



Victorian Commission for  
Gambling and Liquor Regulation

**Annual Report**  
2013–2014

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## Letter to the Minister

The Hon 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 2014 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 Acting Chief Executive Officer

The Victorian Commission for Gambling and Liquor Regulation (VCGLR) has now completed its second full year of operation. We have built on the strong foundations established in our first year to make significant progress in the integration of gambling and liquor regulation, modernising our regulatory strategy and strengthening our co-regulatory approach.

In order to give the VCGLR a robust framework to guide our work, we developed and publicly released a new regulatory statement (the VCGLR's Regulatory Approach). This gives us a clear strategy and direction as a regulator. Releasing this publicly means that the community and industry have a greater understanding of how we regulate the gambling and liquor industries to minimise harm.

We continued to integrate gambling and liquor regulation to deliver benefits to industry and the community. This year we implemented a harmonised compliance model that included a new structure for the Compliance division and the introduction of an integrated gambling and liquor compliance inspector role. This has enabled us to reduce the regulatory burden on licensees because we now conduct inspections that look for compliance with both gambling and liquor laws at the same time. Following a review of our licensing processes and collaborative work with the Victorian Competition and Efficiency Commission (VCEC), we have commenced a restructure of our Licensing division. This will further integrate our gambling and liquor application processes to enable and streamline a more risk-based approach.

We have always worked together with other agencies, industry and the community with collaboration being an integral part of how we approach regulation. This year we renewed our focus through the development of a Stakeholder Engagement Framework. We've built upon previous efforts and focused time and resources on developing more productive working relationships by taking a targeted and strategic approach to our engagement activities. We broadened our approach by engaging more with local councils and other agencies.



This year our co-regulatory efforts have been furthered through initiatives such as Statewide Information Sessions that bring together government agencies, industry and community members; regular stakeholder forums for industry and community groups; joint operations with Victoria Police and other regulatory agencies and supporting liquor forums throughout Victoria. This focus on partnerships and collaborations aims to increase our effectiveness as a regulator.

Our success this year is due to the commitment, innovation and professionalism of our staff.

Over the last 12 months, we have made significant progress in implementing our Strategic Priorities. We have established a framework for our future as a smart, risk-based regulator.

A handwritten signature in dark ink, appearing to read 'Bruce Thompson'. The signature is fluid and cursive.

**Bruce Thompson**  
Chairman

A handwritten signature in dark ink, appearing to read 'Catherine Myers'. The signature is cursive and elegant.

**Catherine Myers**  
Acting Chief Executive Officer

# Part 1:

Our year in review

## Vision

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

## Purpose

“The 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.”

## Becoming a smarter regulator

This section summarises the key initiatives undertaken in 2013–2014 that have contributed to the VCGLR laying the foundations for smarter regulation: modern, efficient, high performing and networked.

### Modern

The development and launch of VCGLR's Regulatory Approach statement marked an innovative step forward for gambling and liquor regulation in Victoria and further afield.

The implementation of a harmonised compliance model which included a new structure for the Compliance division, single inspections for venues with both gambling and liquor licences and the establishment of a dedicated Intelligence unit supports a more risk-based approach, reducing costs on those we regulate.

We commenced consultation on the proposed structure of a new risk-based Licensing division following participation in a joint Regulatory Improvement Study with the VCEC.

Work continued on the demerit points and star rating systems and we progressed improvements to our technology systems.

We used education to encourage compliance and a number of key enforcement outcomes were achieved to address non-compliance.

We implemented the new Advanced RSA training course, which provides managers and employees of late-night trading venues with comprehensive knowledge of Victoria's liquor licensing laws and how to address issues related to alcohol misuse.

We worked to implement initiatives from the Gleeson Report, including new disclosure conditions relating to agreements between sports controlling bodies and sports betting providers.

Refer to pages 19–23 for more information about our modern initiatives.

### Efficient

The introduction of simplified licence application processes, more convenient payment options and an ongoing commitment to reducing red tape helped to reduce the regulatory burden on the industry in 2013–2014.

We established a Data Analysis and Performance team and continued a range of compliance monitoring and enforcement activity focused on improving regulatory outcomes and compliance in the gambling and liquor industries.

We monitored the implementation of recommendations of the Fifth Review of the Casino Operator and Licence. Our role changed in relation to the supervision of lotteries and we responded to an approach by Tattersalls to relocate all draws supervised in Melbourne to Queensland.

Refer to pages 24–27 for more information about our efficiency initiatives.

### High performing

The VCGLR conducted a comprehensive industry survey in late 2013 to ascertain how the industry perceives and rates our performance as a regulator. The survey results provide an important benchmark for measuring our performance in the future.

We also surveyed recipients of our e-newsletter and introduced improvements as a result.

A number of staff learning and development initiatives were introduced to ensure we have a highly skilled and motivated workforce.

Refer to pages 28–29 for more information about our high performing initiatives.

### Networked

The VCGLR focused on developing productive working relationships by taking a more targeted and strategic approach to our engagement activities. We broadened our efforts by engaging more with local councils and other agencies.

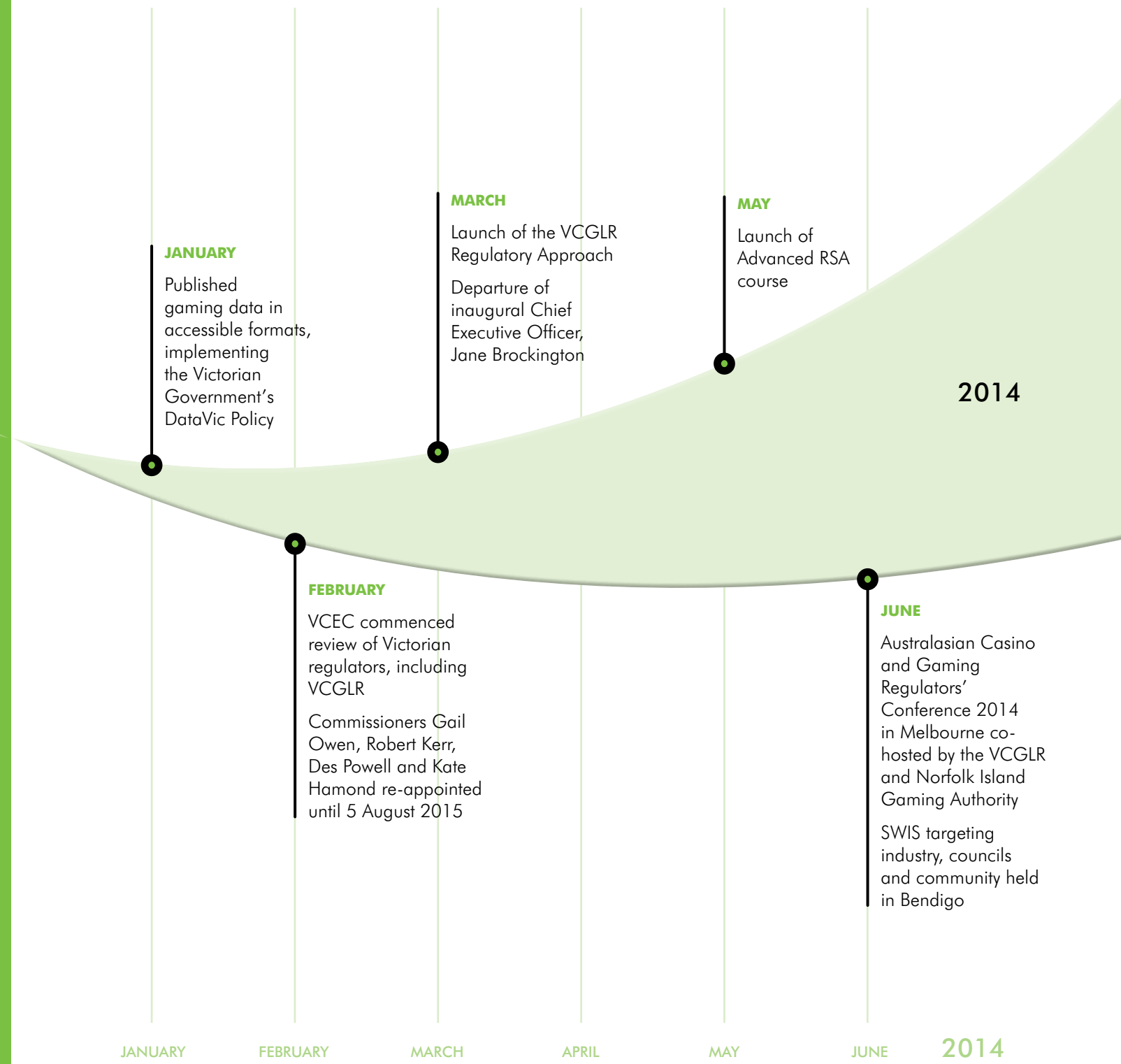
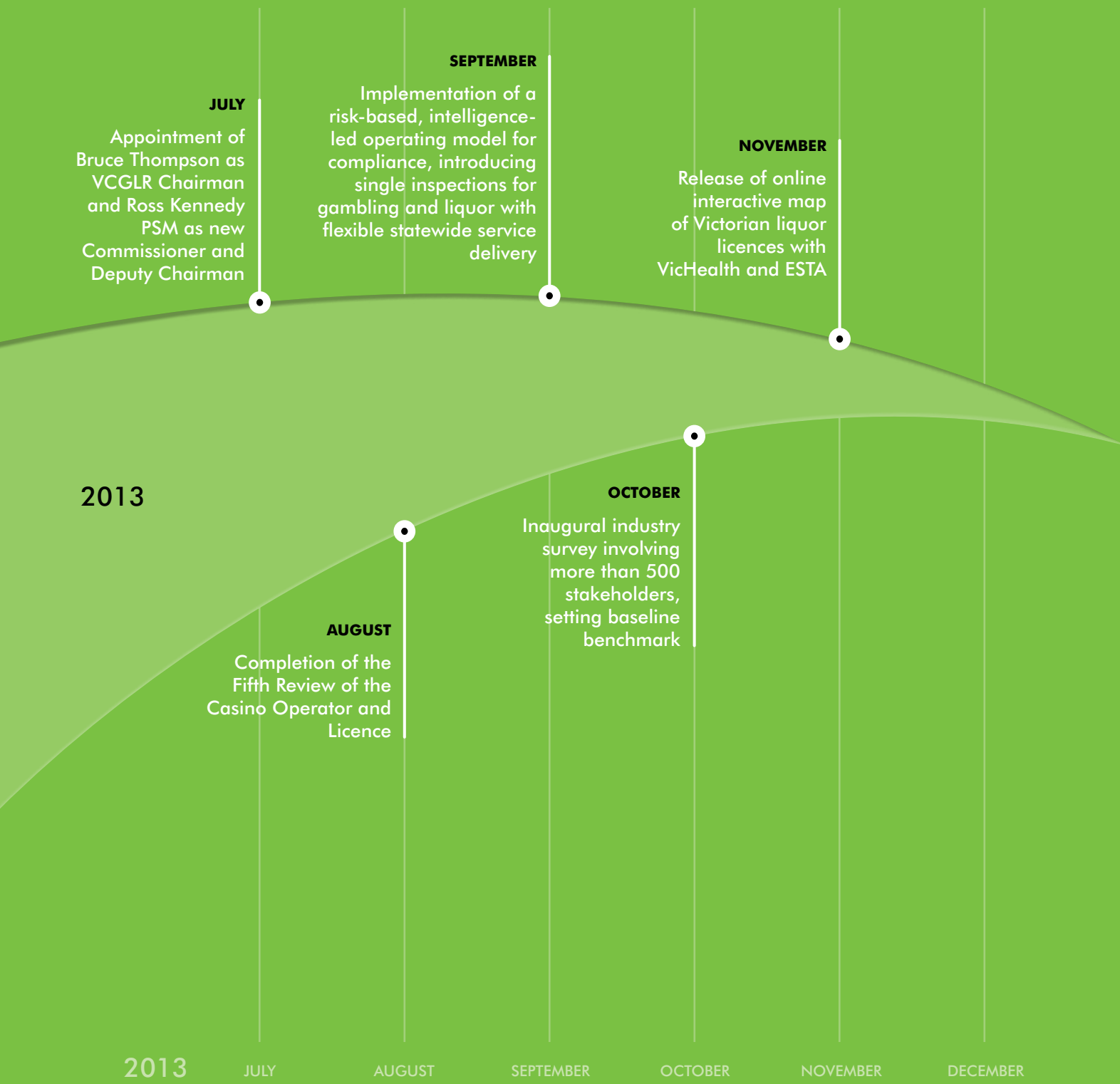
Our co-regulatory efforts have been furthered through our regular industry and community stakeholder forums for gambling and liquor, the re-introduction of the Statewide Information Sessions (SWIS), support of liquor forums and accords, bringing together the chairpersons of the liquor forums for networking and co-hosting the Australasian Casino and Gaming Regulators' Conference with the Norfolk Island Gaming Authority.

A joint project with VicHealth and the Emergency Services Telecommunications Authority (ESTA) produced an online, interactive map of liquor licence venues across Victoria, assisting with emergency call-outs and providing data to local councils to assess planning applications in relation to liquor outlets and licensed premises.

We introduced new ways to engage and manage major gambling licences, conducted joint compliance operations and continued to provide a range of information in accessible formats to our stakeholders and licensees both online and in print.

Refer to pages 30–33 for more information about our networked initiatives.

