure |
| Zdjelar      | Alojzije   | GIE          | T03095782      | Initially considered as possibly not suitable to hold a licence.  | 30 January 2013   | Letter of censure |
| Miles        | Steven     | GIE          | G09150549      | Found guilty of a 'relevant offence' and failed to provide required information.  | 8 March 2013      | Letter of censure |
| Middleton    | Brett      | GIE          | G10152106      | Found guilty of a 'relevant offence', failed to provide required information and is considered to be no longer a suitable person to hold the licence. | 10 April 2013     | Licence cancelled |
| Rehal        | Jaspreet   | GIE          | G10152128      | Considered to be no longer a suitable person to hold the licence.   | 18 April 2013     | Licence cancelled |

### Gaming Industry Employee (GIE) disciplinary action in date order (continued)

| Surname   | Given name | Licence type | Licence number | Grounds   | Decision date | Result            |
|-----------|------------|--------------|----------------|---|---------------|-------------------|
| Hemingway | Aroha      | GIE          | G08145492      | Initially considered to be no longer a suitable person to hold the licence.   | 22 April 2013 | Letter of censure |
| Carlyon   | Hailey     | GIE          | G08146262      | Failed to provide required information and is considered to be no longer a suitable person to hold the licence.                                       | 7 May 2013    | Licence cancelled |
| Azmi      | Hassan     | GIE          | S03128959      | Found guilty of a 'relevant offence', failed to provide required information and is considered to be no longer a suitable person to hold the licence. | 5 June 2013   | Licence cancelled |
| Duignan   | Gregory    | GIE          | G09150144      | Failed to provide required information.   | 20 June 2013  | Letter of censure |
| Burns     | Keith      | GIE          | G09150233      | Found guilty of a 'relevant offence'.   | 24 June 2013  | Letter of censure |
| Singh     | Sajjan     | GIE          | G10151869      | Failed to provide required information.   | 24 June 2013  | Letter of censure |

'Relevant offence' in relation to a licensee means:

- an offence against a gaming Act or gaming regulations; or
- an offence arising out of or in connection with the employment of the licensee under a gaming Act; or
- an offence (wherever occurring) involving fraud or dishonesty punishable on conviction by imprisonment for three months or more (whether or not in addition to a fine).



### Gambling venue disciplinary action in date order

| Venue operator                                   | Venue                       | Licence number | Grounds   | Decision date     | Result            |
|--|-----------------------------|----------------|---|-------------------|-------------------|
| Australian Leisure and Hospitality Group Pty Ltd | Elsternwick Hotel           | V98095066      | The venue operator was found guilty of a 'relevant offence' in that the venue operator allowed a minor to enter the gaming machine area at the Elsternwick Hotel.                                   | 19 July 2012      | Letter of censure |
| Montmorency - Eltham RSL Sub -Branch Inc         | Montmorency RSL             | V00095363      | The venue operator was found guilty of an offence against the GRA in that the venue operator used the services of a person to perform functions of a gaming industry employee without a licence.    | 28 September 2012 | Letter of censure |
| Willets D.I. Pty Ltd                             | Dingley International Hotel | V9210155       | The venue operator was found guilty of allowing another person to provide cash facilities in the venue that allowed a person to withdraw more than \$200 in breach of Section 3.5.32(1) of the GRA. | 24 June 2013      | Letter of censure |

'Relevant offence' in relation to a venue operator means:

- an offence against a gaming Act or gaming regulations; or
- an offence arising out of or in connection with the management or operation of an approved venue; or
- an indictable offence, or an offence that, if committed in Victoria, would be an indictable offence, the nature or circumstances of which, in the opinion of the Commission, relate to an approved venue of the venue operator.

### Casino Special Employee (CSE) disciplinary action in date order

| Surname  | Given name | Licence type | Licence number | Grounds  | Decision date     | Result            |
|----------|------------|--------------|----------------|--|-------------------|-------------------|
| Nguyen   | Thomson    | CSE          | C06103454      | Found guilty of a 'relevant offence', failed to provide required information and considered to be no longer a suitable person to hold a licence. | 19 July 2012      | Licence cancelled |
| Singh    | Jaspal     | CSE          | C09105712      | Failed to provide required information and considered to be no longer a suitable person to hold a licence.                                       | 28 September 2012 | Licence cancelled |
| Whiteoak | Darren     | CSE          | C06103000      | Found guilty of a 'relevant offence', failed to provide required information and considered to be no longer a suitable person to hold a licence. | 18 December 2012  | Licence cancelled |

### Casino Special Employee (CSE) disciplinary action in date order (continued)

| Surname | Given name | Licence type | Licence number | Grounds  | Decision date | Result            |
|---------|------------|--------------|----------------|--|---------------|-------------------|
| Lopez   | Ruben      | CSE          | C10106653      | Found guilty of a 'relevant offence', failed to provide required information and considered to be no longer a suitable person to hold a licence. | 26 March 2013 | Licence cancelled |
| Nguyen  | David      | CSE          | C11108189      | Considered to be no longer a suitable person to hold a licence.  | 3 April 2013  | Licence cancelled |
| Pham    | Minh       | CSE          | C12109063      | Considered to be no longer a suitable person to hold a licence.  | 3 April 2013  | Licence cancelled |

'Relevant offence' in relation to a licensee means:

- an offence against a gaming Act or gaming regulations; or
- an offence arising out of or in connection with the employment of the licensee under a gaming Act; or
- an offence (wherever occurring) involving fraud or dishonesty punishable on conviction by imprisonment for three months or more (whether or not in addition to a fine).

### Liquor licence compliance activity 2012–13

#### Commission's own initiative disciplinary action inquiry under Section s91(1)(a) of the *Liquor Control Reform Act 1998*

| Name          | Ground and date committed  | Commission hearing date | Result        |
|---------------|--|-------------------------|---------------|
| Simon Milutin | Section 90 (1) (n) of the <i>Liquor Control Reform Act 1998</i><br>23 September 2011 | 26 February 2013        | \$3,000 fine. |

#### Prosecutions under the *Liquor Control Reform Act 1998* in court date order

| Name  | Suspect address | Ground and date committed   | Court date     | Court result   |
|---|-----------------|---|----------------|--|
| Steve Muscat (nominee)                                  |                 | Section 108 (1) of the <i>Liquor Control Reform Act 1998</i><br>22 October 2010 | 11 July 2012   | Fined \$500 without conviction, plus costs of \$1,500. |
| Lorne Beach Investments Pty Ltd (Lorne Beach Pavillion) |                 | Section 107 (1) of the <i>Liquor Control Reform Act 1998</i><br>11 April 2011   | 15 August 2012 | Fined \$500 without conviction, plus costs of \$1,500. |

### Prosecutions under the *Liquor Control Reform Act 1998* in court date order (continued)

| Name  | Suspect address | Ground and date committed   | Court date      | Court result   |
|---|-----------------|---|-----------------|--|
| Yousef Bazouni                                  | Northcote       | Unlicensed selling of liquor – Section 107 (1) of the <i>Liquor Control Reform Act 1998</i><br>31 August 2012   | 2 October 2012  | Without conviction, fined \$2,000 plus costs of \$321. |
| David Ronald Hobbs (Mineral Springs Hotel)      |                 | Section 107 (1) of the <i>Liquor Control Reform Act 1998</i><br>27 July 2011  | 19 October 2012 | Without conviction, nine months good behaviour bond.   |
| GADM Enterprises Pty Ltd t/as The Vibe Café Bar |                 | Section 101B(2) of the <i>Liquor Control Reform Act 1998</i><br>27 April 2011<br><br>Section 108(1)(a)(i) of the <i>Liquor Control Reform Act 1998</i><br>27 April 2011 | 25 October 2012 | Fined \$1,000 without conviction, plus costs of \$750. |
| Martin Pettier Pty Ltd                          | Brunswick       | Unlicensed selling of liquor – Section 107 (1) of the <i>Liquor Control Reform Act 1998</i><br>26 November 2011   | 5 April 2013    | Without conviction, fined \$1,000 plus costs of \$350. |

### Enforceable Undertakings under the *Liquor Control Reform Act 1998* in date order\*

| Licensee  | Premises                   | Commencement date | Length of undertaking |
|---|----------------------------|-------------------|-----------------------|
| United Sporting Club Inc                        | Scovell Reserve, Maidstone | 31 July 2012      | Two years             |
| Curpol Pty Ltd and Bendigo Bat and Ball Pty Ltd | The Albert Hotel           | 24 August 2012    | Two years             |
| Eureka Geelong Hotel Pty Ltd                    | Eureka Sportz Saloon Cafe  | 17 June 2013      | Two years             |

\* Additional information published on website.

### Warnings and infringement notices

Written warnings issued under the *Liquor Control Reform Act 1998* and *Gambling Regulation Act 2003* totalled 1,485.

Infringement notices issued under the *Liquor Control Reform Act 1998* totalled 228. No infringement notices were issued under gambling legislation.

# Appendix 5: Governance and compliance

## Corporate governance

The Victorian Commission for Gambling and Liquor Regulation (VCGLR) was established under the *Victorian Commission for Gambling and Liquor Regulation Act 2011*. The functions and powers of the VCGLR are set out in Sections 9 and 10 of that Act.

The VCGLR was formed on 6 February 2012, at which point it assumed the responsibilities of the Director of Liquor Licensing, the Victorian Commission for Gambling Regulation and the administrative, compliance and educative functions of Responsible Alcohol Victoria. The VCGLR has since been responsible for regulating the gambling and liquor industries in Victoria.

## Commissioners

A Commissioner is a statutory officer in the VCGLR. Commissioners are appointed by the Governor-in-Council on the recommendation of the Minister for Liquor and Gaming Regulation. Commissioners are accountable for statutory decision-making and are also directors of a public sector board responsible for strategy, governance and risk management. Statutory decisions of Commissioners may be made individually or collectively with other Commissioners. These decisions relate to a range of matters including the grant, variation and transfer of licences and permits, the conditions attached to licences and permits, disciplinary actions against licensees and permittees, and reviews of the decisions made under delegation by individual Commissioners or members of staff.

The Chairman convenes and presides at meetings of the VCGLR and contributes to decision-making by the VCGLR. The Chairman has a casting vote on matters where there are equal votes, as well as a deliberate vote. The Chairman is also a public service body head for the purposes of the *Public Administration Act 2004*.

In conjunction with the Chief Executive Officer, the Chairman determines and oversees arrangements for the internal governance of the VCGLR to ensure clear lines of accountability and reporting, a consistent approach to decision-making, disciplined performance and ethical, transparent relationships with stakeholders.

During the year, the VCGLR has built upon its strategic framework by conducting specific action planning at the business level. This will ensure actions are aligned strongly with its strategic priorities, assist in building business capacity and create a sustainable approach to its operation.

### VCGLR Meetings, Inquiries and Hearings 2012–13

| Inquiries   | Matters determined | On papers | Private Inquiry | Public Inquiry |
|---|--------------------|-----------|-----------------|----------------|
| Gaming - new premises                                     | 6                  |           |                 | 6              |
| Gaming - electronic gambling machine increase             | 27                 | 2         |                 | 25             |
| Gaming - appeal against refusal to grant a gaming licence | 3                  | 1         | 2               |                |
| Gaming - appeal against self-exclusion order              | 7                  |           | 7               |                |
| Gaming - disciplinary action                              | 1                  |           | 1               |                |
| Liquor - contested  | 0                  |           |                 |                |
| Liquor - internal review                                  | 22                 | 9         |                 | 13             |
| Liquor - section 91 disciplinary action                   | 7                  |           |                 | 7              |
| Liquor - section 94 amenity                               | 5                  |           |                 | 5              |
| <b>Total</b>  | <b>78</b>          | <b>12</b> | <b>10</b>       | <b>56</b>      |

| Hearings                |    |
|-------------------------|----|
| Directions hearings     | 21 |
| Preliminary conferences | 1  |
| Hearings                | 61 |
| Sitting days            | 75 |

| Commission meetings |    |
|---------------------|----|
| Regular             | 12 |
| Special             | 11 |

## Risk management

### Compliance with the Victorian Government Risk Management Framework

To ensure that risks are being managed in a consistent manner, public sector entities are required to attest in Annual Reports that they have in place risk management processes consistent with the Australian and New Zealand risk management standard.

The VCGLR has applied the requirements of the Victorian Government Risk Management Framework March 2011 in confirming its compliance status. The VCGLR Audit Committee has verified this view.

#### Attestation

I, Bruce Thompson, Chairman of the Victorian Commission for Gambling and Liquor Regulation (VCGLR), certify that the VCGLR has risk management processes in place consistent with the Australian/New Zealand risk management standard and an internal control system is in place that enables the Executive to understand, manage and satisfactorily control risk exposures. The VCGLR verifies this assurance and that the risk profile of the VCGLR has been critically reviewed within the 2012–13 financial year.



Bruce Thompson  
Chairman  
Victorian Commission for Gambling and Liquor Regulation  
On this date 15 September 2013

### Audit Committee

The Audit Committee (the Committee) of a public entity is an independent committee established in accordance with the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*.

The Committee provides oversight of:

- financial performance and reporting
- accounting treatment of significant transactions
- internal audit function
- external audit function
- risk management framework
- accountability and internal control, and
- legal and regulatory compliance.

### VCGLR Audit Committee

The VCGLR Audit Committee comprises: Mr David Boymal AM (Chair and independent member); Mr Des Powell, VCGLR Commissioner; and Ms Kate Hamond, VCGLR Commissioner. The Committee has met four times (7 August 2012, 19 November 2012, 18 February 2013 and 13 May 2013) in 2012–13.

As a continuous improvement activity, internal auditing assists the VCGLR to achieve its objectives. The Committee provided oversight of the internal audit function and services performed by an outside contractor, Oakton Pty Ltd, for the period 1 July 2012 to 30 April 2013.

The VCGLR has undertaken a competitive tendering process and awarded a three-year contract for provision of the internal audit function and services to RSM Bird Cameron for the period 1 May 2013 through to 30 April 2016.

#### Attestation for compliance with the Ministerial Standing Direction 4.5.5.1 – Insurance

I, Bruce Thompson, Chairman of the Victorian Commission for Gambling and Liquor Regulation (VCGLR), certify that the VCGLR has complied with Ministerial Direction 4.5.5.1 – Insurance.



Bruce Thompson  
Chairman  
Victorian Commission for Gambling and Liquor Regulation  
On this date 15 September 2013

## Access to information and making a Freedom of Information request

The *Freedom of Information Act 1982* (FOI Act) gives members of the public the right to apply for access to information held by the VCGLR and its predecessor organisations. The FOI Act applies to documents created by VCGLR as well as those created by other organisations that are in the possession of the VCGLR.

Information about the requests received during 2012–13 is set out below.

|   |           |
|---|-----------|
| Requests received   | 15        |
| Initial decision:   |           |
| Granted in full   | 1         |
| Partially granted*  | 9         |
| Denied  | 0         |
| Previously released   | 0         |
| In process  | 0         |
| Non-existent document requested                                 | 4         |
| Not proceeded with  | 1         |
| Withdrawn   | 0         |
| <b>Total</b>  | <b>15</b> |
| Transferred from another agency                                 | 1         |
| Transferred to another agency                                   | 2         |
| Average processing time (days)**                                | 39        |
| Internal review conducted                                       | 0         |
| Applications to the FOI Commissioner                            | 1         |
| Applications to the Victorian Civil and Administrative Tribunal | 0         |
| Complaints to the Ombudsman                                     | 0         |

\* Includes one request received in the previous year.

\*\* Extension of processing time granted for two requests.

### Making a Freedom of Information request

Access to documents may be obtained through a request from an individual, or from another person authorised (for example, a solicitor) to make a request on that individual's behalf. If another person is making a request for personal information, they must have written authorisation from the individual concerned to do so.

The written FOI request for documents must include the following:

- It must be in writing to the VCGLR FOI Officer or made online by accessing [www.foi.vic.gov.au/home/how+to+apply/making+a+request/](http://www.foi.vic.gov.au/home/how+to+apply/making+a+request/).
- It should clearly describe the documents being requested, and provide sufficient detail to enable the document(s) being sought to be identified.
- It should be accompanied by the appropriate application fee (currently \$25.70). If the applicant is suffering financial hardship, he/she may request the VCGLR to waive the application fee. Other costs (photocopying, search and retrieval charges) may be incurred in granting access to the documents requested. These will be communicated accordingly.

- The written request should be addressed to:  
Freedom of Information Officer  
Victorian Commission for Gambling and Liquor Regulation  
GPO Box 1988  
Melbourne, Victoria 3001  
or  
49 Elizabeth Street  
Richmond, Victoria 3121

Further information regarding Freedom of Information can be found at [www.foi.vic.gov.au](http://www.foi.vic.gov.au).

### **Whistleblower protection**

The VCGLR has procedures that comply with the requirements of the *Protected Disclosures Act 2012*. These procedures require disclosures of improper conduct or detrimental action by the VCGLR, its members or staff to be reported to the Independent Broad-based Anti-corruption Commission (IBAC). Disclosures may be made by members and staff of the VCGLR or the public. There were no disclosures made this year to the Protected Disclosure Coordinator and there were no recommendations made by the IBAC or the Ombudsman that related directly to the VCGLR.

### **Victorian Industry Participation Policy**

There are no issues relating to compliance with the Victorian Industry Participation Policy.

### **National Competition Policy**

The VCGLR complies with the National Competition Policy.

### **Statement of availability of other information**

The following information is retained by the VCGLR and is available, on request to the relevant Minister, to members of Parliament and the public:\*

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by the VCGLR about its operations and the places where the publications can be obtained
- details of changes to prices, fees, charges, rates and levies charged by the VCGLR
- details of major external reviews carried out on the VCGLR
- details of research and development activities
- details of major promotional, public relations and marketing activities undertaken by the VCGLR to develop community awareness of the VCGLR and the services it provides
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within the VCGLR and details of time lost through industrial accidents and disputes, and
- a list of major committees sponsored by the VCGLR, the purposes of each committee and the extent to which the purposes have been achieved.

\* Subject to any applicable Freedom of Information requirements.

### **Disclosure of major contracts**

There were no contracts greater than \$10 million entered into by the VCGLR in 2012–13. Summary details of contracts with a commitment greater than \$100,000 entered into during the 2012–13 period have been published on the Victorian Government contracts publishing system at [www.contracts.vic.gov.au](http://www.contracts.vic.gov.au).

### **Building works**

The VCGLR does not have any buildings under its direct control and did not enter into works during the reporting period that required compliance under the *Building Act 1993*.

## VCGLR workforce data

### VCGLR staffing as at 30 June 2013

| Ongoing          |        | Fixed term       |      | Casual           |     | Total            |        |
|------------------|--------|------------------|------|------------------|-----|------------------|--------|
| Number headcount | FTE    | Number headcount | FTE  | Number headcount | FTE | Number headcount | FTE    |
| 183              | 178.43 | 32               | 31.5 | 0                | 0   | 215              | 209.93 |

|                       | Ongoing    |               | Fixed term |             | Total      |               |
|-----------------------|------------|---------------|------------|-------------|------------|---------------|
|                       | Headcount  | FTE           | Headcount  | FTE         | Headcount  | FTE           |
| Executive officer     | 4          | 4             | 0          | 0           | 4          | 4             |
| VPS Grades 5, 6 and 7 | 76         | 75.4          | 12         | 12          | 88         | 87.4          |
| VPS Grades 3 and 4    | 76         | 74.01         | 17         | 16.5        | 93         | 90.51         |
| VPS Grades 1 and 2    | 27         | 25.02         | 3          | 3           | 30         | 28.02         |
| <b>Total</b>          | <b>183</b> | <b>178.43</b> | <b>32</b>  | <b>31.5</b> | <b>215</b> | <b>209.93</b> |

### VCGLR staffing profile (headcount) by gender and age as at 30 June 2013

|                       | < 25 |          | 25-34     |           | 35-44     |           | 45-54     |           | 55-64     |           | >64      |          | Total      |
|-----------------------|------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|------------|
|                       | M    | F        | M         | F         | M         | F         | M         | F         | M         | F         | M        | F        |            |
| Executive officer     |      |          |           |           | 1         | 2         |           | 1         |           |           |          |          | 4          |
| VPS Grades 5, 6 and 7 |      |          | 8         | 7         | 14        | 12        | 21        | 12        | 9         | 4         | 1        |          | 88         |
| VPS Grades 3 and 4    |      |          | 12        | 18        | 9         | 6         | 16        | 9         | 15        | 8         |          |          | 93         |
| VPS Grades 1 and 2    |      | 1        | 4         | 9         | 1         | 4         | 1         | 6         | 1         | 2         |          | 1        | 30         |
| <b>Total</b>          |      | <b>1</b> | <b>24</b> | <b>34</b> | <b>25</b> | <b>24</b> | <b>38</b> | <b>28</b> | <b>25</b> | <b>14</b> | <b>1</b> | <b>1</b> | <b>215</b> |



## Executive officers 2012–13

| Position Title                               | Occupant          | From     | Till     | Occupancy Status |
|--|-------------------|----------|----------|------------------|
| Chief Executive Officer                      | Jane Brockington  | 1/07/12  | 30/06/13 | Nominal          |
| Director Strategy, Education and Integration | Catherine Myers   | 9/11/12  | 12/12/12 | Acting           |
|  | Catherine Myers   | 1/07/12  | 26/09/12 | Acting           |
|  |                   | 27/09/12 | 30/06/12 | Nominal          |
|  | Marianne Munro    | 9/11/12  | 12/12/12 | Acting           |
|  | Toniann Stitz     | 14/01/13 | 31/01/13 | Acting           |
| Director Licensing and Approvals             |                   | 08/03/13 | 30/06/13 | Acting           |
|  | Lynne Bertolini   | 1/07/12  | 6/11/12  | Nominal          |
|  | Samantha Adrichem | 23/07/12 | 10/08/12 | Acting           |
|  | Ian Clyde         | 31/10/12 | 16/11/12 | Acting           |
|  |                   | 3/12/12  | 1/03/13  | Acting           |
| Director Compliance and Audit                | Adam Toma         | 11/03/13 | 30/06/13 | Nominal          |
|  | Max Priestley     | 1/07/12  | 30/01/13 | Nominal          |
|  | Laurence Bailey   | 27/09/12 | 15/04/13 | Acting           |
|  | Catherine Myers   | 8/03/13  | 30/06/13 | Acting           |
|  | Karen Lees        | 11/06/13 | 30/06/13 | Nominal          |

## Consultants

There was one consultant engaged in 2012–13 where the total fee payable was \$170,000, excluding GST.

| Consultant              | Purpose of consultancy  | Start date       | End date         | Total approved project fee (excluding GST) | Expenditure 2012-13 (excluding GST) | Future expenditure (excluding GST) |
|-------------------------|---|------------------|------------------|--|-------------------------------------|------------------------------------|
| Pricewaterhouse Coopers | Provision of commercial and financial services relating to the Fifth Casino Review. | 27 November 2012 | 15 February 2013 | \$170,000                                  | \$168,000                           | Nil                                |

## Report on overseas travel

| Officer   | Destination                         | Purpose  | Outcome   |
|---|-------------------------------------|--|---|
| Chairman and Director, Fifth Casino Review                                  | Singapore and Macau<br>October 2012 | To conduct investigations as part of the Fifth Casino Review and attend two major international conferences: <ul style="list-style-type: none"> <li>International Association of Gambling Regulators</li> <li>International Association of Gaming Advisors.</li> </ul> | The Acting Chairman and Director consulted with international gambling regulators and inspected two premier casino destinations. As a result, they were able to: <ul style="list-style-type: none"> <li>investigate leading regulatory and casino processes and practices, and</li> <li>investigate the suitability of the casino operator, its associates and their business associates.</li> </ul> Attendance at the IAGA conference (at which the Chairman was an invited speaker) and the IAGR conference allowed the Chairman and Director to build relationships with international regulators and report back to the VCGLR on international developments in responsible gambling and regulation of casinos, wagering, gaming machines and online gambling. |
| VCGLR Commissioner<br><br>Director, Regulatory Services and General Counsel | New Zealand<br>November 2012        | To attend the Australasian Liquor Licensing Authorities Conference.  | Provided a useful exchange of views amongst jurisdictions in relation to risk-related regulation and legislative developments.<br><br>As an invited participant, the Director was able to harness stronger relationships with inter-jurisdictional regulators and apply international perspectives to a number of local programs and initiatives. The Director was also provided with the opportunity to test the thinking on the new Commission model arrangements with experiences from various jurisdictions.  |
| Manager, Regulatory Policy  | New Zealand                         | To deliver a paper.  | To deliver a paper on the use of social media in policing as part of Executive Masters (ANZSOG).  |

## Appendix 6: Historical trends in liquor licence numbers

### Liquor Licences by Licence Category as at End of Financial Year

| Licence Type                         | 1998  | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   |
|--------------------------------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| General licence                      | 1,831 | 1,956  | 1,967  | 1,967  | 1,979  | 1,981  | 1,985  | 1,480  | 1,480  | 1,487  | 1,486  |
| Late night (general) licence         | 0     | 0      | 0      | 0      | 0      | 0      | 0      | 509    | 502    | 496    | 495    |
| On-premises licence                  | 2,849 | 4,997  | 5,306  | 5,589  | 5,854  | 6,066  | 6,293  | 2,482  | 2,370  | 2,275  | 2,197  |
| Late night (on-premises) licence     | 0     | 0      | 0      | 0      | 0      | 0      | 0      | 418    | 407    | 396    | 384    |
| Restaurant and café licence          | 0     | 0      | 0      | 0      | 0      | 0      | 0      | 3547   | 3,833  | 4,059  | 4,415  |
| Packaged liquor licence              | 1,133 | 1,591  | 1,698  | 1,765  | 1,831  | 1,888  | 1,934  | 1,960  | 1,952  | 1,964  | 1,973  |
| Late night (packaged liquor) licence | 0     | 0      | 0      | 0      | 0      | 0      | 0      | 3      | 2      | 2      | 2      |
| Full club licence                    | 788   | 802    | 798    | 793    | 790    | 789    | 784    | 774    | 766    | 760    | 754    |
| Restricted club licence              | 1,518 | 1,452  | 1,386  | 1,323  | 1,254  | 1,213  | 1,190  | 1,167  | 1,121  | 1,088  | 1,046  |
| Pre-retail licence                   | 230   | 522    | 567    | 584    | 669    | 729    | 765    | 752    | 744    | 692    | 748    |
| Vigneron's licence                   | 283   | 506    | 528    | 543    | 555    | 558    | 551    | 541    | 526    | 0      | 0      |
| Wine and beer producer's licence     | 0     | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 735    | 794    |
| Renewable limited licence            | 333   | 3,171  | 3,662  | 4,197  | 4,587  | 4,762  | 4,808  | 4,481  | 4,277  | 4,256  | 4,451  |
| BYO permit                           | 0     | 1,516  | 1,470  | 1,424  | 1,377  | 1,321  | 1,290  | 1,236  | 1,185  | 1,214  | 1,233  |
| Total licences and permits           | 8,965 | 16,513 | 17,382 | 18,185 | 18,896 | 19,307 | 19,600 | 19,350 | 19,165 | 19,424 | 19,978 |



**PART 5:**

Our financial  
results



# **Summary of financial results**

1 July 2012-30 June 2013

# Summary of Financial Results

## Background

The VCGLR receives grant funding for the provision of outputs from the Department of Justice for the purposes of delivering outputs associated with the regulation of gambling and liquor. Capital expenditure is funded by the generation of depreciation expense which forms part of annual grant revenue recognised.