# Milestones





## Our operational performance

Table 1: State Budget Paper No.3 (BP3) 2013–2014 VCGLR outputs

Performance Measure	Unit of measure	2013–2014 Actual	2013–2014 Target	Variance <sup>1</sup>
<b>Quantity</b>				
Gambling and liquor compliance activities (VCGLR) <sup>2</sup>	number	25,752	25,000	3 per cent
Gambling and liquor licensing activities (VCGLR)	number	46,574	43,000	8 per cent
The increase in gambling and liquor licensing activities was largely driven by a higher than expected number of applications for Proof of age cards, which make up a third of all applications in this measure. For Proof of age cards, the 2013–2014 actual numbers were 143 per cent of the target.				
Gambling and liquor information and advice (VCGLR)	number	131,620	128,000	3 per cent
<b>Quality</b>				
Gambling and liquor licensing client satisfaction (VCGLR)	per cent	84	80	5 per cent
<b>Timeliness</b>				
Gambling and liquor information and advice responsiveness (VCGLR)	per cent	98	96	2 per cent
Gambling and liquor compliance inspection outcomes provided within set timeframes (VCGLR)	per cent	98	98	0 per cent

Note:

1. Percentage point variance of 2013–2014 actual value from 2013–2014 target.
2. Includes a range of activities such as gambling and liquor inspections, casino monitoring activities, gaming revenue assurance audits, and gambling lottery draws supervision.

## Historical trends in gambling expenditure and revenue

### Growth in sports betting and decline in electronic gaming machine expenditure

Victoria has seen changes in the way that people gamble. Over the past 10 years, the amount spent per capita on sports betting has grown by more than 230 per cent (Figure 1). Real expenditure per capita via electronic gaming machines fell by 23 per cent in the same period.

Key figures released in the Queensland Government’s 29th edition of Australian Gambling Statistics were presented to the delegates in June at the 2014 Australasian Casino and Gaming Regulators’ Conference co-hosted by the VCGLR and Norfolk Island Gaming Authority. The graph below shows changes to the real expenditure per capita on sports betting carried out by the TAB (Tabcorp Wagering (Vic) Pty Ltd) and Victorian bookmakers and the real expenditure per capita on electronic gaming machines (EGM) carried out in Victorian hotels and clubs from 1994–2012 (Figure 1 and Table 41).

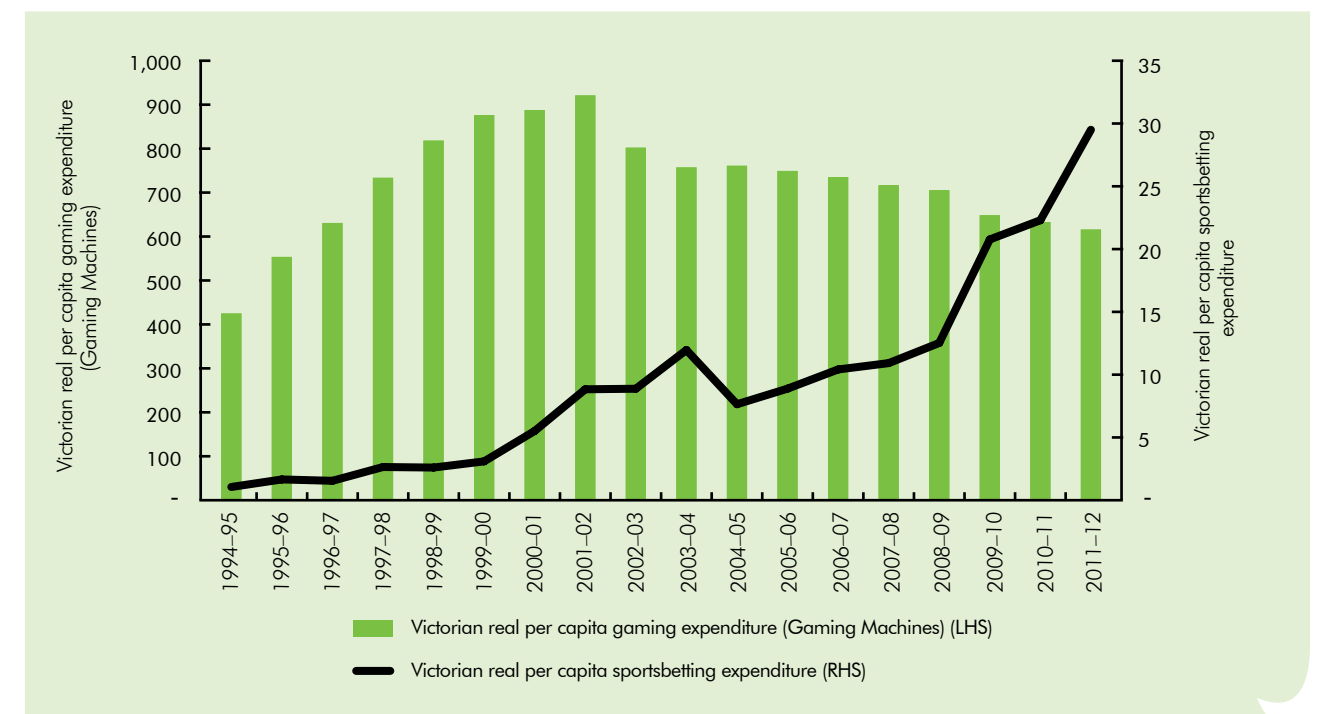


Figure 1: Per capita real expenditure of gaming and sports betting in Victoria, 1994–1995 to 2011–2012

Source: Queensland Government’s 29th edition of the Australian Gambling Statistics

## Historical trends in licensed gambling employees

There has been a significant<sup>1</sup> increase in the number of Casino special employees over the past 10 years (Figure 2). In contrast, the number of Gaming industry employees peaked in 2007–2008 but has since been in decline (Figure 2 and Table 42).

In March 2001, the licence term for Casino special employee and Gaming industry employee licences was extended from three to 10 years. As a result, no licences expired for the next seven years and the number of licences in force increased significantly.

Since 2008, there has been a decline in Gaming industry employee licence numbers as many of these people no longer work in the gaming industry and therefore did not renew their licences.

In addition, changes to regulations in 2012 meant there are now fewer tasks that require a person working at a gaming venue to be licensed.

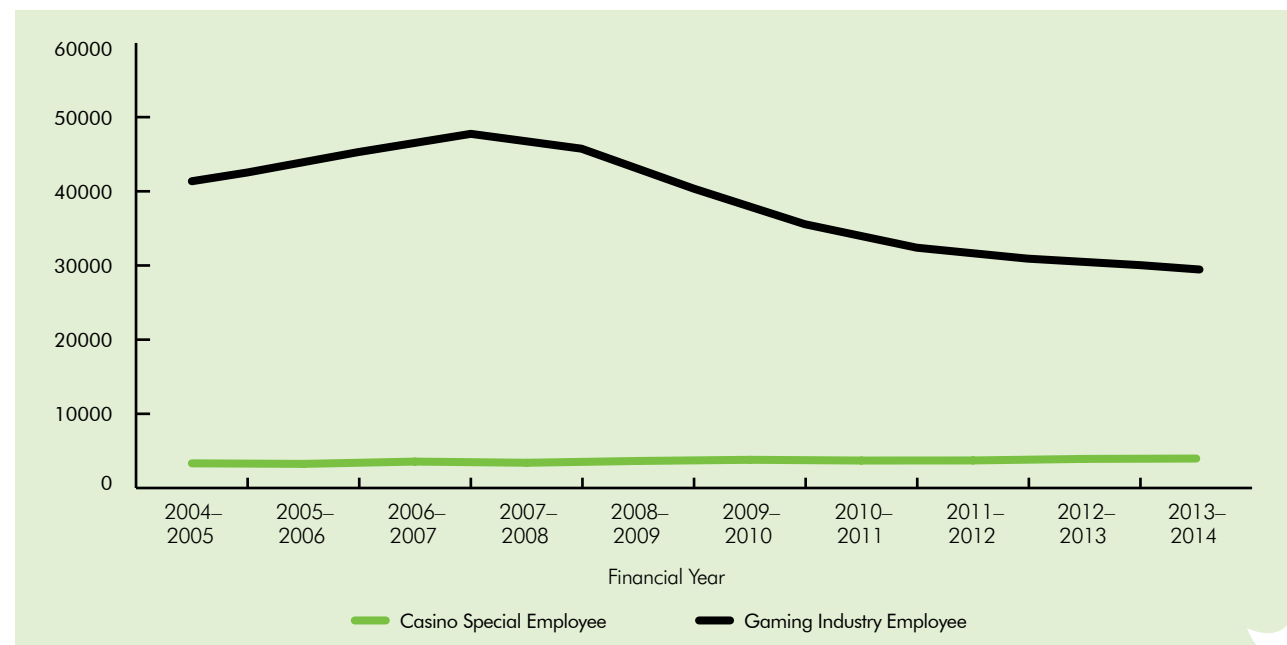


Figure 2: Number of licensed gambling employees in Victoria, by licence type 2004–2005 to 2013–2014

## Historical trends in liquor licence numbers

There were 20,453 active liquor licences in Victoria at the end of the 2013–2014 financial year. The total number of licences increased significantly<sup>1</sup> between 2003–2004 and 2008–2009 (Figure 3), on average by 626 licences per annum. However, from 2008–2009 onwards there was no trend<sup>2</sup> in the total number of liquor licences.

The proportion of licences has varied over the last 10 years (Figure 4). In particular, legislative changes in 2010 and 2012 resulted in the creation and cessation of several licence categories. After the *Liquor Control Reform Act 1998* was amended in 2010, Restaurant and cafe licences, Late-night (general) licences, Late-night (on-premises) licences and Late-night (packaged liquor) licences were made available for the first time. In 2012, the Vignerons licence category

ceased to exist, with licensees transferred to the Wine and beer producer’s licence. Additionally, holders of some licence categories, such as Renewable limited licence and Pre-retail licence, also had the option to transfer to the Wine and beer producer’s licence, if they qualified.

Since 2009–2010, the number of Late-night (general) licences, On-premises licences and Late-night (on-premises) licences decreased significantly, whereas the number of Restaurant and cafe licences increased significantly.

Likewise, over the past 10 years, the number of Packaged liquor licences, Full and Restricted club licences, Pre-retail licences and BYO permits changed significantly (Restaurant and Cafe, Packaged liquor and Pre-retail increased, the rest decreased).

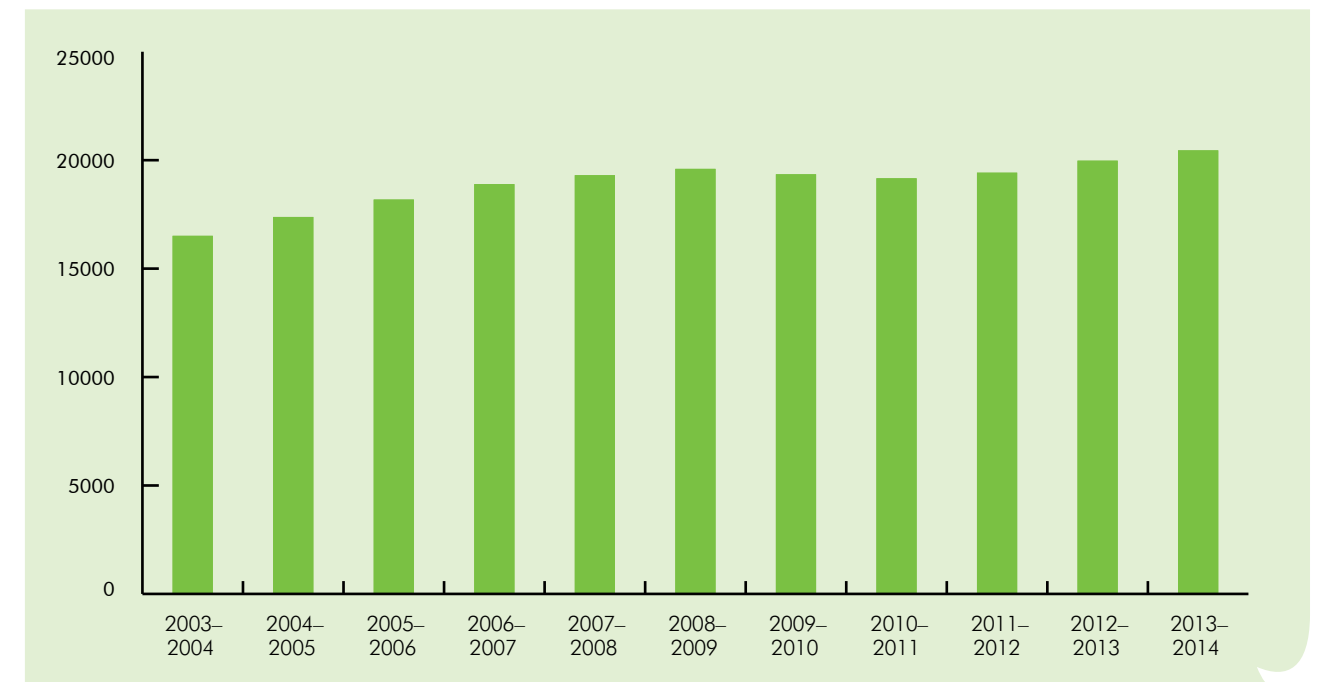


Figure 3: Total number of liquor licences in Victoria, 2003–2004 to 2013–2014

1. All references to ‘significant’ relate to statistical significance at the alpha=0.05 level, determined by linear regression analyses.

2. ‘No trend’ refers to lacking statistical significance in trend analyses, i.e. the observed variation is likely a random event.

## Part 2:

Our performance against our Strategic Priorities

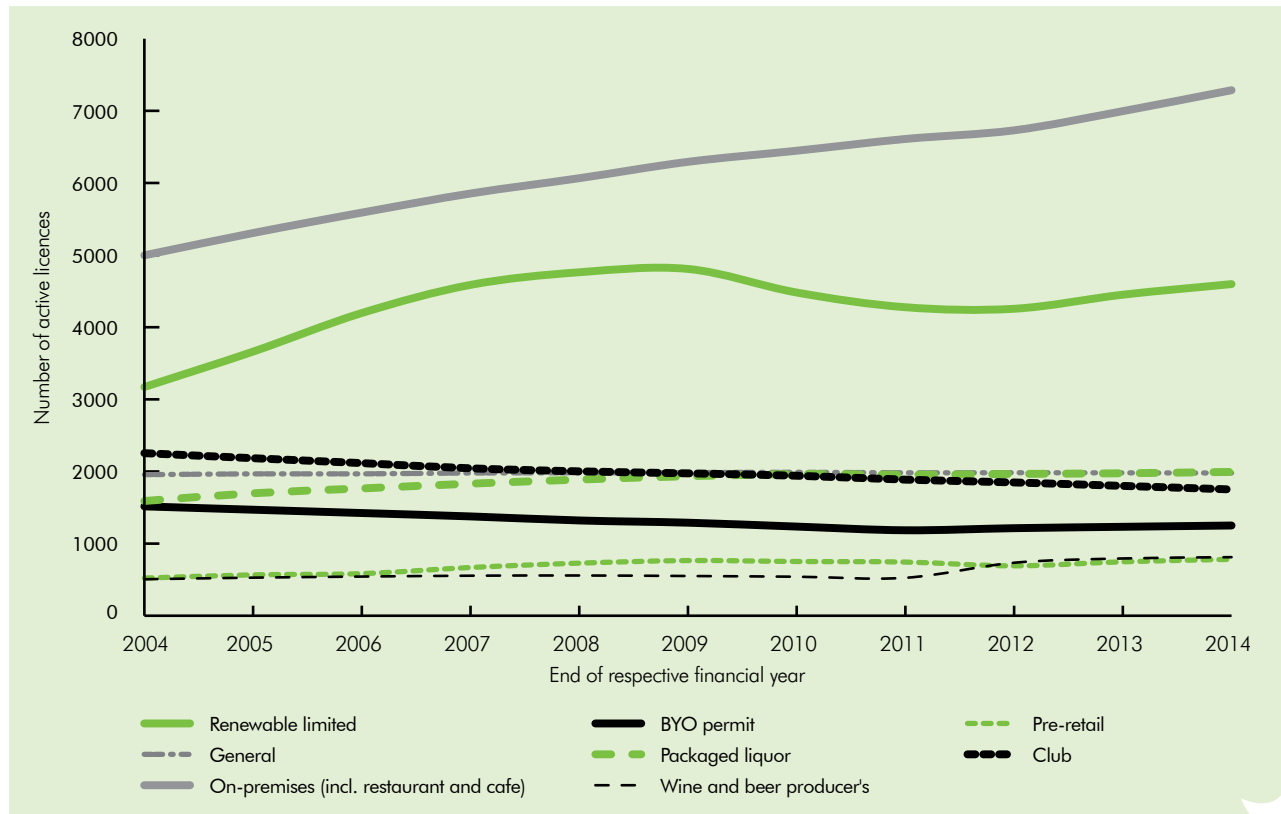


Figure 4: Number of active liquor licences in Victoria as at 30 June by licence type, 2004–2005 to 2013–2014

Note:

'General' includes General licences and Late-night general licences.

'On-premises' includes On-premises licences, On-premises Late-night licences and Restaurant and cafe licences.

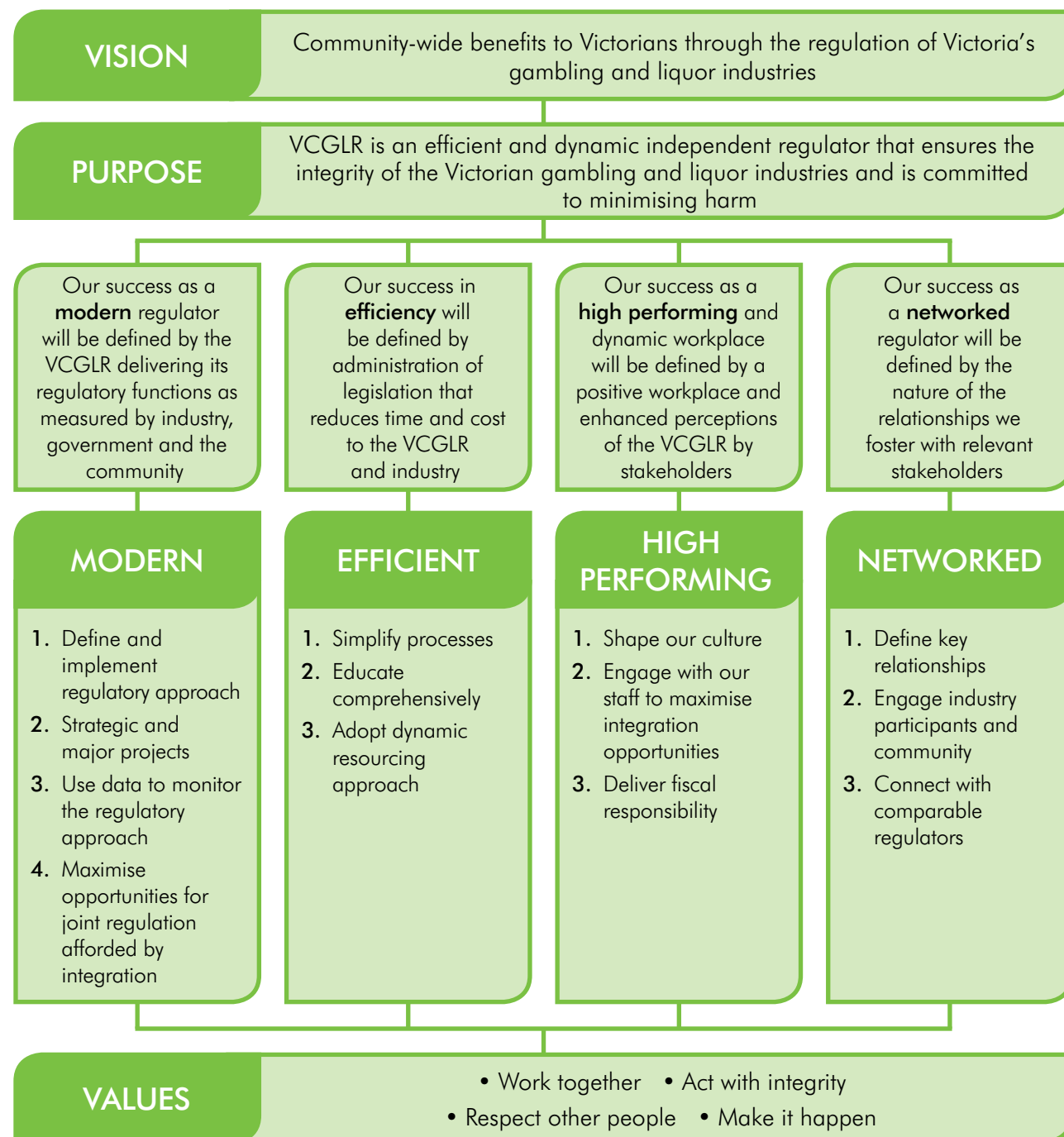
'Packaged liquor' includes Packaged liquor licences and Late-night packaged liquor licences.

'Club' includes Full club licences and Restricted club licences.

'Wine and beer producer's include Vignerons' licences (to 2010–2011) and Wine and beer producer's licences (from 2011–2012).

# Our Strategic Priorities

Launched in 2012 as part of our inaugural three-year strategic plan, our Strategic Priorities guide our decisions and actions while providing a touchstone for measuring our progress.



# Strategic Priority 1 – Modern

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

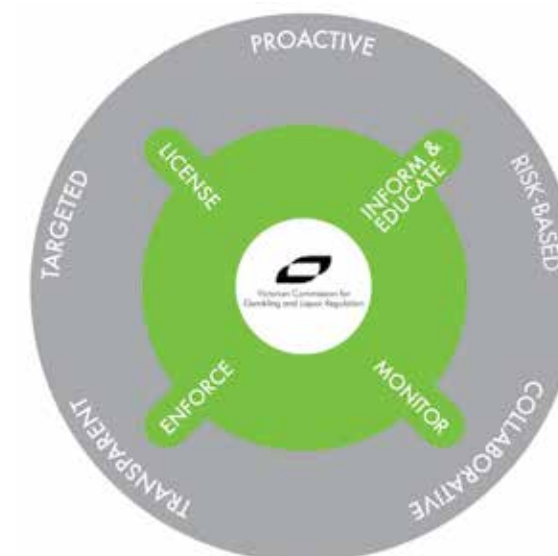
## Regulatory Approach statement launched

Released in March 2014, the VCGLR's Regulatory Approach statement outlines our method for regulating Victoria's gambling and liquor industries to ensure the VCGLR:

- achieves high levels of compliance with relevant laws
- constrains regulatory costs and restrictions while continuing to meet regulatory objectives
- upholds a culture of integrity and harm minimisation across both industries.

As such, the statement enables the community, industry, our regulatory partners and other stakeholders to better understand how we license, inform, educate, monitor and enforce in an integrated manner to achieve positive regulatory outcomes.

The statement also articulates five guiding principles that underpin our work. We apply a risk-based, proactive, collaborative, transparent and targeted approach to our actions and decision-making processes. The diagram



below captures the overall intent and key components of our Regulatory Approach statement.

As part of implementing a more modern approach to regulation, the Regulatory Approach will be used to guide future improvements to our operations.

## New compliance model

In September 2013, we introduced a new model with integrated inspector roles allowing for single inspections of venues with both gambling and liquor licences, thereby reducing the regulatory burden on licensees.

The flexible, statewide service delivery model uses local government areas as its basis to enable VCGLR inspectors to develop sound, localised intelligence relating to gambling and liquor venues within their respective areas.

The risk-based, intelligence-led compliance model holistically treats risks in the gambling and liquor industries, using education and compliance as key drivers and utilises appropriate enforcement action when required.

## New Licensing division structure released

Following the joint Regulatory Improvement Study with the VCEC and a review of our Licensing division, we developed a new divisional structure, which was released in June 2014 for employee feedback.

The proposed structure aims to provide the foundation for building more efficient, risk-responsive licensing processes. This includes assessing and processing applications according to their level of risk.

Industry should see the benefits in reduced regulatory costs and the community will benefit from more focused attention on higher risk applications.

## Demerit point system

Introduced on 20 February 2012, Victoria's liquor licence demerit point system aims to improve compliance levels by encouraging responsible business practices in licensed premises.

In the demerit point system, licensees incur one demerit point for each non-compliance incident<sup>1</sup> with points recorded against the licence for three years. At 30 June 2014, 68 demerit points were recorded across 55 different venues compared to 38 demerit points across 33 venues in 2012–2013.

Under the *Liquor Control Reform Act 1998*, current licensees whose premises incur a demerit point(s) are not permitted to apply to the VCGLR to have the demerit point(s) removed. An application to remove any demerit points from a licence can only be made by a new licensee once the licence has been transferred. The Commission granted one application from a liquor licensee to remove a demerit point in the past financial year.

### Star rating system

The star rating system rewards licensees who have no recorded non-compliance incidents within the previous 24 months or more. Licences with four-star ratings will receive a five per cent discount on their liquor licence renewal fee. The first discounts will apply to the 2015 renewal fees for licensees who have achieved a four-star rating at 1 October 2014. A ten per cent discount will apply to 2016 licence renewal fees for eligible licensees.

### Technological solutions progressed

The VCGLR's new integrated Liquor and Gambling Information System (LaGIS) progressed to design stage following detailed consultation throughout the VCGLR to develop an understanding of business requirements.

When rolled out, LaGIS will provide a single system for gambling and liquor data. It is designed to support more efficient decision-making, improved business reporting and automated operational workflows. LaGIS will create the infrastructure necessary to create an online service portal for licensees and stakeholders to access and update information easily.

### RSA training

Approximately 75,000 participants undertook the VCGLR's approved RSA training with over 8,000 courses delivered by 195 registered training organisations across Victoria.

In addition, more than 1,000 liquor licence applicants completed new entrant training and over 30,000 industry employees undertook the RSA online refresher training course via the VCGLR website.

At 30 June 2014, there were approximately 800,000 holders of RSA training certificates throughout Victoria, with the VCGLR responsible for administering course delivery via approved trainers and registered training organisations.

### Advanced RSA

As the next step from the standard RSA training, we launched a new Advanced RSA training course for licensees, managers and staff of late-night trading venues. The course was developed in partnership with the William Angliss Institute.

The course provides managers and employees with comprehensive knowledge of liquor licensing laws and ways to manage and reduce community-related harms caused by the misuse of alcohol in or around licensed venues.

Advanced RSA training participants hear from a range of subject matter experts from the VCGLR as well as Victoria Police, Ambulance Victoria, Melbourne Fire Brigade and representatives experienced in the security industry, all of whom play a major role in the monitoring of compliance and other related issues within the liquor industry.

Some of the topics covered include:

- managing medical events, including overdoses
- managing a security team
- managing emergencies or criminal acts
- achieving compliance
- effective tools and systems in venues
- managing anti-social behaviour.

We contribute to safer communities by supporting education and training about regulatory obligations for those people who own, manage or work in licensed venues.

### Key enforcement outcomes achieved

The VCGLR undertakes a range of compliance monitoring and enforcement activities throughout the year with a focus on higher-risk venues.

A range of measures is available to us to address instances of non-compliance with the state's gambling and liquor laws. We have the ability to issue written warnings, infringement notices, enforceable undertakings, take disciplinary action, and where necessary, to prosecute offences in court. Action taken by the VCGLR to remedy non-compliance will depend on a range of factors, including the severity of the situation, the risk of harm to the community and any prior history of non-compliance with gambling and liquor laws.

The Commission undertook six inquiries into the conduct of liquor licensees. An inquiry involving the licensee of licensed premises in Traralgon, for example, saw the Commission sitting for five days, including a site visit and a hearing in Traralgon where local police officers gave evidence. This process enabled the Commission to assess the licensee's actions over the preceding seven-month period to address several compliance issues. We continue to monitor this licensee, among others, to ensure ongoing compliance with their obligations and responsibilities.