The VCGLR collects revenue on behalf of the government in relation to Gaming, Casino, Racing Taxation, Keno, Public Lotteries, Licence Fees for gaming and liquor activities and other gaming and related activities which are paid into the Consolidated Fund and disclosed in the Notes to the Financial Statements. The VCGLR also makes payments from the Consolidated Fund to other jurisdictions (payments made on behalf of the State) in relation to their share of public lottery taxes which are collected in Victoria.

## 2012-2013 Operating Result

Key highlights for 2012-2013 are as follows:

- the operating result for the 2012-2013 was an accounting surplus of \$0.301 million as compared to a surplus of \$1.076 million for the period ended 30 June 2012
- the funding position of the VCGLR as at 30 June 2013 is a net equity of \$9.273 million. The overall net asset position of the VCGLR has increased by \$7.368 million from \$1.905 million for the period ended 30 June 2012, reflecting the operating surplus result for the 2012-2013 financial year of \$0.301 million, an injection of equity by the State Government for the additions to net asset base of \$0.887 million; and equity transfer of \$6.180 million for the office fit-out
- there were no abnormal or extraordinary items to report.

The VCGLR is not aware of any events that adversely affected the achievement of operational objectives of the VCGLR for the year.

## 2012-2013 Capital Expenditure

Depreciation expense, which funds VCGLR capital expenditure was \$0.706 million for 2012-2013 as compared to \$0.193 million for the period ended 30 June 2012.

Total capital expenditure for the 2012-2013 year was \$1.592 million as compared to \$0.539 million for the period ended 30 June 2012.

## Comparative Financial Results

The *Victorian Commission for Gambling and Liquor Regulation Act 2011* (the VCGLR Act) came into effect in 2012. It created a new organisation, the Victorian Commission for Gambling and Liquor Regulation (VCGLR). The VCGLR commenced operations on 6 February 2012.

The table below summarises information on the financial results and financial position, prepared on an accrual basis, of the VCGLR for the financial year 2012-13 and comparison to the period ended 30 June 2012.



|   | Note(s) | 2013<br>\$          | 2012<br>\$          |
|---|---------|---------------------|---------------------|
| <b>Income from transactions</b>                               |         |                     |                     |
| Grants  | (a)     | 37,807,804          | 16,174,109          |
| <b>Total income from transactions</b>                         |         | <b>37,807,804</b>   | <b>16,174,109</b>   |
| <b>Expenses from transactions</b>                             | (b)     | <b>(37,554,597)</b> | <b>(15,040,500)</b> |
| <b>Other economic flows included in net result</b>            | (c)     | <b>48,052</b>       | <b>(57,182)</b>     |
| <b>Net result from continuing operations</b>                  |         | <b>301,259</b>      | <b>1,076,427</b>    |
| <b>Total assets</b>   | (d)     | <b>17,630,547</b>   | <b>10,726,982</b>   |
| <b>Total liabilities</b>                                      | (e)     | <b>8,357,300</b>    | <b>8,821,853</b>    |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | (f)     | <b>130,356</b>      | <b>489,478</b>      |
| <b>Capital expenditure</b>                                    | (g)     | <b>1,591,614</b>    | <b>538,743</b>      |

#### Notes

- (a) Income received reflects grant funding for a full year of gambling and liquor regulation activities.
- (b) Expenses reflect a full year of gambling and liquor regulation activities, enterprise bargaining agreement wage increases and voluntary redundancy payments.
- (c) Total other economic flows reflect gains arising from the revaluation of the long service leave liability due to movements in the bond rate, and the write off of fixed assets due to impairment.
- (d) Total assets increased by \$6.904 million (64%). This reflects the office fit-out transferred from the Department of Justice and the upward movement in intangible assets for IT software development.
- (e) Total liabilities decreased by \$0.465 million (5%). This mainly reflects the decrease in employee benefit provisions resulting from the departure of long serving staff.
- (f) The decrease in the net cash of \$0.359 million (73%) reflects the timing of cash reimbursements from the Consolidated Fund relating to operating and capital expenses at and around the balance date.
- (g) Capital expenditure increased by \$1.053 million (196%) due to funding supplementation from the Department of Justice for IT software development.

#### Transactions on behalf of Government – Comparative Financial Results

The table below summarises information on the amounts collected/receivable and amounts paid/payable by the VCGLR in relation to gaming and liquor activities on behalf of Government, prepared on an accrual basis, for the financial year 2012-2013 and its comparison to the period ended 30 June 2012.

|                                   | Note(s) | 2013<br>\$'000 | 2012<br>\$'000 |
|-----------------------------------|---------|----------------|----------------|
| <b>Income from transactions</b>   |         |                |                |
| Total amount collected/receivable | (a)     | 1,844,978      | 770,118        |
| <b>Expenses from transactions</b> |         |                |                |
| Total amount paid/payable         | (b)     | 1,845,652      | 1,245,588      |

#### Notes

- (a) Income collected/receivable on behalf of Government reflects a full year of gaming and liquor activities.
- (b) Expenses paid/payable on behalf of Government to other jurisdictions (for their share of Lottery Taxes) reflects a full year.



# **Financial Statements**

For the financial year ended 30 June 2013

# Comprehensive operating statement

For the financial year ended 30 June 2013

|   | Notes   | 2013<br>\$          | 2012<br>\$          |
|---|---------|---------------------|---------------------|
| <b>Income from transactions</b>                                 |         |                     |                     |
| Grants  | 1,3     | 37,807,804          | 16,174,109          |
| <b>Total income from transactions</b>                           |         | <b>37,807,804</b>   | <b>16,174,109</b>   |
| <b>Expenses from transactions</b>                               |         |                     |                     |
| Employee expenses   | 1,4 (a) | (25,253,096)        | (9,317,418)         |
| Depreciation and amortisation expense                           | 1,4 (b) | (706,402)           | (193,423)           |
| Supplies and services   | 1,4 (c) | (11,595,099)        | (5,529,659)         |
| <b>Total expenses from transactions</b>                         |         | <b>(37,554,597)</b> | <b>(15,040,500)</b> |
| <b>Net result from transactions<br/>(net operating balance)</b> |         | <b>253,207</b>      | <b>1,133,609</b>    |
| <b>Other economic flows included in net result</b>              |         |                     |                     |
| Net gains/(losses) on non-financial assets                      | 5(a)    | (9,077)             | -                   |
| Other gains/(losses) from other economic flows                  | 5(b)    | 57,129              | (57,182)            |
| <b>Total other economic flows included in<br/>net result</b>    |         | <b>48,052</b>       | <b>(57,182)</b>     |
| <b>Net result from continuing operations</b>                    |         | <b>301,259</b>      | <b>1,076,427</b>    |
| <b>Comprehensive result</b>                                     |         | <b>301,259</b>      | <b>1,076,427</b>    |

The comprehensive operating statement should be read in conjunction with the accompanying notes to the financial statements. Comparative financial statements were for the period from 6th February 2012 to 30th June 2012.

# Balance sheet

As at 30 June 2013

|   | Notes  | 2013<br>\$        | 2012<br>\$        |
|---|--------|-------------------|-------------------|
| <b>Assets</b>   |        |                   |                   |
| <b>Financial assets</b>                               |        |                   |                   |
| Cash and deposits                                     | 17, 18 | 619,834           | 489,478           |
| Receivables   | 6, 17  | 6,444,041         | 6,805,998         |
| <b>Total financial assets</b>                         |        | <b>7,063,875</b>  | <b>7,295,476</b>  |
| <b>Non-financial assets</b>                           |        |                   |                   |
| Leasehold improvements, plant, equipment and vehicles | 7      | 6,548,788         | 623,954           |
| Intangible assets                                     | 8      | 3,572,094         | 2,451,217         |
| Other non-financial assets                            | 9      | 445,790           | 356,335           |
| <b>Total non-financial assets</b>                     |        | <b>10,566,672</b> | <b>3,431,506</b>  |
| <b>Total assets</b>                                   |        | <b>17,630,547</b> | <b>10,726,982</b> |
| <b>Liabilities</b>                                    |        |                   |                   |
| Payables  | 10, 17 | 1,504,373         | 1,228,124         |
| Borrowings  | 11, 17 | -                 | 12,071            |
| Provisions  | 12     | 6,852,927         | 7,581,658         |
| <b>Total liabilities</b>                              |        | <b>8,357,300</b>  | <b>8,821,853</b>  |
| <b>Net assets</b>                                     |        | <b>9,273,247</b>  | <b>1,905,128</b>  |
| <b>Equity</b>   |        |                   |                   |
| Administrative restructure-net assets received        |        | -                 | 483,382           |
| Accumulated surplus                                   |        | 1,377,686         | 1,076,427         |
| Contributed capital                                   |        | 7,895,561         | 345,319           |
| <b>Net worth</b>                                      |        | <b>9,273,247</b>  | <b>1,905,128</b>  |
| Commitments for expenditure                           | 15     |                   |                   |
| Contingent assets and contingent liabilities          | 16     |                   |                   |

The balance sheet should be read in conjunction with the accompanying notes to the financial statements. Comparative financial statements were for the period from 6th February 2012 to 30th June 2012.

# Statement of changes in equity

For the financial year ended 30 June 2013

|  | Notes | Accumulated Surplus<br>\$ | Contributions by Owner<br>\$ | Total<br>\$      |
|--|-------|---------------------------|------------------------------|------------------|
| <b>Balance at 6 Feb 2012</b>                     |       |                           |                              |                  |
| Administrative restructure – net assets received |       | -                         | 483,382                      | 483,382          |
| Net result for the year ended 30 June 2012       |       | 1,076,427                 | -                            | 1,076,427        |
| Capital contributions                            |       | -                         | 345,319                      | 345,319          |
| <b>Balance at 30 June 2012</b>                   |       | <b>1,076,427</b>          | <b>828,701</b>               | <b>1,905,128</b> |
| Net result for the year ended 30 June 2013       |       | 301,259                   | -                            | 301,259          |
| Equity transfer from the Department of Justice   |       |                           | 6,179,965                    | 6,179,965        |
| Capital contributions                            |       | -                         | 886,894                      | 886,894          |
| <b>Balance at 30 June 2013</b>                   |       | <b>1,377,686</b>          | <b>7,895,560</b>             | <b>9,273,246</b> |

The statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements. Comparative financial statements were for the period 6th February 2012 to 30th June 2012.

# Cash flow statement

For the financial year ended 30 June 2013

|   | Notes | 2013<br>\$          | 2012<br>\$          |
|---|-------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                   |       |                     |                     |
| <b>Receipts</b>   |       |                     |                     |
| Receipts from government                                      |       | 38,518,879          | 13,112,482          |
| Goods and Services Tax recovered from the ATO (i)             |       | 1,227,823           | 542,939             |
| <b>Total receipts</b>   |       | <b>39,746,702</b>   | <b>13,655,421</b>   |
| <b>Payments</b>   |       |                     |                     |
| Payments to suppliers and employees                           |       | (38,922,015)        | (13,417,534)        |
| <b>Total payments</b>   |       | <b>(38,922,015)</b> | <b>(13,417,534)</b> |
| <b>Net cash flows from/(used in) operating activities</b>     | 18(b) | <b>824,687</b>      | <b>237,887</b>      |
| <b>Cash flows from investing activities</b>                   |       |                     |                     |
| Cash received from activities transferred in                  |       | -                   | 445,014             |
| Purchases of non-financial assets                             |       | (1,581,225)         | (538,743)           |
| <b>Net cash flows from/(used in) investing activities</b>     |       | <b>(1,581,225)</b>  | <b>(93,729)</b>     |
| <b>Cash flows from financing activities</b>                   |       |                     |                     |
| Owner contributions by State Government                       |       | 886,894             | 345,319             |
| <b>Net cash flows from/(used in) financing activities</b>     |       | <b>886,894</b>      | <b>345,319</b>      |
| <b>Net increase / (decrease) in cash and cash equivalents</b> |       | <b>130,356</b>      | <b>489,478</b>      |
| <b>Cash and cash equivalents at the beginning of the year</b> |       | <b>489,478</b>      | <b>-</b>            |
| <b>Cash and cash equivalents at the end of the year</b>       | 18(a) | <b>619,834</b>      | <b>489,478</b>      |

The cash flow statement should be read in conjunction with the accompanying notes to the financial statements. Comparative financial statements were for the period from 6th February 2012 to 30th June 2012.