VCGLR inspectors issued 577 written warnings for non-compliance with the *Liquor Control Reform Act 1998*, the *Gambling Regulation Act 2003* and other related gambling regulations. These written warnings provide the licensee or venue operator with the opportunity to address issues before formal action is required. In the majority of cases, licensees are cooperative and rectify breaches immediately, meaning no further enforcement action is required.

Fifty-eight infringement notices were issued under the *Liquor Control Reform Act 1998*.

VCGLR inspectors also work with licensees to provide information about suitable advertising promotions under the law. Most voluntarily ensure they meet our guidelines and understand that promotional activities that encourage irresponsible drinking are not in the public interest.

We stepped in to issue a notice to the licensee of the Mordialloc Supper Club, banning the promotion for a new bar from its website and Facebook. The advertisement was found to be not in the public interest and was likely to offend any ordinary reasonable person.

Disciplinary action was undertaken against the Melbourne Casino twice in the last financial year due to the presence of minors on its premises.

The Commission at its meeting on 16 December 2013 fined the Melbourne Casino \$35,000 for five breaches of the *Gambling Regulation Act 2003*:

- \$5,000 each for three breaches of section 10.7.6(3) of the *Gambling Regulation Act 2003* in relation to three minors entering the casino floor on 1 January 2013 (\$15,000 in total)
- \$10,000 each for two breaches of section 10.7.3(1) of the *Gambling Regulation Act 2003* in relation to allowing two minors to gamble on 1 January 2013 (\$20,000 in total).

The Commission at its meeting on 30 June 2014 fined the Melbourne Casino \$50,000 for four breaches of the *Gambling Regulation Act 2003*:

- \$20,000 for one breach of section 10.7.6(3) of the *Gambling Regulation Act 2003* in relation to a minor entering the casino gaming floor on 14 December 2013
- \$20,000 for one breach of section 10.7.6(3) of the *Gambling Regulation Act 2003* in relation to one minor entering the casino gaming floor on 31 December 2013
- \$5,000 each for two breaches of section 10.7.6(3) of the *Gambling Regulation Act 2003* in relation to two minors entering the casino gaming floor on 18 January 2014 (\$10,000 in total).

We successfully prosecuted eight cases in relation to breaches of the *Liquor Control Reform Act 1998*. Individuals and corporations were also prosecuted for supplying and/or offering liquor for sale while being unlicensed, as well as licensees not trading in accordance with their licensing conditions.

We have worked with the gambling and liquor industries to develop a common understanding of the benefits of regulatory obligations and good management practice. Our focus has been to improve regulatory outcomes and compliance for those we regulate.

1. A non-compliance incident is said to have occurred where relevant intoxication and underage offences are detected and:

- an infringement notice for this offence has been paid in full or partially paid; or
- an infringement in respect of one of these offences has been lodged at the Infringements Court and an Enforcement Order has been issued; or
- the offence has been successfully prosecuted.



Case study

## Education, the first step to compliance

Bendigo’s Luke McAlpine has direct experience of the value of the new Advanced RSA course for those working in late-night trading venues.

As a local nightclub venue manager, Luke completed the pilot course in mid-2013. He has since been promoted to General Operations Manager, responsible for managing three local venues and credits the course for providing the skills needed to take on his new role.

“The course gave me a better understanding of how things work in the industry and my responsibilities as a manager,” Luke explained.

“This became even more important after I’d completed the training and started my new role, which involves managing three completely different venues, each serving a distinct target market and subject to particular licence conditions.

“With one being a nightclub, another a bar and the third a bistro/bar, understanding the specific requirements of each licence is critical. This is where the Advanced RSA course has really helped me,” he said.

Luke uses this knowledge to guide the venue managers he now supervises in fulfilling their responsibilities until they complete the course themselves.

“Apart from learning more about Victoria’s liquor laws and how to comply, the course also prepares you for dealing with the types of situations that can occur in a late-night venue,” said Luke.

“There’s always incidents – it’s part of working in the industry – and each one is different but, because I now have a better idea of what to do, we can prepare our staff to manage these situations to ensure the best outcome for all concerned,” he said.

Feedback from Luke and others who participated in the extensive pilot program helped to shape the course content and delivery mode, ensuring its relevance and effectiveness for its target audience: licensees, managers and staff working in late-night venues.

Many participants highlighted the face-to-face workshops as particularly useful in terms of learning from Victoria Police, Ambulance Victoria, Melbourne Fire Brigade and security industry representatives, while also sharing experience with fellow course participants.



Case study

## Engendering integrity in sports betting

The introduction of a new condition, from February 2014, requiring all sports controlling bodies to disclose within 14 days their agreements with sports betting providers, is engendering greater transparency and integrity in Victoria’s sports betting practices.

The VCGLR imposed the new condition in response to the findings of an extensive review of sports betting regulation in Victoria, which culminated in the Gleeson Report released in March 2011.

This led to the establishment of an internal working group to lead the implementation of specific recommendations arising from the report, with the new condition representing a key outcome of this process.

“We invited all sports controlling bodies to comment on the proposed new condition prior to its introduction under section 4.5.15(3) of the *Gambling Regulation Act 2003*,” said Acting Director, Licensing, Alex Fitzpatrick.

“The new condition provides the VCGLR with a clearer insight into the nature of sporting bodies’ agreements with sports betting providers and how this might impact on gaming activity associated with specific sports.

“We have since started a review of all sports controlling bodies to assess their continued suitability as approved entities with the intention of reviewing each body every three years,” Ms Fitzpatrick stated.

An approved sports controlling body is recognised by the VCGLR as the peak body responsible for sports betting competitions and events relating to a particular sport. As such, it is eligible to enter into agreements with sports betting providers relating to betting opportunities for its competitions and events. Approved sports controlling bodies in Victoria

include the Australian Football League, Australian Rugby Union, Basketball Australia, Cricket Australia, Football Federation Australia Limited, National Rugby League, Netball Australia, Professional Golfers Association of Australia and Tennis Australia.



## Strategic Priority 2 – Efficient

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

### Red tape reduction

On 25 March 2013, the Minister for Liquor and Gaming Regulation issued the VCGLR with a Red Tape Reduction Ministerial Statement of Expectations (SOE). The SOE set out broad measures and specific targets for us to achieve by July 2014.

A full outline of work we have undertaken is contained in Appendix 3 together with detailed data measuring the VCGLR’s performance in reducing red tape. In line with Department of Treasury and Finance (DTF) guidelines, a baseline period was selected that largely captures the period before the VCGLR was established in February 2012 and extends back to 1 January 2011.

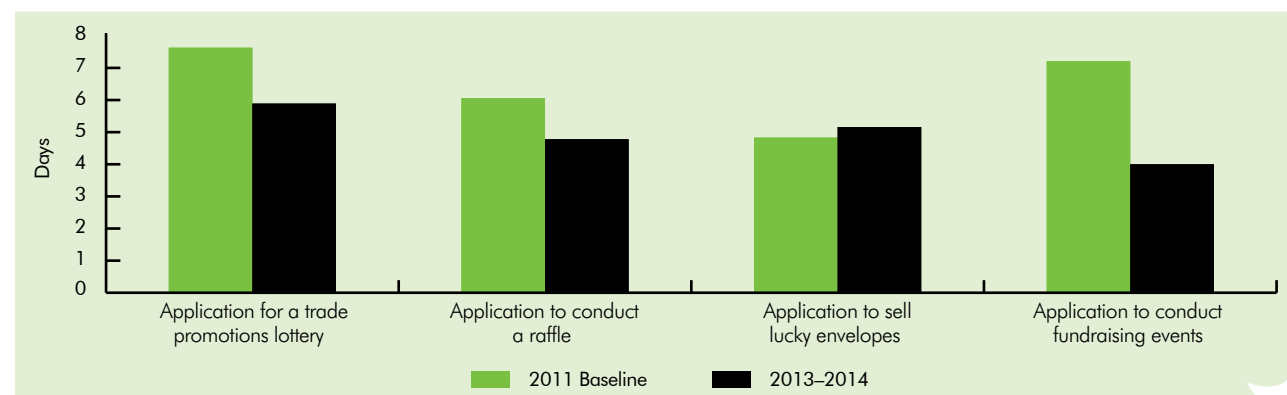
### Application determination times

The Minister set a target of reducing determination times for selected liquor and minor gaming applications by 15 per cent. We have made significant progress with a weighted average reduction in determination time of approximately 27 per cent since 2011 for liquor and minor gaming applications targeted in the SOE. For minor gaming alone, there has been a weighted average reduction of approximately 21 per cent in determination time. For

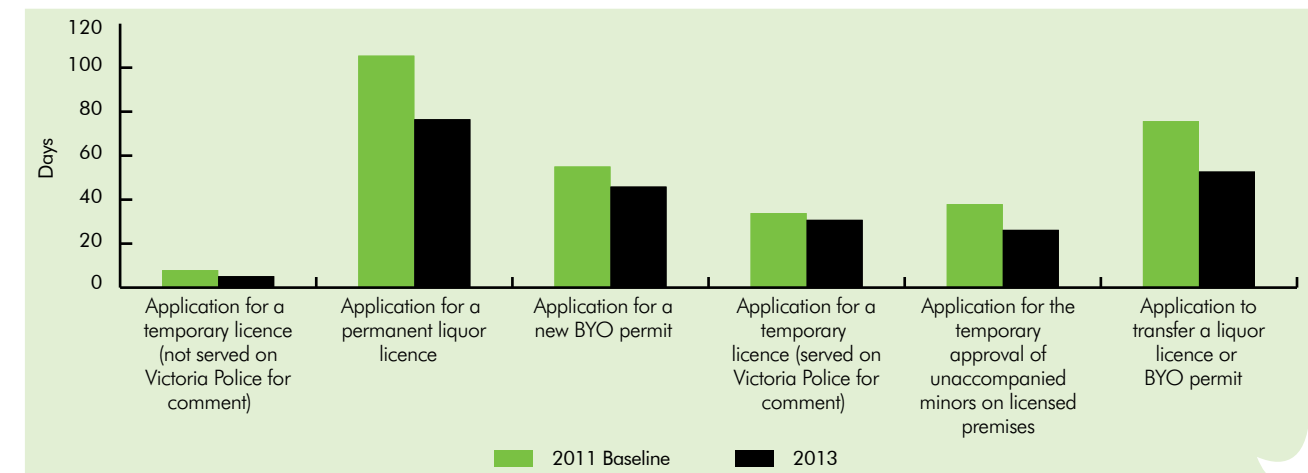
liquor licensing alone, there has been a weighted average reduction of approximately 28 per cent in determination time. Reductions have been driven by the following improvements initiated since 2011:

- an increase in the number of trade promotion lottery applications submitted electronically, resulting in less time spent entering data into our systems
- improved workflow management practices for minor gaming applications
- introduction of a pre-lodgement process for liquor licence applications, which reduced the number of incomplete applications being lodged
- the introduction of an improved audit process for liquor licence applications that enables us to identify ‘older’ applications and take steps to finalise them more quickly
- improved file management and performance management practices for liquor licence applications.

Since March 2013, we have introduced a number of additional initiatives designed to further reduce determination times and red tape (Appendix 3, Tables 16 and 17). These initiatives, together with the introduction of risk streaming into the work practices of our Licensing division, should further reduce determination times for low risk applications in future years.



**Figure 5: Average application determination times for gambling licences in days by licence category**



**Figure 6: Average application determination times for liquor licences in days by licence category**

A calculation of the reduction in regulatory costs as a result of these initiatives will be calculated by 30 September 2014 in line with DTF guidelines.

### Reduction in red tape for gambling and liquor inquiries

The Minister set the task of streamlining gambling and liquor hearing procedures and reducing average hearing times by 25 per cent. Some achievements are highlighted below.

Through updated listing and case management procedures, we have achieved a 72 per cent reduction in decision times for reviews of liquor licensing decisions. While there has been an increase in average days spent in hearings, this is still low, with average days spent in hearings less than a day.

There has been a 47 per cent reduction in determination times for contested liquor licence applications. This is largely due to our shift away from determining contested liquor licence applications via hearing, to almost always being determined on the papers under delegation by licensing staff. In the baseline period, 82 per cent of matters involved a hearing but in 2013 only 0.8 per cent involved hearings. There has also been an increase in the number of contested liquor licence applications

from 56 in the baseline period to 118 in 2013. This is attributed in part to the introduction of a public register of liquor licence applications on our website in August 2011. The public register provides the general public and local councils with improved access to application information leading to an increase in those exercising their right to object. However, overall objection rates are still very low.

There has also been a decrease in numbers of disciplinary and amenity hearings against liquor licence holders. This could be influenced by changes in operational decision-making by Victoria Police and will be further monitored by us.

There has been a 30 per cent reduction in the average number of days spent in hearings for gaming machine inquiries with matters typically listed for hearings of one day in duration (refer Appendix 3 for full details).

### Other red tape reduction initiatives

Some broad goals were set by the Minister in the SOE in addition to the specific targets outlined above. We have worked to implement initiatives recommended by the Red Tape Commissioner. Additionally, we have undertaken a number of initiatives to provide red tape reduction benefits for dual licensees who hold both gambling and liquor licences or permits. Full details of initiatives in 2013–2014 are outlined in Appendix 3.