Note:

(i) Goods and services tax paid to the ATO is presented on a net basis.

# Notes to the financial statements

For the financial year ended 30 June 2013

## Contents

### Notes

|    |  |
|----|--|
| 1  | Summary of significant accounting policies   |
| 2  | VCGLR outputs  |
| 3  | Income from transactions   |
| 4  | Expenses from transactions   |
| 5  | Other economic flows included in net result  |
| 6  | Receivables  |
| 7  | Leasehold improvements, plant, equipment and vehicles  |
| 8  | Intangible assets  |
| 9  | Other non-financial assets   |
| 10 | Payables   |
| 11 | Borrowings   |
| 12 | Provisions   |
| 13 | Superannuation   |
| 14 | Leases   |
| 15 | Commitments for expenditure  |
| 16 | Contingent assets and contingent liabilities   |
| 17 | Financial instruments  |
| 18 | Cash flow information  |
| 19 | Summary of compliance with grant funding   |
| 20 | Ex-gratia payments   |
| 21 | Transactions on behalf of Government   |
| 22 | Responsible persons  |
| 23 | Remuneration of executives and payments to other personnel (i.e. contractors with significant management responsibilities) |
| 24 | Remuneration of auditors   |
| 25 | Related party transactions   |
| 26 | Subsequent events  |
| 27 | Glossary of terms and style conventions  |



## Note 1: Summary of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for the Victorian Commission for Gambling and Liquor Regulation ('VCGLR') for the year ended 30 June 2013. The purpose of this report is to provide users with information about the Commission's stewardship of resources entrusted to it.

The VCGLR commenced operation on 6 February 2012, pursuant to the *Victorian Commission for Gambling and Liquor Regulation Act 2011* which was passed on 27 October 2011 and received Royal Assent on 2 November 2011.

The comparative financial statements were for the period from 6 February 2012 to 30 June 2012.

### (a) Statement of compliance

These financial statements have been prepared in accordance with the *Financial Management Act 1994 (FMA)*, and applicable Australian Accounting Standards (AAS) which include Interpretations issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

To gain a better understanding of the terminology used in this report, a glossary of terms can be found in Note 27.

The annual financial statements were authorised for issue by the Chairperson, CEO and CFAO on 6 September 2013.

### (b) Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstance. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to superannuation expenses (refer to Note 1(f)), provisions, intangible assets and depreciation and amortisation.

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for the non-current physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented in these financial statements for the period ended 30 June 2012.

### (c) Reporting entity

The financial statements cover the VCGLR as an individual reporting entity.

The financial statements include all the controlled activities of the VCGLR which was established on 6 February 2012 pursuant to the *Victorian Commission for Gambling and Liquor Regulation Act 2011*.

Its principal address is:

Victorian Commission for Gambling and Liquor Regulation  
49 Elizabeth Street  
Richmond VIC 3121

# Notes to the financial statements

For the financial year ended 30 June 2013

## *Amounts collected/received on behalf of Government*

The VCGLR collects revenue amounts on behalf of the Government which are paid directly into the Consolidated Fund. The VCGLR does not gain control over these resources and accordingly they are not recognised as income in the comprehensive operating statement. The VCGLR is accountable for the transactions involving these resources, but does not have the discretion to deploy the resources for achievement of its own objectives. Transactions and balances relating to these resources (except as otherwise disclosed), are accounted for on the same basis and using the same accounting policies as for VCGLR items. Specific financial disclosures related to these transactions can be found in Note 21.

## *Objectives and funding*

The VCGLR's functions are prescribed in Section 6.2.9 of the *Victorian Commission for Gambling and Liquor Regulation Act 2011*. Its functions are to perform the regulatory, investigative and disciplinary functions conferred on it by, or under, the *Victorian Commission for Gambling and Liquor Regulation Act 2011*, the *Gambling Regulation Act 2003*, the *Liquor Control Reform Act 1998*, the *Casino Reform Act 1991*, the *Racing Act 1958* or any other Act. The VCGLR regulates gambling and liquor licensing in Victoria to ensure the integrity and probity of the gambling and liquor industry. The VCGLR receives grant funding from the Department of Justice to be applied for the purposes of delivering outputs associated with the regulation of gambling and liquor.

## **(d) Scope and presentation of financial statements**

### *Comprehensive operating statement*

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under *AASB 101 Presentation of financial statements*.

'Transactions' and 'other economic flows' are defined by the *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005* and

*Amendments to Australian System of Government Finance Statistics, 2005* (ABS Catalogue No. 5514.0) (the GFS manual) (refer to Note 27).

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows in an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

Other economic flows are changes in the volume or changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets.

The net result is equivalent to profit or loss derived in accordance with AASs.

### *Balance sheet*

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled more than 12 months after the reporting period) are disclosed in the notes, where relevant.

### *Cash flow statement*

Cash flows are classified according to whether or not they arise from operating, investing or financing activities. This classification is consistent with requirements under *AASB 107 Statement of Cash Flows*.

### Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from opening balances at the beginning of the reporting period to the closing balances at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts recognised in 'Other economic flows-other movements in equity' related to 'Transactions with owner in its capacity as owner'.

#### (e) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value.

#### Grants

The VCGLR's income is by way of grant funding from the Department of Justice's appropriations for the production of VCGLR outputs, which are deemed to have been delivered by the Department of Justice. Grant income is recognised as received from the Department of Justice when the VCGLR delivers the required outputs in accordance with specified performance criteria.

#### (f) Expenses from transactions

Expenses from transactions are recognised as they are incurred, and reported in the financial year to which they relate.

#### Employee expenses

These expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, Workcover premiums and superannuation contributions. These are recognised when incurred, except for contributions in respect of defined benefit plans.

#### Superannuation

The amount recognised in the comprehensive operating statement in relation to employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable to these plans during the reporting period.

The Department of Treasury and Finance (DTF) in their Annual Financial Statements disclose on behalf of the State as the sponsoring employer, the

net defined benefit cost related to the members of these plans as an administered liability. Refer to the DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

#### Depreciation and amortisation

Depreciation is provided on building leasehold improvements, plant, equipment and vehicles and EDP hardware. Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

The following are typical estimated useful lives for the different asset classes for the 2013 and 2012 financial years.

| Asset Class                                    | Useful life (in years) |      |
|--|------------------------|------|
|  | 2013                   | 2012 |
| Building Leasehold Improvements-office fit out | 20                     | 20   |
| Plant, equipment and vehicles                  |                        |      |
| • Office furniture & equipment                 | 8-10                   | 8-10 |
| • Gaming equipment                             | 6-7                    | 6-7  |
| • Vehicles including finance leased vehicle    | 3                      | 3    |
| EDP hardware                                   | 4                      | 4    |

The VCGLR occupies premises at 49 Elizabeth Street, Richmond. The cost of the fit-out has been transferred from Department of Justice to the VCGLR as designated contribution by owners of contributed capital. The amortisation of the building began in February 2013. The building is amortised over 8 years of the accommodation lease term that expires on August 2020.

# Notes to the financial statements

For the financial year ended 30 June 2013

The VCGLR has capitalised as an intangible asset internal use software expenditure related to development of information technology systems. Costs associated with the acquisition or development of computer software which is greater than \$10,000 are capitalised and amounts below this threshold are expensed in the period in which they are incurred.

Intangible assets with finite useful lives are amortised on a straight-line basis over the asset's useful life. The useful life for intangibles is eight years (2012: eight years). Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The estimated useful lives, residual values and amortisation method are reviewed at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

## *Supplies and services*

Supplies and services generally represent the day to day running costs incurred in the normal operations of the entity. These items are recognised as an expense in the reporting period in which they are incurred.

## **(g) Other economic flows included in net result**

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

### *Net gain/(loss) on non-financial assets*

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses from revaluations, impairments, and disposals of all non-financial assets and intangible assets.

## **Disposal of non-financial assets**

Any gain or loss on the sale of non-financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

## **Impairment of non-financial assets**

All assets are assessed annually for indications of impairment.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off as an 'other economic flow'.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated or amortised replacement cost and fair value less costs to sell.

### *Net gain/(loss) on financial instruments*

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal if impairment for financial instruments at amortised cost; and
- disposal of financial assets.

### *Other gains/(losses) from other economic flows*

Other gains/(losses) from other economic flows include the gains or losses from reclassifications of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

## **(h) Financial instruments**

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the VCGLR's activities, certain financial assets and financial liabilities arise under statute rather than contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example,

statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. However, guarantees issued by the Treasurer on behalf of the Commission are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

Where relevant for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments.

### **Loans and receivables**

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(L)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

### **Financial liabilities at amortised cost**

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method (refer to Note 27).

Financial instrument liabilities measured at amortised cost include all of the Commission's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

### **Reclassification of financial instruments**

Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

#### **(i) Financial assets**

##### *Cash and deposits*

Cash and deposits comprise cash on hand and cash at bank.

##### *Receivables*

Receivables consist predominantly of amounts owing from the Victorian Government, debtors in relation to goods and services and GST input tax credits recoverable. Receivables that are contractual are classified as financial instruments. Amounts owing from the Victorian Government, taxes and other statutory receivables are not classified as financial instruments.

#### **(j) Non-financial assets**

##### *Plant, equipment and vehicles*

Non-current physical assets held by the VCGLR are those used in the day to day operations and are primarily plant, equipment and vehicles and EDP hardware. These assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and accumulated impairment.

The initial cost for non-financial physical assets under a finance lease (refer to note 1(M)) is measured at amounts equal to the fair value of the lease asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

# Notes to the financial statements

For the financial year ended 30 June 2013

## Leasehold improvements

The cost of leasehold improvements is capitalised as an asset and amortised over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

### *Intangible assets*

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are recognised at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the VCGLR.

An internally-generated intangible asset arising from development is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use;
- (b) an intention to complete the intangible asset and use it;
- (c) the ability to use the intangible asset;
- (d) the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure incurred on internally generated intangibles that are capitalised include:

- direct materials and consultancy service cost;
- direct labour and overhead;
- directly attributable cost such as registration fees for legal rights or patents; and
- fees to register or legal right.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

## (k) Other non-financial assets

### *Prepayments*

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

## (l) Liabilities

### *Payables*

Payables consist predominantly of creditors and accruals on wages and salaries and expenses and are recognised at fair value. Payables represent liabilities for goods and services provided to the VCGLR prior to the end of a period that are unpaid, and arise when the VCGLR becomes obliged to make future payments in respect of the purchase of these goods and services. Fair value is as described in Note 17.

### *Borrowings*

Borrowings are initially measured at fair value, being the cost of the borrowings, net of transaction costs (refer to note 1(m) Leases).

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in net results over the period of the borrowings using the effective interest method.

### *Provisions*

Provisions are recognised when the VCGLR has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

#### *Employee benefits*

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

#### **(i) Wages and salaries, annual leave and sick leave**

Liabilities for wages and salaries, including non-monetary benefits annual leave and accumulating sick leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be settled within 12 months of the reporting period, are measured at their nominal values. Those liabilities that are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

#### **(ii) Long service leave**

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

- **Current liability – unconditional LSL** is disclosed as a current liability even where the VCGLR does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.
- The components of this current LSL liability are measured at:
  - o Nominal value – component that the VCGLR expects to settle within 12 months.
  - o Present value – component that the VCGLR does not expect to settle within 12 months; and
- **Non-current liability – conditional LSL** is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond rates for which it is then recognised as an 'other economic flow' (refer to Note 1(g)).

#### **(iii) Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Commission recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### **Employee benefits on-costs**

Employee benefits on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision for employee benefits.

#### **(m) Leases**

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant, equipment and vehicles are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

#### **Finance leases**

##### **Commission as lessee**

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

# Notes to the financial statements

For the financial year ended 30 June 2013

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability, and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

## Operating leases

Commission as sub-lessee

Operating lease payments are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## (n) Equity

*Contributions by owners*

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

## (o) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 15 Commitments for expenditure) at

their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

## (p) Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed by way of note and, if quantifiable, measured at their nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

## (q) Accounting for the goods and services tax ('GST')

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense:

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingent assets and liabilities are also stated inclusive of GST.

## (r) Events after the reporting period

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the VCGLR and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements



are authorised for issue, where those events provide information about conditions which existed at the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent years.

**(s) Rounding of amounts**

Amounts in the financial statements have been rounded to the nearest dollar, or in the case of amounts collected/receivable on behalf of Government and amounts paid/payable to other jurisdictions (see Note 21), to the nearest thousand dollars. Figures in the financial statements may not equate due to rounding.

**(t) Australian Accounting Standards issued that are not yet effective**

Certain new AASs have been published that are not mandatory for the 30 June 2013 reporting period. DTF assesses the impact of these new standards and advises entities of their applicability and early adoption where applicable. As at 30 June 2013, the following standards and interpretations had been issued but were not mandatory for the period ending 30 June 2013. The VCGLR has not early adopted these standards.

| Standard/<br>Interpretation                  | Summary   | Applicable<br>for annual<br>reporting periods<br>beginning on | Impact on public<br>sector entity financial<br>statements  |
|--|---|---|--|
| AASB 9<br><i>Financial<br/>instruments</i>   | This Standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ).  | 1 Jan 2015  | Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.  |
| AASB 13<br><i>Fair Value<br/>Measurement</i> | This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs. | 1 Jan 2013  | Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost. |

# Notes to the financial statements

For the financial year ended 30 June 2013

| Standard/<br>Interpretation              | Summary   | Applicable<br>for annual<br>reporting periods<br>beginning on | Impact on public<br>sector entity financial<br>statements  |
|--|---|---|--|
| AASB 119<br><i>Employee<br/>Benefits</i> | In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement. | 1 Jan 2013  | Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions of the general government sector and for those few Victorian public sector entities that report superannuation defined benefit plans. |

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2012-13 financial year (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The two AASB Interpretations that are not effective for the 2012-13 and deemed to have insignificant impacts on public sector reporting are also in the list below.

- AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9.*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010).
- AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13.*
- AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119* (September 2011).
- AASB 2011-12 *Amendments to Australian Accounting Standards arising from Interpretation 20.*
- 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments.*
- 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.*

## Note 2: VCGLR outputs

The VCGLR activities form part of the Department of Justice *Gambling and Liquor Regulation and Racing Industry Development* output. The focus of this output is policy development, regulation, research and community education and delivery of problem gambling services to achieve responsible, safe and sustainable gambling and racing environments.

The gambling regulation outputs delivered by the VCGLR are comprised of regulatory services consisting of licensing and compliance activities. Licensing incorporates all activities undertaken to ensure that licences, permits and authorisations are issued within the necessary legislative framework. This includes assessments for probity, social and economic impact assessments, game fairness and responsible gambling. Compliance services cover on-going monitoring of participants, products, equipment and systems, investigation of complaints and possible breaches of legislation and revenue verification.

Liquor Licensing outputs are related to information, inspections and registration. Information services are provided to consumers and traders on all aspects of liquor licensing. Inspections are of licensed premises to monitor and ensure compliance with their licence conditions and State law and to take action in relation to breaches. Registration is of liquor licences and provision of responsible service of alcohol training courses.

## Note 3: Income from transactions

|                                       | 2013              | 2012              |
|---------------------------------------|-------------------|-------------------|
|                                       | \$                | \$                |
| <b>Income from transactions</b>       |                   |                   |
| Grants from the Department of Justice | 37,807,804        | 16,174,109        |
| <b>Total income from transactions</b> | <b>37,807,804</b> | <b>16,174,109</b> |

# Notes to the financial statements

For the financial year ended 30 June 2013

## Note 4: Expenses from transactions

|  | 2013              | 2012             |
|--|-------------------|------------------|
|  | \$                | \$               |
| <b>(a) Employee expenses</b>   |                   |                  |
| Salaries and wages   | 18,724,659        | 7,201,412        |
| Annual leave   | 1,792,374         | 735,846          |
| Long service leave   | 649,801           | 438,164          |
| Superannuation   | 1,564,378         | 655,473          |
| Other on-costs (payroll tax, workcover levy and fringe benefits tax)         | 971,436           | 286,523          |
| Departure packages   | 1,550,448         | -                |
| <b>Total employee expenses</b>   | <b>25,253,096</b> | <b>9,317,418</b> |
| <b>(b) Depreciation and amortisation</b>                                     |                   |                  |
| <b>Depreciation of leasehold improvements, plant, equipment and vehicles</b> |                   |                  |
| EDP hardware   | 170,668           | 80,387           |
| Leased motor vehicle   | 1,522             | 2,432            |
| Plant, equipment and vehicles  | 19,830            | 7,296            |
| <b>Amortisation expense</b>  |                   |                  |
| Building leasehold improvements  | 128,749           | -                |
| Internal-use software  | 385,633           | 103,308          |
| <b>Total depreciation and amortisation</b>                                   | <b>706,402</b>    | <b>193,423</b>   |

|  | 2013              | 2012             |
|--|-------------------|------------------|
|  | \$                | \$               |
| <b>(c) Supplies and services</b>           |                   |                  |
| Probity and credit check payments          | 261,054           | 94,733           |
| IT Licence and maintenance                 | 1,050,220         | 878,520          |
| Interest on finance lease                  | 198               | 377              |
| Professional services                      | 4,879,339         | 2,411,659        |
| Telephone and other communication expenses | 741,057           | 318,237          |
| Occupancy costs                            | 2,192,687         | 707,367          |
| Postage and advertising                    | 300,993           | 152,897          |
| Printing, stationery and office requisites | 1,098,348         | 502,482          |
| Travel and related expenses                | 160,979           | 64,144           |
| Training and development                   | 177,231           | 58,633           |
| Motor vehicle running costs                | 474,013           | 186,779          |
| Other                                      | 258,981           | 153,831          |
| <b>Total supplies and services</b>         | <b>11,595,100</b> | <b>5,529,659</b> |

**Note 5: Other economic flows included in net result**

|  | 2013           | 2012            |
|--|----------------|-----------------|
|  | \$             | \$              |
| <b>Net gains/(losses) on non-financial assets</b>                            |                |                 |
| Impairment of leasehold improvements, plant, equipment and vehicles          | (9,077)        | -               |
| <b>Total other gains/(losses) on non-financial assets</b>                    | <b>(9,077)</b> | <b>-</b>        |
| <b>Other gains/(losses) from other economic flows</b>                        |                |                 |
| Net gain/(loss) arising from revaluation of long service leave liability (i) | 57,129         | (57,182)        |
| <b>Total other gains/(losses) from other economic flows</b>                  | <b>57,129</b>  | <b>(57,182)</b> |

Note:

(i) Revaluation gain/(loss) due to changes in bond rates.

# Notes to the financial statements

For the financial year ended 30 June 2013

## Note 6: Receivables

|  | 2013             | 2012             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Current receivables</b>                       |                  |                  |
| <b>Contractual</b>                               |                  |                  |
| Receivables                                      | 56,399           | 30,327           |
|  | 56,399           | 30,327           |
| <b>Statutory</b>                                 |                  |                  |
| Amounts owing from the Department of Justice (i) | 1,722,837        | 3,073,869        |
| GST Input tax credits recoverable                | 257,201          | 49,139           |
|  | 1,980,038        | 3,123,008        |
| <b>Total current receivables</b>                 | <b>2,036,437</b> | <b>3,153,335</b> |
| <b>Non-current receivables</b>                   |                  |                  |
| <b>Statutory</b>                                 |                  |                  |
| Amounts owing from the Department of Justice (i) | 4,407,604        | 3,652,663        |
| <b>Total non-current receivables</b>             | <b>4,407,604</b> | <b>3,652,663</b> |
| <b>Total receivables</b>                         | <b>6,444,041</b> | <b>6,805,998</b> |

Note:

- (i) *The amounts recognised from the Department of Justice represent funding for all commitments incurred through the grant and are drawn down from the Consolidated Fund as the commitments fall due.*
- (a) **Ageing analysis of contractual receivables.**  
*Please refer to table 17.3 in Note 17 for the ageing analysis of contractual receivables.*
- (b) **Nature and extent of risk arising from contractual receivables.**  
*Please refer to table 17.5 in Note 17 for the nature and extent of risks arising from contractual receivables.*

**Note 7: Leasehold improvements, plant, equipment and vehicles**

All assets of the VCGLR are measured at fair value. Reconciliations of the carrying amounts of each class of plant, equipment and vehicle at the beginning and end of the current period are set out in the following table:

**Table 7.1: Classification by 'Purpose Group' – Carrying amounts (i)**

|  | Public safety and environment |             |
|--|-------------------------------|-------------|
|  | 2013                          | 2012        |
|  | \$                            | \$          |
| <b>Leasehold improvements, plant, equipment and vehicles</b> |                               |             |
| <b>Building Leasehold Improvements-Office fit out</b>        |                               |             |
| At Fair value  | 6,179,965                     | -           |
| Less: Accumulated amortisation                               | (128,749)                     | -           |
|  | 6,051,216                     | -           |
| <b>EDP Hardware</b>  |                               |             |
| At Fair value  | 1,036,550                     | 1,784,161   |
| Less: Accumulated depreciation                               | (752,961)                     | (1,344,590) |
|  | 283,589                       | 439,571     |
| <b>Finance lease vehicle</b>                                 |                               |             |
| At Fair value  | -                             | 14,455      |
| Less: Accumulated depreciation                               | -                             | (2,432)     |
|  | -                             | 12,023      |
| <b>Plant, equipment and vehicles</b>                         |                               |             |
| At Fair value  | 250,320                       | 188,867     |
| Less: Accumulated depreciation                               | (36,337)                      | (16,507)    |
|  | 213,983                       | 172,360     |
| <b>Total Leasehold improvements, equipment and vehicles</b>  |                               |             |
| At Fair value  | 7,466,835                     | 1,987,483   |
| Less: Accumulated depreciation                               | (918,047)                     | (1,363,529) |
|  | 6,548,788                     | 623,954     |

Note:

- (i) Leasehold improvements, EDP hardware, plant, equipment and vehicles are classified primarily by the 'purpose' for which the assets are used according to one of six 'Purpose Groups' based upon Government Purpose Classifications (GPC). Assets within a purpose group are further sub categorised according to the asset's 'nature' (i.e. Leasehold improvements, EDP hardware, plant, equipment and vehicles, etc), with each sub category being classified as a separate class of asset for financial reporting purposes.

# Notes to the financial statements

For the financial year ended 30 June 2013

**Table 7.2: Classification by Purpose Group 'Public safety and environment' - Movements in carrying amounts:**

|  | Leasehold Improvements |            | EDP Hardware |            | Finance lease vehicle |            | Plant, equipment & vehicles |            | Total      |            |
|--|------------------------|------------|--------------|------------|-----------------------|------------|-----------------------------|------------|------------|------------|
|  | 2013<br>\$             | 2012<br>\$ | 2013<br>\$   | 2012<br>\$ | 2013<br>\$            | 2012<br>\$ | 2013<br>\$                  | 2012<br>\$ | 2013<br>\$ | 2012<br>\$ |
| <b>Opening balance</b>                         |                        |            | 439,571      | -          | 12,023                | -          | 172,360                     | -          | 623,954    | -          |
| Machinery of government transfer in            |                        | -          |              | 496,730    |                       | 14,455     |                             | 179,655    |            | 690,840    |
| Equity transfer from the Department of Justice | 6,179,965              |            |              |            |                       |            |                             |            | 6,179,965  |            |
| Additions                                      |                        |            | 23,650       | 23,228     |                       | -          | 61,453                      | -          | 85,103     | 23,228     |
| Disposals                                      |                        |            |              | -          | (10,501)              | -          |                             | -          | (10,501)   | -          |
| Impairment of assets                           |                        |            | (8,964)      |            |                       |            |                             |            | (8,964)    |            |
| Depreciation expense                           | (128,749)              |            | (170,668)    | (80,387)   | (1,522)               | (2,432)    | (19,830)                    | (7,295)    | (320,769)  | (90,114)   |
| <b>Closing balance</b>                         | 6,051,216              |            | 283,589      | 439,571    | 0                     | 12,023     | 213,983                     | 172,360    | 6,548,788  | 623,954    |

The VCGLR occupies premises at 49 Elizabeth Street, Richmond and all works on the premises have been completed. The fair value of the building leasehold improvements-office fit out has been transferred from DOJ to the VCGLR on the 4 February 2013.



**Note 8: Intangible assets**

|  | 2013               | 2012               |
|--|--------------------|--------------------|
|  | \$                 | \$                 |
| <b>Gross carrying amount</b>                   |                    |                    |
| <b>Opening balance</b>                         | 7,083,168          | -                  |
| Machinery of government transfer in            | -                  | 6,567,653          |
| Additions from internal development            | 1,506,511          | 515,515            |
| <b>Closing balance</b>                         | <b>8,589,679</b>   | <b>7,083,168</b>   |
| <b>Accumulated amortisation</b>                |                    |                    |
| <b>Opening balance</b>                         | (4,631,951)        | -                  |
| Machinery of government transfer in            | -                  | (4,528,643)        |
| Amortisation expense                           | (385,633)          | (103,308)          |
| <b>Closing balance</b>                         | <b>(5,017,584)</b> | <b>(4,631,951)</b> |
| <b>Net book value at end of financial year</b> | <b>3,572,095</b>   | <b>2,451,217</b>   |

**Note 9: Other non-financial assets**

|   | 2013           | 2012           |
|---|----------------|----------------|
|   | \$             | \$             |
| <b>Current other assets</b>             |                |                |
| Prepayments                             | 445,790        | 356,335        |
| <b>Total current other assets</b>       | <b>445,790</b> | <b>356,335</b> |
| <b>Total other non-financial assets</b> | <b>445,790</b> | <b>356,335</b> |

# Notes to the financial statements

For the financial year ended 30 June 2013

## Note 10: Payables

|                               | 2013             | 2012             |
|-------------------------------|------------------|------------------|
|                               | \$               | \$               |
| <b>Current payables</b>       |                  |                  |
| <b>Contractual</b>            |                  |                  |
| Creditors                     | 455,156          | 212,841          |
| Accrued wages and salaries    | 309,046          | -                |
| Accrued expenses              | 740,171          | 1,015,283        |
| <b>Total current payables</b> | <b>1,504,373</b> | <b>1,228,124</b> |
| <b>Total payables</b>         | <b>1,504,373</b> | <b>1,228,124</b> |

Notes:

- (a) **Maturity analysis of payables.**  
Please refer to table 17.4 in Note 17 for the ageing analysis of payables.
- (b) **Nature and extent of risk arising from payables.**  
Please refer to Note 17 for the nature and extent of risk arising from payables.