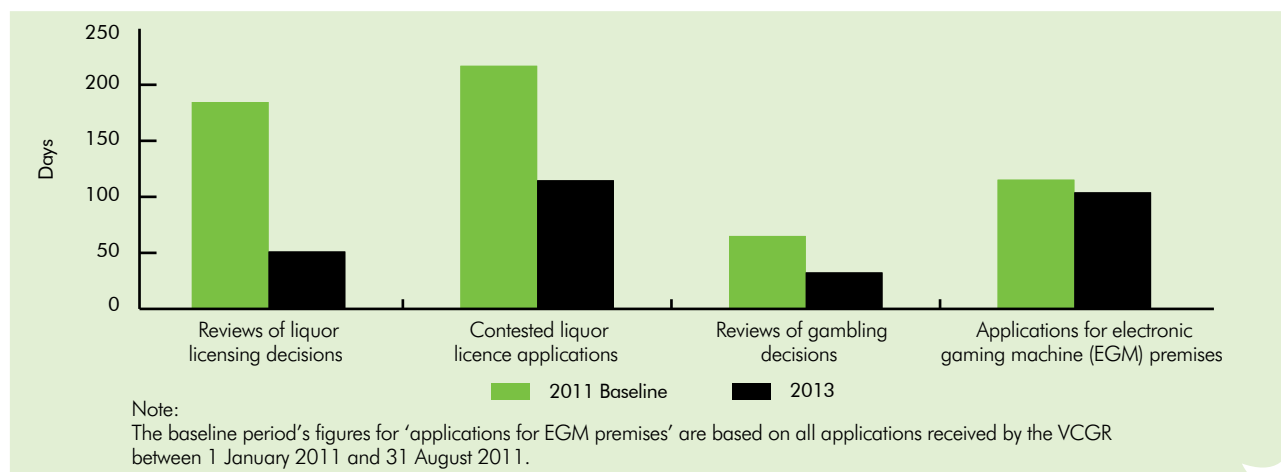


Figure 7: Average decision time for Commission hearings in days

Our key achievements are:

- launch of the VCGLR’s Regulatory Approach statement
- VCEC review
- harmonisation of the VCGLR’s gambling and liquor compliance models so that, for example, gaming venues have combined inspections due to VCGLR inspectors examining both gambling and liquor laws in the same visit
- consolidation of all public and applicant enquiries in relation to gambling and liquor through the VCGLR’s Contact Centre, improving responsiveness and allowing licensing staff time focus on processing licensing applications
- introduction of EFT for payments for gaming venues (supervision fees and entitlement payments).

### Data analysis and performance

A focus on risk-based regulation and evidence-based decision-making led to the establishment of a new dedicated Data Analysis and Performance team in May 2014.

The team will play a pivotal role in evolving our approach to data analysis and performance measurement throughout 2014–2015. This includes collating, analysing and reporting data to identify and categorise risk levels

across Victorian venues, further strengthening our evidence-based regulatory approach.

### Casino implements our recommendations

The VCGLR completed its major review of the casino operator. This was the Fifth Review of the Casino Operator and Licence and the first conducted by us. The review’s key purpose under section 25 of the *Casino Control Act 1991* was to investigate the casino operator’s suitability and report this to the Minister, as part of our ongoing regulatory oversight of the licence.

On 14 August 2013, the Minister for Liquor and Gaming Regulation released our review. We found Crown Melbourne Limited, the company that operates the Melbourne Casino, suitable and compliant. We made 10 recommendations for improvement that focused on ensuring the Melbourne Casino adheres to best practice in key areas. Five of the recommendations related to responsible gambling, four related to corporate governance and one related to the availability of game rules. The Melbourne Casino has completed the implementation of eight of the recommendations and the remaining two are on track for completion in the timeframes set out in the review. We will monitor the implementation of the remaining recommendations.

### Case study

## The changing face of lottery supervision in Victoria

Over the past 18 months, the VCGLR’s responsibilities for the supervision of public lotteries have changed.

For the year 2011–2012, we supervised the conduct of 1,726 lottery draws. The lottery draws supervised during this time included the daily (four) Intralot Random Number Generated (RNG) draws and the weekly (five) Tattersalls and Intralot lotteries conducted using a ball draw device.

In 2011, an amendment to the *Gambling Regulation Act 2003* took effect which removed the mandatory requirement for the VCGLR to supervise RNG lottery draws. As a result, we ceased the regular supervision of all Intralot RNG draws in June 2013. Prior to ceasing the supervision of RNG draws, we conducted the necessary due diligence to ensure the integrity of the relevant draws continued.

As part of our regulatory responsibilities, the following audit functions are conducted on an ongoing basis to assess the conduct of the draw, ensure the integrity of reported financial data and assess the validity of declared results:

- random attendance at the conduct of RNG draws to ensure processes are undertaken in line with approved procedures
- weekly settlement auditing to verify the distribution of entitlements
- winner selection reviews of daily data files using independently developed software packages to confirm sales and divisional winners by draw.

In February 2014, we received a request from Tattersalls to relocate all draws supervised in Melbourne (OZ Lotto, Powerball, Saturday Lotto and Super 66) to Brisbane. Before determining the request, we conducted a detailed review including an examination of the proposed draw facilities, draw security and disaster recovery plans in Brisbane.

We approved the Tattersalls request after determining that the integrity of draws and fairness for Victorian players will be assured.

It is expected that the four draws currently conducted by Tattersalls in Victoria will relocate to Queensland by the end of August 2014. This will see the responsibility for supervising draws residing with the Queensland Office of Liquor, Gaming and racing rather than with us. We have authorised staff from the Queensland Office of Liquor, Gaming and Racing to supervise these draws.

Although the conduct of lottery draws will be moved to Queensland, we will still play an important role in ensuring the integrity of the draws by:

- regularly reviewing draw procedures to ensure integrity of draw conduct and security of draw data
- receiving reports on any significant matters from the Queensland regulator
- conducting bi-annual onsite reviews of all draw processes and baseline testing of the lottery system
- conducting regular winner selection audits.





## Strategic Priority 3 – High performing

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

### Industry perceptions benchmarked

In late 2013, Quantum Market Research was engaged by the VCGLR to research and benchmark industry perceptions of our operations and performance.

The methodology included qualitative and quantitative research with more than 500 licensees and employees interviewed from across the gambling and liquor industries. The findings, which indicated widespread satisfaction with our overall performance, identified some improvement areas.

These included further promoting our role as an educator and improving the way we engage and communicate with industry participants.

In addition, the survey results provide an important benchmark for measuring our performance in the future.

### Newsletter survey brings improvements

The VCGLR issued a readership survey to coincide with the Spring 2013 edition of the VCGLR News.

This was the first opportunity to receive reader feedback on the industry newsletter since it was first published in Autumn 2012.

The purpose of this survey was to:

- assess the level of readership of the newsletter
- gain initial feedback on the newsletter in terms of what interests readers and what is perceived to be useful information
- gauge if the newsletter encourages readers to take action that supports our compliance and educative functions
- gain a greater understanding of our readership demographic, based on the survey respondents

- determine our readers' preferences regarding the way the newsletter is presented and the frequency of information.

As a result of the survey findings, we have made a number of changes to improve the VCGLR News. These include highlighting positive case studies in each edition, more news from forums and accords and supplementing the quarterly newsletter with short email alerts to make sure subscribers receive news in a timely fashion. Work is also underway to update our image library to ensure that images enhance articles and are always relevant.

### Learning and development outcomes boosted

Our inaugural Learning and Development Survey in October 2013 sought to address the annual public sector People Matter survey findings by examining staff satisfaction with this area in detail as the basis for identifying improvements. Its findings led to the development of the VCGLR Learning and Development Strategic Framework and an annual training calendar.

The framework provides a clear structure and direction for developing a highly skilled and motivated workforce. This encompasses ongoing analysis of our current and future workforce needs, equitable access to learning and development opportunities, provision of targeted training programs and guidelines around individual responsibilities.

In focusing on optimising all employees' job knowledge and ongoing skills development, the framework supports our overall productivity, workplace culture and climate, effectively contributing to staff wellbeing.

The annual learning and development calendar represents a core framework component with the selection of training programs based on staff feedback via the survey. During 2013–2014, we delivered more than 2,300 hours of staff training via in-house learning opportunities.

In addition, staff accessed more than 450 extra training hours via the Nexus Learning Management System online training portal following its implementation in September 2013. This system offers

a web-based application that delivers, tracks and manages individual learning activities to support our capability at the individual and organisational level.

### Case study

## Mentoring others brings rewards

A focus on nurturing the best and brightest young minds saw Manager, Data Analysis and Performance, Emily Sanders, acknowledged in the 2014 Victorian Public Service (VPS) Graduate Recognition Awards.

Emily received a Graduate Manager/Supervisor Recognition Award for her outstanding work in developing and supporting three participants in the VPS Graduate Program who spent time working at the VCGLR.

"While it was a great honour to be nominated and then to receive an award, what I most enjoyed was helping young people, new to government, gain an understanding of how it all works and how they can make a positive contribution," Emily said.

"This is the second time I've been involved in the program and, once again, I really enjoyed the teaching element. Seeing the graduates go on to establish successful careers in the public service is incredibly rewarding and plays a key role in shaping the future of public policy in Victoria."

Emily also attested to the program's value for the VCGLR.

"Each of the three graduates who worked with us on a four-month rotation brought with them new ideas and different ways of looking and thinking about things, which they freely expressed," she explained.

"Challenging the way things were being done really helped us to shine a light on how we could do some things better.

"Many people describe the program as a two-way street but I see it more as a three-way street because of its ongoing benefits for the graduates, for my role as a manager and for the VCGLR as a whole," said Emily.

In accepting her award, Emily acknowledged the vital support provided by our People and Culture division, which ranged from interviewing potential candidates to coordinating necessary staff induction and administration processes.

"Getting three new people in and out of our organisation in very truncated timeframes across a 12-month period is certainly not easy but our People and Culture team did a sterling job," Emily concluded.



Emily Sanders with her award

## Strategic Priority 4 – Networked

**Our success as a regulator will be defined by the nature of the relationships we foster with relevant stakeholders.**

### Engagement approach lifted to next level

The past year marked another step forward for our stakeholder engagement activities with the development and implementation of the VCGLR Stakeholder Engagement Strategy and supporting framework.

The strategy focuses on:

- identifying and engaging priority and key stakeholders
- fostering new engagement while building on our existing engagement activities with co-regulators, peak bodies and individual licensees
- establishing an organised, planned process for consistent documentation and sharing of stakeholder engagement insights
- raising awareness and creating a positive perception of the VCGLR among key stakeholders and, ultimately, the Victorian public.

The Stakeholder Engagement Framework supports the strategy by providing the direction, tools and tactics to deliver on our objectives.

### Metropolitan and regional stakeholders engaged

During 2013–2014, the VCGLR engaged widely with industry and community stakeholders. The purpose of this engagement was to gain a better understanding of the gambling and liquor industries and community expectations as well as to improve understanding of our regulatory activities.

We held three gambling and four liquor community stakeholder forums attracting various community support and advocacy agencies, including the Salvation Army, Gamblers Help, Victorian Responsible Gambling Foundation, Grampians Community Health and representatives from VicHealth, the Municipal Association of Victoria and the Office of Liquor, Gaming and Racing.

Guest speakers presented on a range of relevant topics including issues relating to the night time alcohol trade, Melbourne Casino's protective framework for problem gambling and social harms associated with the sale and supply of packaged alcohol.

November 2013 saw us team up with the Office of Liquor, Gaming and Racing, part of the Department of Justice (DOJ), to co-chair our first combined gambling and liquor industry forum for industry stakeholders. This joint approach proved effective in disseminating information and discussion on operational and policy issues via a more streamlined, integrated approach.

Liquor forums are meetings of liquor industry representatives and community members who meet regularly to develop strategies to improve the operation of licensed premises and reduce alcohol-related harm in a local area. Forums are led by local Victoria Police members and local councils. We support these meetings by providing resources, educational material and regular email updates to impart important information about legislation changes and new initiatives.

During the past year, the VCGLR attended 100 liquor forums. We also established a new forum bulletin emailed to each liquor forum chairperson to provide relevant and timely information updates.

The Ballarat Liquor Forum demonstrates the outcomes that can be achieved by providing licensees with a network to discuss and resolve issues at a local level with support from Victoria Police. Since its establishment in 2005, a high number of new licensed venues have signed on to the Ballarat Liquor Accord. The past year also saw members modifying the process of banning patrons from venues so that a patron banned from one venue is banned from all venues in the area but is afforded a right of appeal via a panel of members.

In support of liquor forums, we have commenced a program of engagement with forum chairpersons to provide a collaborative setting to exchange ideas and identify common concerns. As part of this program, our staff met with Victoria Police chairpersons of liquor forums in Gippsland to share best practice and brainstorm strategies to address common issues.



Ballarat liquor accord chairman Inspector Bruce Thomas with Ballarat CBD licensees after a meeting to revamp the liquor accord in Ballarat. Photography courtesy of *The Courier*, Ballarat

Liquor accords are codes of practice or agreements that affect the supply of liquor, the opening and closing of premises or other aspects of the management of licensed premises. They are entered into between two or more licensees and are approved by Victoria Police and the VCGLR. This year, we approved 33 accords.

This year we also re-established the SWIS, with the first one held in Bendigo on 24 June, to inform our regional stakeholders about recent changes and developments in the gambling and liquor industries. More than 100 people attended, including managers and employees of licensed liquor and gaming venues, council staff and planners, Victoria Police, club committee members, volunteers and others.

Topics covered included overviews of current gambling and liquor issues, presentations by the Australian Drug Foundation on the GoodSports program and addressing drug use in venues and a segment explaining local government's role in liquor licence applications, new gaming venue applications and applications for gaming machine increases. The feedback from those who attended was overwhelmingly positive.

### Major licence management moved ahead

The VCGLR implemented a new way to manage major gambling licences, including:

- developing and implementing a new licence management framework
- establishing strong relationships with major licensees and key industry stakeholders focused on effective regulation via performance and compliance monitoring
- identifying and managing risks to achieve desirable regulatory outcomes.

In the first 12 months, we met regularly with each of the major gambling licensees, established reporting frameworks within the VCGLR to better manage information flows and risk assessments and investigated opportunities with industry to reduce the regulatory burden while ensuring ongoing compliance.

We also initiated periodic meetings with senior management of major licensees to maintain an understanding of issues for the operation of their licences and ensure their awareness of our expectations.

### Joint operations achieved results

We continued to work collaboratively with Victoria Police, local councils, the Environment Protection Authority, VicRoads and other agencies to achieve an integrated approach to regulating Victoria's gambling and liquor industries.

This saw 29 targeted joint operations undertaken in 2013–2014, including at major metropolitan and regional events such as the Royal Melbourne Show, Spring Racing Carnival, Australian Grand Prix, Yarra Valley Grape Grazing Festival, Portsea Polo, Port Fairy Folk Festival and Groovin' the Moo in Bendigo.

Our approach to events like these includes planned inspections with co-regulators, intelligence sharing, pre-event meetings with organisers and coordinated activities during the event. This approach raises the



awareness of licensees supporting events to be run responsibly.

We demonstrated our proactive and educative approach by visiting licensed venues operating in the snowfields and surrounding regional towns prior to the snow season. VCGLR inspectors visited 65 liquor licensed premises and 16 gambling venues. Some of these premises operate only during the peak snow season, recruiting staff from other areas. When conducting these visits, licensees are provided with immediate feedback on their compliance levels so they can understand their RSA obligations and immediately rectify any issues. By working with licensees in this way, our inspectors were able to identify concerns prior to them becoming a problem.

#### Case study

### Proactive compliance in action

As a result of complaints received from the general public about minors in Hawthorn licensed premises using fake identification, we initiated a joint operation with Victoria Police and VicRoads involving 12 enforcement officers. Three Hawthorn nightspots and a packaged liquor outlet were targeted by the three agencies.

The operation involved covert surveillance of premises and the surrounding area in order to obtain intelligence on tactics used by minors to gain entry into licensed premises and on the pre-loading of alcohol. All three enforcement agencies then worked together with crowd controllers at the front of the venues to identify individuals using suspect identification in an attempt to gain entry. Suspect identification was confiscated and, as appropriate, individuals were issued with infringement notices by Victoria Police. VCGLR, Victoria Police and VicRoads enforcement officers then conducted checks inside venues identifying further individuals using suspect identification.

This operation resulted in approximately 15 driver's licences being confiscated and appropriate enforcement action being taken by Victoria Police for minors falsely representing themselves to be over 18 years of age.

### Online information assists compliance

We are responsible for informing and educating industry and the general public about regulatory practices and requirements. A major channel of communication is our website.

There were 1,167,581 unique page views\* for the VCGLR website and 131,620 calls, emails and 'in person' enquiries to the Contact Centre for the 2013–2014 financial year. Top web pages visited included RSA, gambling and liquor landing pages and the Gaming industry employee pages.

\* Unique page views represents the number of times an individual visits the website during the set date range (cuts out multiple visits to a page by a single user).

The VCGLR also identified other amenity, alcohol advertising and liquor supply issues during the operation. These issues were dealt with on the night with our inspectors having discussions with licensees on how to reduce the risk of problems in the future. Follow-up inspections will take place to monitor action taken by licensees to address concerns raised.

Licensees expressed interest in having their crowd controllers participate in a VicRoads training session to enhance their skills in identifying fake IDs.

VCGLR Compliance Director, Karen Lees said:

"This is a great example of our cooperative approach, which demonstrates the importance of the VCGLR, co-regulators and industry stakeholders working to ensure harm minimisation of the gambling and liquor industries.

"It was very pleasing to see this working relationship in action in the Hawthorn operation, including the enthusiasm shown by licensees in working with us to ensure they are compliant with their legislative obligations," said Ms Lees.

#### Case study

### Networking to address modern gaming challenges

Delegates from around Australia and overseas converged on Melbourne in June for the 2014 Australasian Casino and Gaming Regulators' Conference, which we co-hosted with the Norfolk Island Gaming Authority.

According to VCGLR Chairman, Bruce Thompson, the conference provided a vital opportunity to explore the impacts of rapidly evolving technology and changing markets on industry regulation.

"The forces that shape our business world are ever present and create change and paradigm shifts at a pace we have never experienced before," explained Mr Thompson.

"It is important that we get together to discuss, debate and collaborate to help shape our collective responses to these changes," he said.

The conference agenda covered a wide range of topics including the growth of sports betting, the racing integrity landscape and the progress of a voluntary pre-commitment system in Victoria.

Speakers included Blair Cairncross (Executive Director, New Zealand Gambling Commission), Jamie Nettleton (Vice-President, International Masters of Gaming Law) and Jerry See (Chief Executive, Casino Regulatory Authority, Singapore).

Panel discussions on the challenges of cross-border regulation and online gaming generated robust debate amongst delegates, confirming the view of our Acting Chief Executive Officer, Catherine Myers, about the conference coinciding with a dynamic period in the evolution of gaming.

"We are seeing the growth of online gambling, with people accessing gambling channels at home, in the workplace, on smart phones and on iPads," stated Ms Myers. "Technology is changing, people's habits

are changing and so we, as regulators, must change too," she said.

The conference drew positive feedback from all delegates including international representatives from Singapore and New Zealand, and interstate regulators from Western Australia, South Australia, Queensland, New South Wales, Tasmania, Northern Territory and the Australian Capital Territory.

"The conference presented a fantastic opportunity to hear from other regulators about the challenges they are facing and how they are dealing with them," said Anna McGill, Senior Director Regulatory Systems and Operations of the Northern Territory's Department of Business.

"I was particularly interested in the way the Victorian regulator has moved to a more risk-based approach to regulation. That session was highly informative and gave me some great ideas which will assist with our legal and operational policy development," Ms McGill said.



Delegates at the 2014 Australasian Casino and Gaming Regulators' Conference, Melbourne

# Part 3:

Our organisation

# The Victorian Commission for Gambling and Liquor Regulation

## Who we are

The 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*
- the supply and consumption of liquor in accordance with the *Liquor Control Reform Act 1998*.

## Who we regulate

We regulate 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.

We oversee 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.

## Commissioners

Commissioners are appointed by the Governor-in-Council, on the recommendation of the Minister for Liquor and Gaming Regulation, to act as the VCGLR’s statutory officers.

They are accountable for statutory decision-making and are also directors of a public sector board responsible for strategy, governance and risk management. Their statutory decisions 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 VCGLR meetings and contributes to decision-making. This position 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.

# Our Commissioners



**Bruce Thompson**  
Chairman

Bruce was the Chairman of the former Victorian Commission for Gambling Regulation (VCGR). 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, Chief Executive Officer 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 VCGR 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.



**Ross Kennedy PSM**  
Deputy Chairman

Ross has an extensive background at senior levels in service to the Victorian Government and was Executive Director responsible for liquor, gaming and racing at Department of Justice immediately prior to his appointment as a Commissioner. During his time in that role over 10 years, Ross led significant change in the regulation of Victoria’s gambling and liquor industries. Between 1994 and 2003, Ross was the Executive Director of Sport and Recreation Victoria, during which time he was awarded an Australian Public Service Medal for outstanding service, particularly in the development of the state’s sport and recreation structure.

## Our Commissioners



**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 held 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, Chief Executive Officer of the Australian Retirement Village Association and 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 VCEC between 2004 and 2010, Head of Office at the Productivity Commission from 1996 to 2004 and a senior executive at the Commonwealth Treasury from 1983 to 1990. 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.

## Re-appointment of Commissioners

Gail Owen, Des Powell, Kate Hamond and Robert Kerr were re-appointed on 6 February 2014 to 5 August 2015, inclusive.

**Table 2: Commission meetings, inquiries and hearings 2013–2014**

Inquiries				
	Matters determined	On papers	Private inquiry	Public inquiry
Gambling – new premises	1	–	–	1
Gambling – electronic gaming machine increase	17	1	–	16
Gambling – appeal against refusal to grant a gaming licence	1	–	1	–
Gambling – appeal against self-exclusion order	10	5	5	–
Gambling – disciplinary action	1	–	1	–
Liquor – contested application	1	–	–	1
Liquor – internal review	26	9	–	17
Liquor – disciplinary action	3	–	–	3
Liquor – amenity inquiry	3	–	–	3
<b>Total</b>	<b>63</b>	<b>15</b>	<b>7</b>	<b>41</b>
Hearings				
Directions hearings		9		
Preliminary conferences		0		
Hearings		55		
Sitting days		53		
Meetings				
Regular		12		
Special		5		



## Our Chief Executive Officers



**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.

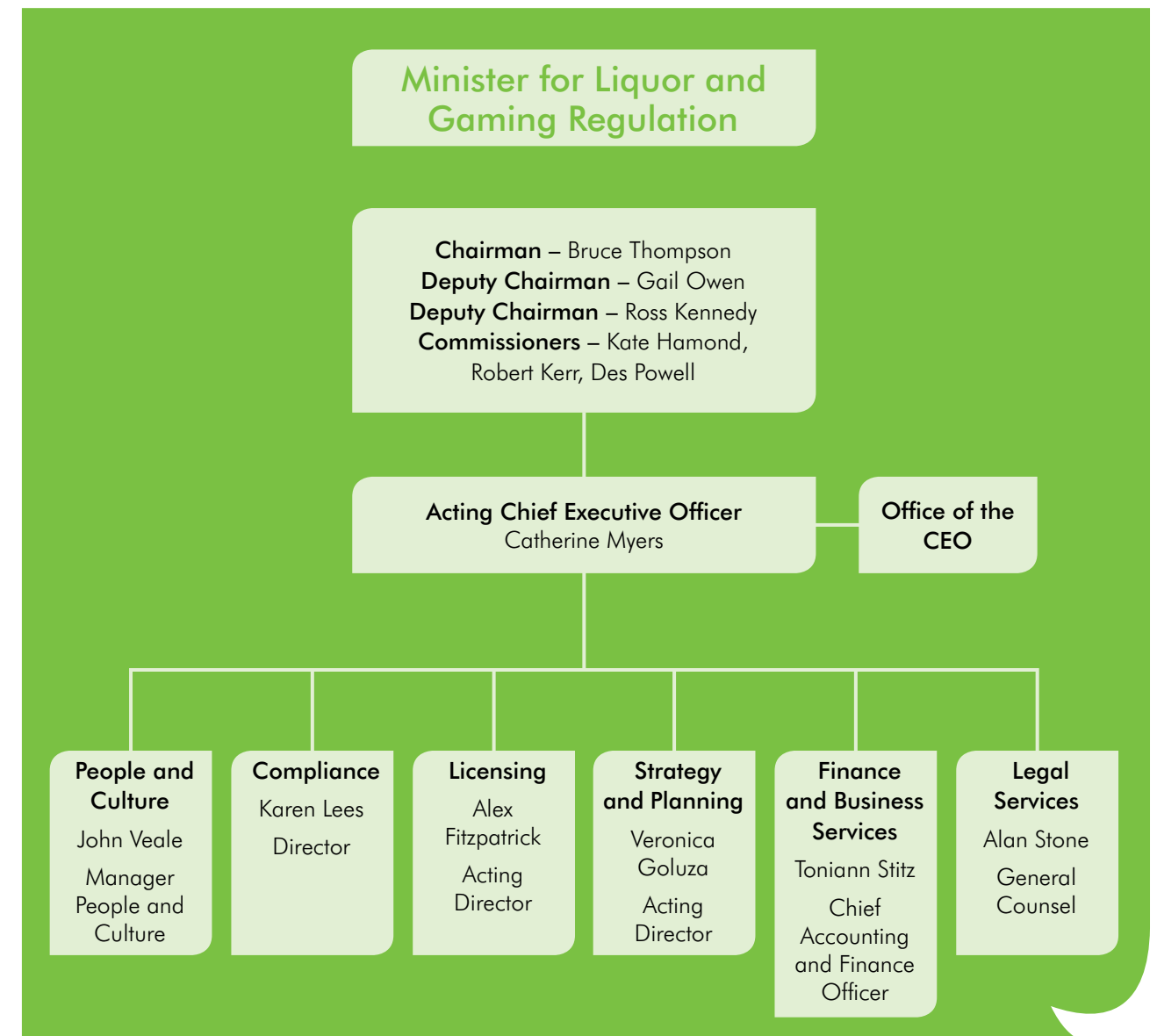


**Catherine Myers**  
Acting Chief Executive Officer, 24 March 2014–current

Catherine has an extensive background in communications, education, strategy, planning and client services within both the public and private sectors.

Catherine is currently acting in the role of Chief Executive Officer. Her substantive position as Director Strategy and Planning involves managing VCGLR’s strategy, risk and planning processes, and data and analytical capabilities. Prior to this, Catherine undertook various roles within DOJ, where she worked in a demanding and complex stakeholder environment to manage change programs.

## Organisation structure



Positions current as at 30 June 2014

Refer page 88 for responsible persons in nominal and acting executive roles

# Our divisions

The VCGLR consists of six divisions:

- 1. Licensing
- 2. Compliance
- 3. Legal Services
- 4. Strategy and Planning
- 5. Finance and Business Services
- 6. People and Culture



Our executive (from left to right) Veronica Goluza, Alan Stone, John Veale, Catherine Myers, Toniann Stitz, Karen Lees, Steven Loh, Alex Fitzpatrick

## 1. Licensing

The work of our Licensing division covers the following four areas:

- **Licensing and approvals** – assessing and determining applications for gambling and liquor licences, permits and approvals
- **Monitoring standards** – monitoring the standards of industry participants through the administration of the demerit points system, the community benefit statement returns by clubs, bingo and raffle returns, gaming machine entitlements instalment payments, and the monitoring of gaming industry participants
- **Gambling audit and risk assurance** – conducting risk-based audit functions to ensure the integrity of gambling operations within Victoria and

the accuracy and completeness of all stakeholder distributions from gambling

- **Major licences management** – regulating operations through the development of strong relationships with major licensees and key industry stakeholders, monitoring the performance and compliance with their licences and identifying and managing risks for the achievement of desirable regulatory outcomes.