## Note 11: Borrowings

|                                 | 2013     | 2012          |
|---------------------------------|----------|---------------|
|                                 | \$       | \$            |
| <b>Current borrowings</b>       |          |               |
| (i) Lease liability             | -        | 12,071        |
| <b>Total current borrowings</b> | <b>-</b> | <b>12,071</b> |
| <b>Total borrowings</b>         | <b>-</b> | <b>12,071</b> |

Notes:

- (i) Secured by the assets leased. Finance lease are effectively secured as the rights to the leased assets revert to the lessor in the event of default.
- (a) **Maturity analysis of borrowings**  
Please refer to table 17.4 in Note 17 for the ageing analysis of borrowings.
- (b) **Nature and extent of risk arising from borrowings**  
Please refer to note 17 for the nature and extent of risk arising from borrowings.
- (c) **Defaults and breaches**  
During the current period, there were no defaults and breaches of any of the loans.

## Note 12: Provisions

|  | 2013             | 2012             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Current provisions</b>  |                  |                  |
| (i) Employee benefits (Note 12(a)) – annual leave                            |                  |                  |
| (ii) Unconditional and expected to settle within 12 months                   | 464,580          | 467,889          |
| (iii) Unconditional and expected to settle after 12 months                   | 1,421,817        | 1,710,966        |
| (i) Employee benefits (Note 12(a)) – long service leave                      |                  |                  |
| (ii) Unconditional and expected to settle within 12 months                   | 650,204          | 157,837          |
| (iii) Unconditional and expected to settle after 12 months                   | 2,945,120        | 3,637,866        |
|  | 5,481,721        | 5,974,558        |
| Provisions relating to employee benefit on-costs (Note 12(a) and Note 12(b)) |                  |                  |
| (ii) Unconditional and expected to be settle within 12 months                | 183,323          | 104,001          |
| (iii) Unconditional and expected to be settle after 12 months                | 717,504          | 900,767          |
|  | 900,827          | 1,004,768        |
| <b>Total current provisions</b>  | <b>6,382,548</b> | <b>6,979,326</b> |
| <b>Non-current provisions</b>  |                  |                  |
| (i) Employee benefits (Note 12(a))-long service leave                        | 407,501          | 521,812          |
| Employee benefit on-costs (Note 12 (a) and Note 12(b))                       | 62,878           | 80,520           |
| <b>Total non-current provisions</b>  | <b>470,379</b>   | <b>602,332</b>   |
| <b>Total provisions</b>  | <b>6,852,927</b> | <b>7,581,658</b> |

# Notes to the financial statements

For the financial year ended 30 June 2013

## (a) Employee benefits and related on-costs (i)

|   | 2013             | 2012             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>Current employee benefits</b>                    |                  |                  |
| Annual leave entitlements                           | 1,886,397        | 2,178,855        |
| Long service leave entitlements                     | 3,595,324        | 3,795,703        |
| <b>Non-current employee benefits</b>                |                  |                  |
| Long service leave entitlements                     | 407,501          | 521,812          |
| <b>Total employee benefits</b>                      | <b>5,889,222</b> | <b>6,496,370</b> |
| Current on-costs                                    | 900,827          | 1,004,767        |
| Non-current on-costs                                | 62,878           | 80,520           |
| <b>Total on-costs</b>                               | <b>963,705</b>   | <b>1,085,287</b> |
| <b>Total employee benefits and related on-costs</b> | <b>6,852,927</b> | <b>7,581,657</b> |

Notes:

(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.

(ii) The amounts disclosed are nominal amounts.

(iii) The amounts disclosed are discounted to present values.

## (b) Movement in provisions

|   | On -costs        |                  |
|---|------------------|------------------|
|   | 2013             | 2012             |
|   | \$               | \$               |
| <b>Opening balance</b>  | <b>1,085,287</b> | <b>722,852</b>   |
| Additional provisions recognised  | 399,187          | 466,264          |
| Additions due to transfer in (MOG Changes)                                    | -                | 524,655          |
| Reductions arising from payments/other sacrifices of future economic benefits | (520,769)        | (628,484)        |
| <b>Closing balance</b>  | <b>963,705</b>   | <b>1,085,287</b> |
| Current   | 900,827          | 1,004,767        |
| Non-current   | 62,878           | 80,520           |
|   | <b>963,705</b>   | <b>1,085,287</b> |

**Note 13: Superannuation**

Employees of the VCGLR are entitled to receive superannuation benefits and the VCGLR contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

The VCGLR does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

The Department of Treasury and Finance recognises and discloses the State's total defined benefit liabilities in its disclosure for administered items. However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the VCGLR.

The name and details of the major employee superannuation funds and contributions made by the VCGLR are as follows:

|   | Paid contribution for year end |                | Contribution outstanding at year end |          |
|---|--------------------------------|----------------|--------------------------------------|----------|
|   | 2013                           | 2012           | 2013                                 | 2012     |
|   | \$                             | \$             | \$                                   | \$       |
| <b>(i) Defined benefit plans:</b>       |                                |                |                                      |          |
| Emergency Services and State Super ESSS | 329,352                        | 172,233        | -                                    | -        |
| <b>Defined contribution plans:</b>      |                                |                |                                      |          |
| VicSuper                                | 940,351                        | 366,000        | -                                    | -        |
| Various other                           | 294,675                        | 117,240        | -                                    | -        |
| <b>Total</b>                            | <b>1,564,378</b>               | <b>655,473</b> | <b>-</b>                             | <b>-</b> |

(i) The basis for determining the level of contributions is determined by the various actuaries of the superannuation plans.

# Notes to the financial statements

For the financial year ended 30 June 2013

## Note 14: Leases

### (a) Disclosure for lessees - finance leases

There is no finance lease commitment this financial year as the finance lease vehicle has been sold.

|   | Minimum future lease payments (i) |        | Present value of minimum future lease payments |        |
|---|-----------------------------------|--------|--|--------|
|   | 2013                              | 2012   | 2013   | 2012   |
|   | \$                                | \$     | \$   | \$     |
| <b>Non-cancellable operating lease payable</b>  |                                   |        |  |        |
| Not longer than one year                        | -                                 | 12,138 | -  | 12,071 |
| <b>Minimum future lease payments</b>            |                                   | 12,138 |  | 12,071 |
| Less future finance charges                     | -                                 | (67)   | -  | -      |
| <b>Present value of minimum lease payments</b>  | -                                 | 12,071 | -  | 12,071 |
| <b>Included in the financial statements as:</b> |                                   |        |  |        |
| Current borrowings lease liabilities (Note 11)  | -                                 | -      | -  | 12,071 |
|   | -                                 | -      | -  | 12,071 |

Notes:

(i) *Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.*

#### (a) **Maturity analysis of finance lease liabilities**

*Please refer to note 17(c) for the ageing analysis of finance lease liabilities.*

#### (b) **Nature and extent of risk arising finance lease liabilities**

*Please refer to notes 17(c) and (d) for the nature and extent of risk arising from finance lease liabilities.*

### (b) Disclosure for lessees - operating leases

Refer to Note 15.

#### Note 15: Commitments for expenditure

The following commitments have not been recognised as liabilities in the financial statements.

|   | 2013             | 2012              |
|---|------------------|-------------------|
|   | \$               | \$                |
| <b>Operating and lease commitments</b>              |                  |                   |
| Payable (i):  |                  |                   |
| Less than one year                                  | 1,291,005        | 1,292,446         |
| Longer than one year and not longer than five years | 5,183,003        | 5,055,978         |
| Five years or more                                  | 3,019,253        | 4,239,523         |
| <b>Total operating expenditure commitments</b>      | <b>9,493,261</b> | <b>10,587,947</b> |

Notes:

All amounts shown in the commitments note are nominal amounts inclusive of GST.

(i) Operating and lease commitments relate to accommodation rental with lease terms of 10 years to expire 31 Aug. 2020, plant and equipment operation and maintenance commitments.

#### Note 16: Contingent assets and contingent liabilities

At 30 June 2013 the VCGLR had no contingent assets.

At 30 June 2013 the VCGLR has the following contingent liability in the form of legal proceeding. The amount is unquantifiable.

##### 2012-13 Health Benefit Levy

Under the *Gambling Regulation Act 2003 (GRA)*, the two former gaming operator licensees, Tabcorp and Tattersall were required to pay a Health Benefit Levy (Levy).

On 1 May 2013, the Treasurer determined that Tabcorp's and Tattersall's 2012-13 Levy was \$42.1 million and \$42.6 million respectively.

Tabcorp and Tattersall subsequently commenced legal proceedings against the Treasurer in the Supreme Court of Victoria. Tabcorp and Tattersall claim that the Treasurer had discretion under the GRA to determine a pro-rata based levy amount to reflect the 45 days they operated gaming machines in 2012-13.

On 24 June 2013, a Supreme Court judgement was handed down in favour of Tabcorp and Tattersall quashing the determinations. The Government has lodged an appeal to the Court of Appeal in the Supreme Court of Victoria, maintaining that the determinations are valid and that the Treasurer did not have discretion to adjust the application of the levy formula under the GRA.

Tabcorp and Tattersall had each paid the first instalment of the Levy prior to the Supreme Court judgment. The State's solicitors are currently discussing with Tattersall' and Tabcorp's solicitors an appropriate arrangement with respect to the monies that have been paid.

# Notes to the financial statements

For the financial year ended 30 June 2013

## Note 17: Financial instruments

### (a) Financial risk management objectives and policies

The VCGLR's principal financial instruments comprise:

- cash and deposits;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables); and
- borrowings.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

The carrying amounts of the VCGLR's contractual financial assets and financial liabilities by category are in table 17.1 below:

Table 17.1: Categorisation of financial instruments

|  | Contractual financial assets-<br>loans and<br>receivables<br>\$ | Contractual financial<br>liabilities at<br>amortised cost<br>\$ | Total<br>\$      |
|--|---|---|------------------|
| <b>2013</b>                                    |   |   |                  |
| <b>Contractual financial assets</b>            |   |   |                  |
| Cash and deposits                              | 619,834   | -   | 619,834          |
| (i) Receivables                                | 56,399  | -   | 56,399           |
| <b>Total contractual financial assets</b>      | <b>676,233</b>  | <b>-</b>  | <b>676,233</b>   |
| <b>Contractual financial liabilities</b>       |   |   |                  |
| (i) Payables                                   | -   | 1,504,373   | 1,504,373        |
| Borrowings                                     | -   | -   | -                |
| <b>Total contractual financial liabilities</b> | <b>-</b>  | <b>1,504,373</b>  | <b>1,504,373</b> |
| <b>2012</b>                                    |   |   |                  |
| <b>Contractual financial assets</b>            |   |   |                  |
| Cash and deposits                              | 489,478   | -   | 489,478          |
| (i) Receivables                                | 30,327  | -   | 30,327           |
| <b>Total contractual financial assets</b>      | <b>519,805</b>  | <b>-</b>  | <b>519,805</b>   |
| <b>Contractual financial liabilities</b>       |   |   |                  |
| (i) Payables                                   | -   | 1,216,053   | 1,216,053        |
| Borrowings                                     | -   | 12,071  | 12,071           |
| <b>Total contractual financial liabilities</b> | <b>-</b>  | <b>1,228,124</b>  | <b>1,228,124</b> |

(i) The total amount disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).



## (b) Credit risk

Credit risk arises from the financial assets of the VCGLR, which comprise cash and deposit and receivables. The VCGLR's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the VCGLR. Credit risk is measured at fair value and is monitored on a regular basis. Credit

risk associated with the VCGLR's financial assets is minimal because the main debtor is the Victorian Government.

The carrying amount of financial assets recorded in the financial report represents the VCGLR's maximum exposure to credit risk as indicated in Table 17.2.