## 2. Compliance

Our Compliance division is responsible for inspecting, educating, investigating and enforcing compliance with Victoria’s gambling and liquor legislation. The division uses a risk-based, intelligence-led compliance model to identify and treat risks within Victoria’s

gambling and liquor industries. This approach regulates these industries according to the risk they pose to the community. The division’s focus aims to treat risks holistically, using an educative approach to encourage compliance. Non-compliance results in commensurate enforcement action (refer Strategic Priority – Modern, page 19).

VCGLR inspectors conduct inspections and system audits of licensed gambling and liquor venues throughout Victoria to ensure licensees and venue operators are aware of and comply with their legislative obligations. They also undertake various other compliance activities aimed at achieving our harm minimisation objectives.

VCGLR inspectors work collaboratively with other VCGLR divisions and co-regulators and stakeholders, including Victoria Police and local councils, to uphold the culture and integrity of harm minimisation in the gambling and liquor industries.

## 3. Legal Services

The Legal Services division, led by General Counsel, provides legal services to the Commission and its operational units and is responsible for setting and implementing a modern, comprehensive corporate governance framework.

Its legal services include advising the Commission and staff on various legal matters, representing the Commission in appellate and review proceedings and acting as Counsel Assisting in Commission inquiries. The division also provides registry and secretariat services, necessary for the efficient processing of Commission business.

In a strategic role, the division superintends the Commission’s governance obligations to ensure compliance with legislative requirements, such as freedom of information, privacy, protected disclosures and aspects of the *Public Administration Act 2004*.

General Counsel works closely with the Audit Committee to ensure it receives accurate information and that its governance recommendations are effectively implemented.

## 4. Strategy and Planning

The Strategy and Planning division steers the development of organisational approaches and strategies by:

- leading strategy development and planning
- analysing business performance and data to support evidence-based decision-making
- managing our reputation through effective stakeholder engagement, communication and education programs.

Its functions include business and strategic planning, legislative and regulatory policy, data and performance analysis, education and training, client services, communication services and information and communications technology to support efficient and effective operations.

## 5. Finance and Business Services

The Finance and Business Services division provides various corporate support services including finance, building and facilities, document management and office administration. It is responsible for ensuring accurate, transparent, timely management and reporting of the financial performance and associated transactions of the VCGLR, collection of licence and taxation revenue and compliant, prompt, efficient and accessible support services.

## 6. People and Culture

The People and Culture division provides strategic advice in relation to the organisation’s people development and change management programs, related governance requirements, workforce planning, capability development, organisational culture, leadership growth and occupational health and safety. This includes developing policies that reflect our organisational and Victorian Public Service values and ensuring compliance with relevant legislation. The division also supports the organisation in meeting its obligations as an equal opportunity employer and responsible corporate citizen.



# Part 4:

## Appendices

Appendix 1: Disclosure index

Appendix 2: Ministerial directions and regulatory requirements

Appendix 3: Additional information

Appendix 4: Inspections, audit and enforcement

Appendix 5: Governance

Appendix 6: Historical trends in gambling and liquor

## Appendix 1: Disclosure index

Our Annual Report is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of our compliance with statutory disclosure requirements.

**Table 3: Disclosure index**

Legislation	Requirement	Page reference
<b>Ministerial directions and regulatory requirements</b>		
<b>Report of operations – Financial Reporting Directions guidance</b>		
<b>Charter and purpose</b>		
FRD 22E	Manner of establishment and relevant Ministers	36, 86
FRD 22E	Objectives, functions, powers and duties	36
FRD 22E	Nature and range of services provided	36, 42–43
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## 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.

**Table 3: Disclosure index (continued)**

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<i>Financial Management Act 1994</i>		1, 90, 115, 148, 155
<i>Freedom of Information Act 1982</i>		90–91
<i>Gambling Regulation Act 2003</i>		21, 23, 27, 36, 49, 56, 72, 81, 116, 145
<i>Liquor Control Reform Act 1998</i>		15, 20, 21, 36, 62, 71, 82–85,
<i>Protected Disclosure Act 2012</i>		91
<i>Public Administration Act 2004</i>		36, 43, 87, 89
<i>Victorian Commission for Gambling and Liquor Regulation Act 2011</i>		1, 86, 106, 115
<i>Victorian Industry Participation Policy Act 2003</i>		91

**Table 4: Electronic gaming machines (EGM) limits imposed by Ministerial direction and regulatory requirements as at 30 June 2014**

	Number	Per cent
<b>Gaming machine entitlement limits imposed by section 3.4A.5 of Gambling Regulation Act 2003</b>	<b>27,500</b>	<b>100.00</b>
Allocated to venue operators	27,117	98.61 <sup>1</sup>
Number of gaming machines entitlements attached to an approved venue	26,368	95.88 <sup>1</sup>
<b>Gaming machine entitlements inside / outside the Melbourne Statistical Division (MSD)</b>		
Minimum outside MSD	5,500	20.00 <sup>1</sup>
Maximum inside MSD	22,000	80.00 <sup>1</sup>
Current outside	7,872 <sup>2</sup>	28.62 <sup>1</sup>
Current inside	19,428 <sup>2</sup>	70.65 <sup>1</sup>
<b>Portion of gaming machine entitlements</b>		
Venue condition 'Hotel'	13,750 <sup>3</sup>	50.00 <sup>1</sup>
Venue condition 'Club'	13,550 <sup>3</sup>	49.27 <sup>1</sup>
<b>Number of gaming machines entitlements attached to an approved venue</b>		
Venue condition 'Hotel'	13,425 <sup>4</sup>	48.82 <sup>1</sup>
Venue condition 'Club'	12,943 <sup>4</sup>	47.06 <sup>1</sup>

Note:

1. Proportion of 27,500 (i.e. Proportion of total Gaming Machine Entitlements).
2. Totals 27,300 because 200 entitlements were not allocated for auction by the Victorian Government, and have not been offered for sale since.
3. Totals 27,300 because 200 entitlements were not allocated for auction by the Victorian Government, and have not been offered for sale since.
4. Totals 26,368, i.e. number of gaming machine entitlements attached to an approved venue.

## Appendix 3: Additional information

Information available on our website includes:

- bingo centres and commercial raffle organisers
- Commission reasons for decisions following hearings and inquiries
- demerits register
- enforceable undertakings
- gaming machine expenditure data broken down by local government area (monthly) and venue (six-monthly)
- fees and fines
- gaming machine caps and limits
- gaming machine entitlements
- gaming signage
- 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
- interactive map of liquor licences
- liquor licences
- liquor signage
- laws and regulations
- Ministerial directions
- Responsible Service of Gaming training course providers
- RSA training course providers
- Roll of Manufacturers, Suppliers and Testers
- VCGLR rules.

### Gambling licensing-related activity

#### Employee licensing

We issued 2,762 new licences and 465 renewed licences for Gaming industry employees, Casino special employees and Bookmaker's key employees. There were 33,634 active licences at 30 June 2014, compared to 34,717 at 30 June 2013.

### Minor gaming

We determined 362 applications to be declared as community and charitable organisations and 262 applications seeking to renew their status to enable legitimate community and charitable gaming activities such as bingo and raffles.

We issued permits and notifications for 2,371 trade promotion lotteries and 694 minor gaming activities (including raffles) to support their conduct.

### Commercial licensing

We undertook 927 assessments relating to the structure, probity and financial status of participants 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 casino.

We also undertook activities relating to the ongoing monitoring of all commercial licence holders to identify any changes in structure, addition of associates or any adverse probity or financial issues. We considered applications relating to Responsible Gambling Codes of Conduct, transfer of gaming machine entitlements and amendments to EGM entitlement conditions.

### Gambling products

Over 150 changes to the electronic systems and equipment that underpin lotteries, Keno and wagering and betting were approved. Some of these changes improved system efficiency, while others supported the introduction of new or amended gambling products.

We determined applications for approval from manufacturers and suppliers for over 200 new games or gaming machines and in excess of 200 variations to existing games or gaming machines, to be supplied to gaming venues or the Melbourne Casino. Each application was accompanied by independent test reports, artwork, player information displays and mathematical bases for games and payouts. We

examined applications thoroughly to ensure they complied with relevant legislation and standards, including the minimum player return, game fairness and security, as well as responsible gambling issues. In May 2014, changes to legislation lowered the minimum return to player for EGMs from 87 per cent to 85 per cent. However, by 30 June 2014, we were still to receive an application for a game that offered a version of less than 87 per cent.

Changes to the electronic monitoring systems that monitor these games and gaming machines are submitted to us for assessment against standards to ensure integrity in the monitoring of gaming machines and the tracking of revenue. Changes to the Intralot Monitoring System were approved, which allowed Intralot Gaming Services Pty Ltd to expand its capabilities and fulfil its contractual arrangements with the State of Victoria.

### Sports betting

In Victoria, wagering providers may only provide bets on racing products or on betting events that have been approved by the VCGLR. During the year, we approved three new sports betting events as suitable for betting, namely, field hockey, volleyball and badminton. In assessing these applications, we took into account the extent of legitimate control by peak bodies, as well as the risk to integrity of the sport if betting is allowed. Wagering providers may accept bets on any approved sports betting event but can only do so in the case of an event that is controlled by an approved sports controlling body if they have a revenue sharing agreement in place with the body. There are currently nine approved sports controlling bodies. During the year, we amended the approval of one sports controlling body, National Rugby League, to expand its responsibilities to include an additional rugby competition. No further organisations sought approval to be sports controlling bodies.

### Monitoring standards

Integrity of sports betting is a key focus for the VCGLR. We commenced a series of risk-based and intelligence-

led reviews of each sports controlling body to assess their suitability to remain approved as sports controlling bodies and the sports betting events for which they are responsible. The first review of Cricket Australia was completed in February 2014 and we found it suitable to remain approved as a sports controlling body. We will complete a review of the nine sports controlling bodies by 31 December 2015.

In the year under review, we initiated disciplinary action in relation to 68 gambling industry licence holders: 48 matters were finalised and 30 are yet to be finalised (some of which were initiated in previous reporting periods).

Eight venue operators were issued with letters of censure for failing to lodge audited Community Benefit Statements by 30 September 2013. There were no similar breaches in the previous year.

### Responsible gambling codes of conduct and self-exclusion programs

It is mandatory for commercial gambling providers to have an approved responsible gambling code of conduct and gaming venue operators to conduct an approved self-exclusion program. We are required to provide a report to the Minister each year on the effectiveness of codes of conduct and self-exclusion programs, the level of compliance and if any disciplinary action was taken for repeated breaches. This report was submitted on 30 September 2013.

### Gaming machine entitlements

The VCGLR manages the attachment, amendment, transfer, payment and extension of relevant holding periods relating to EGM entitlements. In the year to 30 June 2014, we determined:

- 26 applications for the amendment of the geographic condition attached to an entitlement relating to 169 hotel entitlements and 186 club entitlements, all of which were granted
- 39 applications for the transfer of entitlements, relating to 971 hotel entitlements and 116 club entitlements, all of which were granted

- 67 applications to extend the entitlement holding period, all of which were granted.

In the year ending 30 June 2014, 76 entitlements were forfeited (one hotel entitlement and 75 club entitlements), bringing the total of forfeited entitlements to 183. Of these, 25 were forfeited as they had not been utilised within the holding period and no extension of the holding period had been sought by the entitlement holder. The remaining 51 entitlements

were forfeited on the basis that the entitlement holders failed to make payments as scheduled.

At 30 June 2014, 743 entitlements (414 club entitlements and 329 hotel entitlements) had not been used for the purposes of gaming on an EGM. The holding periods for these entitlements have been extended by us upon application by entitlement holders.

**Table 5: Gambling licensing-related activity**

Licence or approval type			2012–2013	2013–2014
Gaming industry employee	Issued	New	2,269	2,130
		Renewal	271	326
		Replacement	436	405
	Refused		8	20
		Appealed	1	1
	Appeal granted		2 <sup>1</sup>	1
		Appeal rejected	0	0
		Appeal pending	0	0
		Appeal withdrawn	0	0
			0	0
Casino special employee	Issued	New	666	573
		Renewal	141	139
		Replacement	121	132
		Upgrade	60	49
	Refused		1	1
		Appealed	0	0
	Appeal granted		0	0
		Appeal rejected	0	0
		Appeal pending	0	0
		Appeal withdrawn	0	0
		0		

**Table 5: Gambling licensing-related activity (continued)**

Casino operator		New associate	0	4		
Venue operator	Issued	New	15	19		
		Renewal	0	0		
		New nominee	77	65		
		New associate	465	625		
		Amendment	117	48		
	Refused	Endorsement	3	0		
			1	1		
		Bookmakers	Issued	Sole traders (new)	12	11
				Sole traders (renewal)	3	2
				Corporate (new)	1	0
Corporate (renewal)	1			0		
Partnerships (new)	18			22		
Refused	Partnerships (renewal)		2	0		
		New nominee	5	0		
		Replacement	3	3		
			1	1		
		Appealed	0	0		
	Bookmaker's key employees	Issued	New	14	10	
			Renewal	0	0	
			Replacement	0	2	
		Refused		0	1	
			Appealed	0	1	
Appeal granted		0	1			
	Appeal rejected	0	0			
	Appeal pending	0	0			
	Appeal withdrawn	0	0			

Table 5: Gambling licensing-related activity (continued)

Licence or approval type			2012–2013	2013–2014	
Bingo centre operator	Issued	New	1	1	
		Renewal	2	1	
		New nominee	3	2	
		New associate	8	6	
		Amendment	0	0	
	Refused			0	0
		Withdrawn by applicant		0	1
		Appealed		0	0
		Appeal granted		0	0
Commercial raffle organisers	Issued	New	2	2	
		Renewal	0	2	
		New nominee	1	4	
	Refused	New associate	9	43	
		Amendment	n/a	n/a	
			0	0	
Controlled contracts	Issued	New	0	n/a	
		Variations	0	n/a	
	Refused	Exemptions	0	n/a	
Roll of Manufacturers, Suppliers and Testers	Issued	New	8	4	
		New associate	81	49	
	Refused		0	0	
		Voluntary removal	0	0	
Public lottery		New associate	3	5	
Wagering and betting		New associate	10	1	
Keno		New associate	6	0	
EGM monitor		New associate	1	2	
Minor gaming permits	Issued	Raffles	402	445	
		Bingo (notifications)	24	30	
		Lucky envelopes	318	191	
		Fundraising events	22	28	
		Amendments	171	198	