**Table 17.2: Credit quality of contractual financial assets that are neither past due nor impaired**

|   | Financial institutions (AA-credit rating)<br>\$ | Government agencies (Triple A credit rating)<br>\$ | Total<br>\$    |
|---|---|--|----------------|
| <b>2013</b>                               |   |  |                |
| <b>Contractual financial assets</b>       |   |  |                |
| Cash and deposits                         | 619,834   | -  | 619,834        |
| (i) Receivables                           | -   | 56,399   | 56,399         |
| <b>Total contractual financial assets</b> | <b>619,834</b>                                  | <b>56,399</b>                                      | <b>676,233</b> |
| <b>2012</b>                               |   |  |                |
| <b>Contractual financial assets</b>       |   |  |                |
| Cash and deposits                         | 489,478   | -  | 489,478        |
| (i) Receivables                           | -   | 30,327   | 30,327         |
| <b>Total contractual financial assets</b> | <b>489,478</b>                                  | <b>30,327</b>                                      | <b>519,805</b> |

Note:

(i) The total amount disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

Currently the VCGLR does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past

due or impaired, and they are stated at the carrying amounts as indicated.

The following table indicates the ageing analysis of contractual financial assets.

# Notes to the financial statements

For the financial year ended 30 June 2013

**Table 17.3: Ageing analysis of contractual financial assets**

|                 | Carrying amount<br>\$ | Not past due and not impaired<br>\$ | Past due but not impaired |                  |                         |                 |
|-----------------|-----------------------|-------------------------------------|---------------------------|------------------|-------------------------|-----------------|
|                 |                       |                                     | Less than 1 month<br>\$   | 1-3 months<br>\$ | 3 months - 1 year<br>\$ | 1-5 years<br>\$ |
| <b>2013</b>     |                       |                                     |                           |                  |                         |                 |
| (i) Receivables | 56,399                | 9,748                               | -                         | 29,394           | 17,168                  | 88              |
|                 | 56,399                | 9,748                               | -                         | 29,394           | 17,168                  | 88              |
| <b>2012</b>     |                       |                                     |                           |                  |                         |                 |
| (i) Receivables | 30,327                | 24,336                              | -                         | 5,991            | -                       | -               |
|                 | 30,327                | 24,336                              | -                         | 5,991            | -                       | -               |

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

## (c) Liquidity risk

Liquidity risk is the risk that the VCGLR would be unable to meet its financial obligations as they fall due. The VCGLR operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution. The VCGLR's maximum exposure to liquidity risk is the

carrying amounts of financial liabilities as disclosed on the face of the balance sheet.

The VCGLR's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The following table discloses the contractual maturity analysis for the VCGLR's financial liabilities:

**Table 17.4: Maturity analysis of financial contractual liabilities**

|              | Carrying amount<br>\$ | Nominal amount<br>\$ | Maturity dates          |                  |                         |                 |
|--------------|-----------------------|----------------------|-------------------------|------------------|-------------------------|-----------------|
|              |                       |                      | Less than 1 month<br>\$ | 1-3 months<br>\$ | 3 months - 1 year<br>\$ | 1-5 years<br>\$ |
| <b>2013</b>  |                       |                      |                         |                  |                         |                 |
| (i) Payables | 1,504,373             | 1,504,373            | 1,504,373               | -                | -                       | -               |
| Borrowings   | -                     | -                    | -                       | -                | -                       | -               |
|              | 1,504,373             | 1,504,373            | 1,504,373               | -                | -                       | -               |
| <b>2012</b>  |                       |                      |                         |                  |                         |                 |
| (i) Payables | 1,216,053             | 1,216,053            | 1,216,053               | -                | -                       | -               |
| Borrowings   | 12,071                | 12,071               | 12,071                  | -                | -                       | -               |
| Note:        | 1,228,124             | 1,228,124            | 1,228,124               | -                | -                       | -               |

(i) The carrying amounts disclosed exclude statutory amounts (e.g. GST payables).

**(d) Market risk**

The VCGLR's exposure to market risk is considered to be insignificant. The VCGLR does not engage in financial trading and does not have exposure to foreign currency and other price risks. None of the classes of financial assets and liabilities are readily traded on organised markets in standardised form.

**Table 17.5: Interest rate exposure of financial instruments**

|                                    | Weighted average effective interest rate | Carrying amount  | Interest rate risk exposure |                        |                      |
|------------------------------------|--|------------------|-----------------------------|------------------------|----------------------|
|                                    |  |                  | Fixed interest rate         | Variable interest rate | Non-interest bearing |
|                                    | \$                                       | \$               | \$                          | \$                     | \$                   |
| <b>2013</b>                        |  |                  |                             |                        |                      |
| <b>Financial assets</b>            |  |                  |                             |                        |                      |
| Cash and deposits                  | N/A                                      | 619,834          | -                           | -                      | 619,834              |
| (i) Receivables                    | N/A                                      | 56,399           | -                           | -                      | 56,399               |
| <b>Total financial assets</b>      |  | <b>676,233</b>   | <b>-</b>                    | <b>-</b>               | <b>676,233</b>       |
| <b>Financial liabilities</b>       |  |                  |                             |                        |                      |
| (i) Payables                       | N/A                                      | 1,504,373        | -                           | -                      | 1,504,373            |
| Borrowings                         | N/A                                      | -                | -                           | -                      | -                    |
| <b>Total financial liabilities</b> |  | <b>1,504,373</b> | <b>-</b>                    | <b>-</b>               | <b>1,504,373</b>     |
| <b>2012</b>                        |  |                  |                             |                        |                      |
| <b>Financial assets</b>            |  |                  |                             |                        |                      |
| Cash and deposits                  | N/A                                      | 489,478          | -                           | -                      | 489,478              |
| (i) Receivables                    | N/A                                      | 30,327           | -                           | -                      | 30,327               |
| <b>Total financial assets</b>      |  | <b>519,805</b>   | <b>-</b>                    | <b>-</b>               | <b>519,805</b>       |
| <b>Financial liabilities</b>       |  |                  |                             |                        |                      |
| (i) Payables                       | N/A                                      | 1,216,053        | -                           | -                      | 1,216,053            |
| Borrowings                         | 6.62%                                    | 12,071           | 12,071                      | -                      | -                    |
| <b>Total financial liabilities</b> |  | <b>1,228,124</b> | <b>12,071</b>               | <b>-</b>               | <b>1,216,053</b>     |

Note:

(i) The total amount disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

# Notes to the financial statements

For the financial year ended 30 June 2013

## (e) Fair value

The VCGLR considers that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as their carrying amounts.

**Table 17.6: Comparison between carrying amount and fair value**

|  | Carrying amount<br>2013<br>\$ | Fair value<br>2013<br>\$ | Carrying amount<br>2012<br>\$ | Fair Value<br>2012<br>\$ |
|--|-------------------------------|--------------------------|-------------------------------|--------------------------|
| <b>Contractual financial assets</b>            |                               |                          |                               |                          |
| Cash and deposits                              | 619,834                       | 619,834                  | 489,478                       | 489,478                  |
| (i) Receivables                                | 56,399                        | 56,399                   | 30,327                        | 30,327                   |
| <b>Total contractual financial assets</b>      | <b>676,233</b>                | <b>676,233</b>           | <b>519,805</b>                | <b>519,805</b>           |
| <b>Contractual financial liabilities</b>       |                               |                          |                               |                          |
| (i) Payables                                   | 1,504,373                     | 1,504,373                | 1,216,053                     | 1,216,053                |
| Borrowings                                     | -                             | -                        | 12,071                        | 12,071                   |
| <b>Total contractual financial liabilities</b> | <b>1,504,373</b>              | <b>1,504,373</b>         | <b>1,228,124</b>              | <b>1,228,124</b>         |

Note:

(i) The total amount disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

**Note 18: Cash flow information****(a) Reconciliation of cash and deposits**

For the purposes of the cash flow statement, cash includes cash on hand and in banks. Cash at the end of the period as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

|   | 2013           | 2012           |
|---|----------------|----------------|
|   | \$             | \$             |
| <b>Total cash and deposits disclosed in the balance sheet (i)</b> | <b>619,834</b> | <b>489,478</b> |
| <b>Balance as per Cash Flow Statement</b>                         | <b>619,834</b> | <b>489,478</b> |

Note:

- (i) Due to the State of Victoria's investment policy and government funding arrangements, agencies generally do not hold a large cash reserve in their bank accounts. Cash received by an agency from the generation of revenue is generally paid into the State's bank account, known as the public account. Similarly, any agency expenditure, including those in the form of cheques drawn by an agency for the payment of goods and services to its suppliers and creditors are made via the public account. The process is such that the public account would remit to the agency the cash required for the amount drawn on the cheques. This remittance by the public account occurs upon the presentation of the cheques by the agency's suppliers or creditors.

**(b) Reconciliation of net result for the period**

|   | 2013           | 2012             |
|---|----------------|------------------|
|   | \$             | \$               |
| <b>Net result for the period</b>                          | <b>301,259</b> | <b>1,076,427</b> |
| <b>Non cash movements:</b>                                |                |                  |
| Impairment of property plant and equipment                | 9,077          | -                |
| Depreciation and amortisation of non-current assets       | 706,402        | 193,423          |
| <b>Movements in assets and liabilities</b>                |                |                  |
| (Increase)/decrease in receivables                        | 361,957        | (3,065,781)      |
| (Increase)/decrease in other non-financial assets         | (89,455)       | 233,287          |
| Increase/(decrease) in payables                           | 276,249        | (467,208)        |
| Increase/(decrease) in interest bearing liabilities       | (12,071)       | (2,631)          |
| Increase/(decrease) in provisions                         | (728,731)      | 2,270,370        |
| <b>Net cash flows from/(used in) operating activities</b> | <b>824,687</b> | <b>237,887</b>   |

# Notes to the financial statements

For the financial year ended 30 June 2013

## Note 19: Summary of compliance with grant funding

The following table discloses the details of the funding received by the VCGLR for the period ended 30 June 2013 through the Department of Justice appropriations.

|   | Grant funding<br>advice<br>\$ | Funding<br>available<br>\$ | Funding<br>applied<br>\$ |
|---|-------------------------------|----------------------------|--------------------------|
| <b>2013</b>                                   |                               |                            |                          |
| Grant revenue - Provision for outputs         | 37,807,804                    | 37,807,804                 | 37,807,804               |
| Capital contribution – Addition to net assets | -                             | 886,894                    | 886,894                  |
| <b>Total Funding</b>                          | <b>37,807,804</b>             | <b>38,694,698</b>          | <b>38,694,698</b>        |
| <b>2012</b>                                   |                               |                            |                          |
| Grant revenue - Provision for outputs         | 16,174,109                    | 16,174,109                 | 16,174,109               |
| Capital contribution – Addition to net assets | -                             | 345,319                    | 345,319                  |
| <b>Total Funding</b>                          | <b>16,174,109</b>             | <b>16,519,428</b>          | <b>16,519,428</b>        |

The variance between Grant funding available and Grant funding applied reflects the return of revenue to the Department of Justice in respect of depreciation expense generated in excess of capital expenditure, variations between budgeted and generated depreciation, and deemed revenue associated with output delivery.

## Note 20: Ex-gratia payments

As at 30 June 2013 the VCGLR had not made any ex-gratia payments (2012:nil).

## Note 21: Transactions on behalf of Government

In addition to the specific VCGLR operations which are included in the comprehensive operating statement, balance sheet, statement of changes in equity and cash flow statement, the VCGLR collects revenue amounts on behalf of Government which are paid directly into the Consolidated Fund. Revenue collected includes taxes, fees and fines and the proceeds from the sale of non-current assets.

Sections 3.6.5, 4.6.7 and 5.4.2 of the *Gambling Regulation Act 2003* provide for determination by the Treasurer, after consultation with the Minister for Gaming, of the supervision charges payable by Tabcorp, Tattersall's and Intralot. This charge is determined annually and reflects the recoupment of expenses incurred in the regulation of gambling by these operators, including the processing of licences, conducting investigations and compliance audits, reviewing operator systems and procedures, testing and evaluating gambling equipment and monitoring gambling activities. This charge is also paid into the Consolidated Fund.

The VCGLR also makes payments from the Consolidated Fund revenue to other jurisdictions (Payments made on behalf of States) for their share of public lottery taxes which are collected in Victoria.

The VCGLR also collects licence fees and recognises the revenue over the term of the licence, as appropriate.

On 31 Oct 2007, an amount of \$13.3 million for the Category 1 Public Lottery Licence was received. This is to be recognised over 10 years and \$6.65 million is recognised as unearned income as at 30 June 2013. On 25 Sept 2008, \$980,000 for Category 1 Public Lottery amendment included Mon and Wed lotto was received and is to be recognised over 10 years and \$490,000 is recognised as unearned income as at 30 June 2013. The \$60 million from Keno licences received on 19 April 2011, and is to be recognised over 10 years. The licence became operational on 15 April 2012, of which \$53 million is recognised as unearned income as at 30 June 2013. An amount of \$410 million which was received on 19 January 2012 for Wagering and Betting licences is to be recognised over 12 years. The licence became operational on 16 August 2012 and \$378.7 million is recognised as unearned income, as at 30 June 2013.

During the period ended 30 June 2010, amounts on behalf of Government were collected in relation to the electronic gaming machine entitlements (licences). The licences became operational 16 August 2012. The unearned income recognised is \$859.7 million as at 30 June 2013.

As at 30 June 2013, a total of \$1.298 million is recognised as unearned income by the VCGLR.

# Notes to the financial statements

For the financial year ended 30 June 2013

| Transactions on behalf of Government                        | 2013<br>\$'000   | 2012<br>\$'000   |
|---|------------------|------------------|
| <b>Income –</b>   |                  |                  |
| <b>Amounts collected/receivable on behalf of Government</b> |                  |                  |
| Grants-Payments made on behalf of the State                 | 35,420           | 16,772           |
| Gaming Taxation   | 926,744          | 406,240          |
| Licence Fees  | 760              | 310              |
| Minor Gaming  | 958              | 409              |
| Club Keno   | -                | 224              |
| Keno  | 9,371            | 1,670            |
| Casino Taxation and Licence Fees                            | 200,986          | 103,144          |
| Racing Taxation and Licence Fees                            | 21,516           | 56,384           |
| Tattersall's Lotteries                                      | 443,711          | 171,348          |
| Intralot Lotteries  | 17,353           | 7,704            |
| Tabcorp Supervision Fee                                     | 1,546            | 1,598            |
| Tattersall's Supervision Fee                                | 959              | 1,471            |
| Intralot Supervision Fee                                    | 5,545            | 125              |
| Lottery Premium Payment                                     | 3,243            | 1,305            |
| Liquor Licence and Application Fees                         | 2,242            | 961              |
| Gambling Venue Licence Fees                                 | 82,243           | -                |
| Wagering and Betting Taxation and Licence Fees              | 73,856           | -                |
| Miscellaneous   | 18,525           | 453              |
| <b>Total amount collected/receivable</b>                    | <b>1,844,978</b> | <b>770,118</b>   |
| <b>Expenses –</b>   |                  |                  |
| <b>Amounts paid/payable on behalf of Government</b>         |                  |                  |
| Payments made to other jurisdictions                        | 35,420           | 16,772           |
| Payments to consolidated fund                               | 1,806,007        | 716,059          |
| Bad & Doubtful debts  | 4,225            | -                |
| Transfer of negative net assets from the former VCGR        | -                | 512,757          |
| <b>Total amount paid/payable</b>                            | <b>1,845,652</b> | <b>1,245,588</b> |
| <b>Net Result from transactions (net operating balance)</b> | <b>(674)</b>     | <b>(475,470)</b> |



| Transactions on behalf of Government | 2013<br>\$'000 | 2012<br>\$'000 |
|--------------------------------------|----------------|----------------|
| <b>Assets</b>                        |                |                |
| <b>Current Asset</b>                 |                |                |
| Receivables                          | 355,688        | 80,983         |
| <b>Total current asset</b>           | 355,688        | 80,983         |
| <b>Non-Current Asset</b>             |                |                |
| Receivables                          | 472,132        | -              |
| <b>Total non-current asset</b>       | 472,132        | -              |
| <b>Total assets</b>                  | 827,820        | 80,983         |
| <b>Liabilities</b>                   |                |                |
| <b>Current liabilities</b>           |                |                |
| Unearned income                      | 135,734        | 4              |
| Payables                             | 2,885          | 2,592          |
| <b>Total current liabilities</b>     | 138,619        | 2,596          |
| <b>Non-current liabilities</b>       |                |                |
| Unearned income                      | 1,162,754      | 553,857        |
| <b>Total non-current liabilities</b> | 1,162,754      | 553,857        |
| <b>Total liabilities</b>             | 1,301,373      | 556,453        |
| <b>Net Assets</b>                    | (473,553)      | (475,470)      |
| <b>Equity</b>                        | (473,553)      | (475,470)      |

# Notes to the financial statements

For the financial year ended 30 June 2013

## Note 22: Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

### Names

The persons who held the positions of Responsible Minister, Members of the Commission and Accountable Officer in the VCGLR are as follows:

#### Responsible Minister – Minister for Gaming.

The Hon Michael O'Brien MP 1 July 2012 to 12 March 2013

#### Responsible Minister – Acting Minister for Gaming.

The Hon Matthew Guy, MLC 1 July 2012 to 8 July 2012

The Hon Gordon Rich-Phillips, MLC 3 January 2013 to 11 January 2013

#### Responsible Minister – Minister for Gaming Regulation.

The Hon. Andrew McIntosh, MP 13 March 2013 to 15 April 2013

#### Responsible Minister – Acting Minister for Gaming Regulation.

The Hon. Robert Clark, MP 16 April 2013 to 21 April 2013

#### Responsible Minister – Minister for Liquor and Gaming Regulation.

The Hon. Edward O'Donohue, MLC 22 April 2013 to 30 June 2013

#### Commission Members:

Mr Mark Brennan (Chairman) 1 July 2012 to 1 Jan 2013

Mr Bruce Thompson (Deputy Chair) 1 July 2012 to 11 Dec 2012

Mr Bruce Thompson (Acting Chairman) 12 Dec 2012 to 14 Dec 2012

Mr Bruce Thompson (Deputy Chair) 15 Dec 2012 to 21 Dec 2012

Mr Bruce Thompson (Acting Chairman) 22 Dec 2012 to 30 June 2013

Ms Gail Owen, OAM (Deputy Chair) 1 July 2012 to 12 Mar 2013

Ms Gail Owen, OAM (Acting Chairman) 13 Mar 2013 to 4 April 2013

Ms Gail Owen, OAM (Deputy Chair) 5 April 2013 to 30 June 2013

Mr Des Powell, AM (Commissioner) 1 July 2012 to 12 Mar 2013

Mr Des Powell, AM (Acting Deputy Chair) 13 Mar 2013 to 4 April 2013

Mr Des Powell, AM (Commissioner) 5 April 2013 to 30 June 2013

Ms Kate Hamond (Commissioner) 1 July 2012 to 30 June 2013

Mr Robert Kerr (Commissioner) 1 July 2012 to 30 June 2013

#### Accountable Officer – Chief Executive Officer

Ms Jane Brockington (Chief Executive Officer) 1 July 2012 to 30 June 2013

## Remuneration

Remuneration received or receivable by members of the Commission and the Accountable Officer covers the period from the commencement of VCGLR on 1 July 2012 to 30 June 2013.

## Commissioners

Remuneration received or receivable by members of the Commission in connection with the management of the VCGLR during the reporting period was in the range:

| Income band            | 2013<br>No.      | 2012<br>No.      |
|------------------------|------------------|------------------|
| \$40,000 to \$49,999   | -                | 5                |
| \$110,000 to \$119,999 | 3                | -                |
| \$120,000 to \$129,999 | -                | 1                |
| \$130,000 to \$139,999 | 1                | -                |
| \$140,000 to \$149,999 | 1                | -                |
| \$190,000 to \$199,999 | 1                | -                |
| <b>Total numbers</b>   | <b>6</b>         | <b>6</b>         |
| <b>Total Amount</b>    | <b>\$814,776</b> | <b>\$349,737</b> |

## Accountable officer

Remuneration received or receivable by the accountable officer in connection with the management of the Commission during the reporting period was in the range:

\$250 000- \$260 000 (2012: \$80 000 – \$89 000).

Amounts relating to the Minister for Liquor and Gaming Regulation are reported in the financial statements of the Department of Premier and Cabinet.

# Notes to the financial statements

For the financial year ended 30 June 2013

## Note 23: Remuneration of executives and payments to other personnel (i.e. contractors with significant management responsibilities)

The number of executive officers, other than Responsible Persons, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base

remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

| Income Band                                     | Total remuneration |             | Base remuneration |             |
|---|--------------------|-------------|-------------------|-------------|
|   | 2013<br>No.        | 2012<br>No. | 2013<br>No.       | 2012<br>No. |
| \$0,000 to \$9,999                              | 1                  | -           | 1                 | -           |
| \$50,000 to \$59,999                            | 1                  | 1           | 1                 | 1           |
| \$60,000 to \$69,999                            | 1                  | 2           | 1                 | 2           |
| \$90,000 to \$99,999                            | -                  | -           | 1                 | -           |
| \$130,000 to \$139,999                          | 1                  | -           | 1                 | -           |
| \$190,000 to \$199,999                          | 1                  | -           | -                 | -           |
| \$230,000 to \$239,999                          | -                  | -           | 1                 | -           |
| \$250,000 to \$259,999                          | 1                  | -           | -                 | -           |
| Total number of executives                      | 6                  | 3           | 6                 | 3           |
| Total annualised employee equivalents (AEE) (i) | 3.05               | 1.14        | 3.05              | 1.14        |
| Total amount                                    | \$719,294          | \$179,812   | \$590,496         | \$179,812   |

Note:

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

There were no payments made to contractors in executive roles.

## Note 24: Remuneration of auditors

|   | 2013<br>\$ | 2012<br>\$ |
|---|------------|------------|
| Victorian Auditor-General's Office<br>Audit of the financial statements | 112,970    | 70,000     |

**Note 25: Related party transactions**

Related party transactions for responsible persons requiring disclosure have been considered and there are no matters to report.

**Note 26: Subsequent events**

The financial statements for the VCGLR are prepared for the reporting period ending 30 June 2013. As at the date of signing there are no events subsequent to the balance date which would have a significant impact on the financial position of the VCGLR.

**Note 27: Glossary of terms and style conventions****Actuarial gains or losses on superannuation defined benefit plans**

Actuarial gains or losses reflect movements in the superannuation liability resulting from differences between the assumptions used to calculate the superannuation expense from transactions and actual experience.

**Amortisation**

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an other economic flow.

**Borrowings**

Borrowings refer to interest-bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Borrowings also include non-interest bearing advances from government that is acquired for policy purposes.

**Comprehensive result**

Total comprehensive result is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

**Commitments**

Commitments include those operating, capital and other outsourcing commitments arising from non cancellable contractual or statutory sources.

**Depreciation**

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transactions'.

**Employee expenses**

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

**Ex gratia payments**

Ex gratia payment is the gratuitous payment of money where no legal obligation exists.

**Financial asset**

A financial asset is any asset that is:

- (a) cash;
- (b) a contractual right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

**Financial instrument**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

**Financial liability**

A financial liability is any liability that is a contractual obligation:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

# Notes to the financial statements

For the financial year ended 30 June 2013

## Financial statements

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (September 2007), which means it may include the main financial statements and the notes.

## Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature. While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

## Intangible produced assets

Refer to produced assets in this glossary.

## Intangible non-produced assets

Refer to non-produced asset in this glossary.

## Interest expense

Costs incurred in connection with the borrowing of funds, includes interest on bank overdrafts and short term and long term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

## Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

## Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non owner changes in equity'.

## Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

## Net worth

Assets less liabilities, which is an economic measure of wealth.

## Non financial assets

Non financial assets are all assets that are not 'financial assets'. It includes building leasehold improvements-office fit out, plant, equipment, vehicles and intangible assets.

## Non-produced assets

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

### **Other economic flows**

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairments of non current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal. In simple terms, other economic flows are changes arising from market re-measurements.

### **Payables**

Includes short and long term trade debt and accounts payable, grants and interest payable.

### **Produced assets**

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the start up costs associated with capital projects).

### **Receivables**

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, grants, taxes and interest receivable.

### **Sales of goods and services**

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services, work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non produced assets such as land. User charges includes sale of goods and services income.

### **Supplies and services**

Supplies and services generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of the Commission.

### **Transactions**

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

### **Style conventions**

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

|         |                          |
|---------|--------------------------|
| - or 0  | zero, or rounded to zero |
| (xxx)   | negative numbers         |
| 20xx    | year period              |
| 20xx-xx | year period              |

The financial statements and notes are presented based on the illustration for a government department in the 2012-13 *Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Department's annual reports.





# Accountable Officer's and Chief Finance and Accounting Officer's declaration

The attached financial statements for the Victorian Commission for Gambling and Liquor Regulation have been prepared in accordance with Standing Directions 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards including Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2013 and financial position of the Victorian Commission for Gambling and Liquor Regulation at 30 June 2013.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 6 September 2013.



Bruce Thompson  
Chairman



Jane Brockington  
Chief Executive Officer



Toniann Stitz  
Chief Finance and Accounting Officer

Dated: 6 September 2013

Melbourne

# Auditor-General's report

VCGLR financial year ended 30 June 2013

## VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street  
Melbourne VIC 3000  
Telephone 61 3 8601 7000  
Facsimile 61 3 8601 7010  
Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au)  
Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

### INDEPENDENT AUDITOR'S REPORT

To the Commissioners, Victorian Commission for Gambling and Liquor Regulation

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2013 of the Victorian Commission for Gambling and Liquor Regulation which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Accountable Officer's and Chief Finance and Accounting Officer's declaration has been audited.

#### *The Commissioners' Responsibility for the Financial Report*

The Commissioners of the Victorian Commission for Gambling and Liquor Regulation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Commissioners determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Commissioners, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Auditing in the Public Interest*

## Independent Auditor's Report (continued)

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

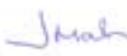
### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Commission for Gambling and Liquor Regulation as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

### *Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report of the Victorian Commission for Gambling and Liquor Regulation for the year ended 30 June 2013 included both in the Victorian Commission for Gambling and Liquor Regulation's annual report and on the website. The Commissioners of the Victorian Commission for Gambling and Liquor Regulation are responsible for the integrity of the Victorian Commission for Gambling and Liquor Regulation's website. I have not been engaged to report on the integrity of the Victorian Commission for Gambling and Liquor Regulation's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
20 September 2013

  
for John Doyle  
Auditor-General