Table 5: Gambling licensing-related activity (continued)

Minor gaming permits	Refused		0	1	
Trade promotion lottery permits	Issued	New	1,679	2,371	
		Amendments	388	507	
Declaration of community or charitable organisation	Refused		0	0	
		Issued	New	244	315
			Renewal	320	247
	Appealed	Refused		5	62
		Revoked		0	0
		Appeal rejected		0	0
Gambling product	Reviewed		0	0	
		Approved			
	Approved	New EGMs and EGM games	143	222	
		Modification to EGMs, games and systems	223	285	
	Approved	Linked jackpot arrangements in venues	423	191	
		Modification to wagering system	61	90	
	Approved	Modifications to Keno system	5	11	
		Modification to lottery system	19	58	
	Approved	Variations to betting rules	n/a	1	
		Variations to lottery rules	n/a	6	
	Approved	New or variations to casino games or rules	n/a	8	
Sports betting event		n/a	3		
Approved	Sports controlling body	n/a	1		

Note:

1. One appeal was pending from 2011–2012.

Table 6: Number of active gaming employee licences and registrations at 30 June 2014

Category	2011–2012	2012–2013	2013–2014
Casino special employees	3,714	3,922	3,970
Gaming industry employees	31,397	30,586	29,456
Bookmaker's key employees	195	209	208
<b>Total</b>	<b>35,306</b>	<b>34,717</b>	<b>33,634</b>



## Gambling audit and risk assurance

### Revenue and operational assurance

We conducted audit activities throughout the year to provide revenue and operational assurance across all gambling products as part of our responsibilities under the *Gambling Regulation Act 2003* and the *Casino Control Act 1991*. Key achievements include:

- Successful facilitation of the tax collection regime for gaming venues. Through the process of direct sweeping of gaming tax obligations from a venue’s nominated bank account, we successfully collected 99.998 per cent of taxes payable from gaming venues, with only \$30,393.75 outstanding since 16 August 2012. A total amount of \$1,603,675,273.83 has been receipted from gaming venues since 16 August 2012 in relation to gaming tax payable. The process, introduced in September 2012, has been extremely successful and allowed for efficient and effective use of VCGLR and venue resources to ensure prompt collection of amounts payable, adhering to statutory obligations.
- Redesign of gambling expenditure data published on our website. To allow for efficient and effective use of gambling data by external stakeholders, we now release

expenditure data in a user-friendly spreadsheet. This allows for increased flexibility for external users to manipulate data and perform independent analysis. Benefits to the industry have included an ability to immediately perform specific data analysis. Reducing the number of historical expenditure related requests has also reduced the administrative burden on us.

- Effectively transitioning to a risk-based regulatory approach by integrating the financial and operations inspectorate functions. The venue data verification and gambling operations inspections are now performed as a joint function, allowing for increased coverage and effective cross-skilling of resources.

### Gambling player loss and taxes and levies paid 2013–2014

At 30 June 2014, player loss in its various forms within Victoria amounted to \$5,393.4 million, and taxes and levies paid to the State of Victoria amounted to \$1,530.1 million (Table 7).

**Table 7: Player loss and taxes paid by category**

	Player loss	Taxes and levies paid into the Consolidated Fund
Source	\$m	\$m
Gaming machines – hotels and clubs	2,504.3	870.5
Health benefit levy <sup>1</sup>		
Sub total – gaming taxes	2,504.3	870.5
Melbourne Casino – gaming machines and table games <sup>2</sup>	1,556.8	207.7
Wagering–racing (totalisator), football, trackside and sports betting	825.2	57.6
Lotteries (Victoria only)	492.1	390.7
Keno	15.0	3.6
<b>Total</b>	<b>5,393.4</b>	<b>1,530.1</b>

Note:

1. The health benefit levy was payable for 2012–2013 and was \$84.7 million. The first instalment of \$42.33 million was received in 2012–13. It was not payable in 2013–2014.
2. In relation to Consolidated Fund taxes for 2013–2014, super tax of \$24.45 million is included in the schedule of Melbourne Casino taxes above, which were paid at the end of July 2014.

**Table 8: Applicable taxation rates by venue type and gambling type**

Gaming machines – hotels and clubs			
1 July 2013–30 April 2014	Average monthly player loss per machine		
	less than \$2,666	between \$2,666 – \$12,499	above \$12,500
Clubs	0 per cent	42.50 per cent	50.00 per cent
Hotels <sup>1</sup>	8.33 per cent	50.83 per cent	58.33 per cent
1 May 2014 onwards			
	Average monthly player loss per machine		
	less than \$2,666	between \$2,666 and \$12,499	above \$12,500
Clubs	0 per cent	46.70 per cent	54.20 per cent
Hotels <sup>1</sup>	8.33 per cent	55.03 per cent	62.53 per cent

### Casino 2013–2014

Gaming machines and table games	
General player casino tax (tables only)	21.25 per cent of player loss
General player casino tax (gaming machines only)	29.85 per cent of player loss
Commission based player tax (tables and gaming machines)	9.00 per cent of player loss
Community-benefit levy (all players)	1.00 per cent of player loss

### Lotteries 2013–2014

Public lottery tax (Australian sales)	79.40 per cent of player loss
Public lottery tax (overseas sales)	90.00 per cent of player loss
Soccer pools gaming tax (Australian sales)	57.52 percent of player loss
Soccer pools gaming tax (overseas sales)	68.00 per cent of player loss

### Keno 2013–2014

Gaming tax	24.24 per cent of player loss
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Note:

1. 8.33 per cent of player loss is payable to the Community Support Fund.

**Table 9: Supervision of lottery draws**

Draw type	Draws supervised 2013–2014
Super 66	52
Tattslotto	52
Oz lotto	52
Powerball	52
<b>Total</b>	<b>208</b>

**Table 10: Tax collection analysis by month**

Taxable month	Number of taxed venues for month			
	Scheduled for collection <sup>1</sup>	Failed initial sweep	Gaming tax subsequently collected	Gaming tax collection outstanding
July 2013	480	3	1	2
August 2013	484	0	n/a	0
September 2013	476	0	n/a	0
October 2013	483	0	n/a	0
November 2013	482	0	n/a	0
December 2013	483	1	1	0
January 2014	477	1	1	0
February 2014	465	4	4	0
March 2014	481	1	1	0
April 2014	476	0	n/a	0
May 2014	479	0	n/a	0
June 2014	474	1	1	0

Note:

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

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

This report shows information for Community Benefit Statements lodged in 2012–2013 in accordance with the determination of 1 July 2012 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.

**Table 11: Community Benefits Statements**

	Clubs
Number of Community Benefit Statements lodged	252
	<b>\$'000</b>
Net Gaming Revenue (NGR) for the financial year	843,142
<b>Community Benefit Statement claims</b>	
<b>CLASS A</b>	<b>\$'000</b>
(a) Donations, gifts and sponsorships (including cash, goods and services)	13,582
(b) Cost of providing and maintaining sporting activities for use by club members	31,416
(c) Cost of any subsidy for the provision of goods and services but excluding alcohol	11,442
(d) Voluntary services provided by members and/or staff of the club to another person in the community	4,672
(e) Advice, support and services provided by the RSL (Victorian Branch) to ex-service personnel, their carers and families	1,395
<b>CLASS A – TOTAL</b>	<b>62,507</b>
<b>CLASS B</b>	<b>\$'000</b>
(a) Capital expenditure	7,962
(b) Financing costs (including principal and interest)	6,016
(c) Retained earnings accumulated during the year	306
(d) Provision of buildings, plant and equipment over \$10,000 per item excluding gaming equipment or the gaming machine area of the venue	3,450
(e) Operating costs	193,763
<b>CLASS B – TOTAL</b>	<b>211,497</b>
<b>CLASS C</b>	<b>\$'000</b>
(a) Provision of responsible gambling measures and activities but excluding those required by law	1
(b) Reimbursement of expenses reasonably incurred by volunteers	221
(c) CBS preparation and auditing expenses	276
<b>CLASS C – TOTAL</b>	<b>498</b>
<b>CBS TOTAL (CLASS A + B + C)</b>	<b>274,502</b>
Percentage of NGR claimed for community purposes	32.56%



## Liquor licensing-related activity

We determined 16,014 liquor licence-related applications compared to 16,101 in the previous year (Table 12). This included applications for new Permanent liquor licences and permits, Temporary and Major event licences, variations to existing licences and permit conditions, and transfer of existing licences or permits. The majority of applications (63 per cent) were for Temporary limited or Major event licences. Of the applications finalised, 88 per cent were finalised within 60 days of lodgement, compared to 81 per cent in the previous year. At 30 June 2014, 17 per cent of applications awaiting determination had been pending for more than 60 days, compared to 22 per cent on 30 June 2013 and 42 per cent on 30 June 2012.

Of the total applications finalised, 94 per cent were granted, one per cent were refused and five per cent were withdrawn by the applicant.

In a small proportion of finalised applications (two per cent), objections to the grant of the applications were received from Victoria Police, local councils or community members. The majority of these applications (71 per cent) did not proceed as contested applications as either the objection was withdrawn or the application was withdrawn. Of those applications that did proceed as contested applications, 65 per cent were granted, often with special conditions.

**Table 12: Total liquor licence applications**

	2011–2012	2012–2013	2013–2014
Lodged	15,436	15,504	15,971
Finalised	15,876	16,101	16,014

Note:

Applications include, but are not limited to, applications for Permanent licences, BYO permits and Temporary limited licences, applications to vary an existing licence/permit, applications to transfer an existing licence/permit, requests to approve directors and nominees, and applications for fee waivers or reductions. The majority of applications are for the granting of a Temporary limited licence.

At 30 June 2014, there were 20,453 active Permanent liquor licences, which represented a 2.4 per cent increase on the previous year. This was largely driven by an additional 360 Restaurant and cafe licences and 147 Renewable limited licences. A temporary decrease in licence numbers after 31 July can be observed every year because licences are made inactive due to non-payment of renewal fees.

However, over the last year the number of active Permanent liquor licences has steadily increased on a monthly basis and the drop off between end of June and end of July is consistent with the previous year in approximate numbers.

We issued 14,288 Proof of age cards during the year, which are intended to be used to verify that a card holder is aged 18 years or over for the purpose of entering licensed premises. This year’s figure represents a 33 per cent increase to the last financial year (2012–2013: 10,705 cards).

At 30 June 2014, 55 liquor licences and permits, which had incurred a total of 68 demerit points, were included in the Demerits Register, as follows:

- 1 demerit point – 45 licences
- 2 demerit points – 8 licences
- 3 demerit points – 1 licence
- 4 demerit points – 1 licence.

The Demerits Register is published on the VCGLR website.

**Table 13: Licences granted by licence type**

	2011–2012	2012–2013	2013–2014
<b>New permanent licences</b>			
Full club licence	3	1	2
Restricted club licence	13	7	2
General licence	17	33	26
Late-night (general) licence	12	4	0
On-premises licence	34	56	73
Late-night (on-premises) licence	5	1	2
Renewable limited licence	346	385	315
Packaged liquor licence	61	61	64
Late-night packaged liquor licences	0	0	0
Pre-retail licence	100	152	117
Restaurant and cafe licence	325	467	427
Vigneron’s licence <sup>1</sup>	2	0	0
Wine and beer producer’s licence	730	74	24
BYO permit	118	122	131
<b>Total new permanent licences</b>	<b>1,766</b>	<b>1,363</b>	<b>1,183</b>
<b>Total temporary licences<sup>2</sup></b>	<b>9,513</b>	<b>9,380</b>	<b>9,647</b>

Note:

1. On 20 February 2012, a legislative amendment created a new licence category called the Wine and beer producer’s licence. On this date, all Vigneron’s licences were transitioned across to the Wine and beer producer’s licence category and the Vigneron’s licence category was no longer available.
2. Includes Temporary limited licences and Major event licences.

**Table 14: Exemptions to liquor licences by exemption type**

	2011–2012	2012–2013	2013–2014
Bed and breakfast	102	12	18
Butcher	36	7	5
Florist	52	8	16
Gift service	131	21	39
Hairdresser	49	5	34
<b>Total</b>	<b>370</b>	<b>53</b>	<b>122</b>

Note:

Prior to 14 May 2014, bed and breakfast businesses, florists, gift makers, hairdressers, and butchers were able to operate without a liquor licence in particular circumstances, providing they first notified VCGLR of their intention to supply liquor. The requirement to notify the VCGLR ceased on 14 May 2014 as a result of an amendment to the *Liquor Control Reform Act 1998*.

**Table 15: Proof of age cards issued**

	2011–2012	2012–2013	2013–2014
	10,152	10,705	14,288

## Red tape reduction performance

There has been a weighted average reduction in determination time of approximately 27 per cent since 2011 for liquor and minor gaming applications targeted by the Minister in the Red Tape Reduction SOE.

Weighted average reduction in determination time of approximately 28 per cent for targeted liquor licence application types.

Weighted average reduction in determination time of approximately 21 per cent for targeted gambling licensing application types.

**Table 16: Red tape reduction – licensing**

Application type	Period	Number of applications lodged and finally determined	Average determination time (days)	Per cent change
<b>Liquor licensing</b>				
Application for a new Permanent liquor licence <sup>1</sup>	2011	899	105.46	
	2013	1,013	76.55	-27
Application for a new BYO permit	2011	130	55.06	
	2013	138	45.93	-17
Application for a Temporary liquor licence served on Victoria Police for comment <sup>1</sup>	2011	3,055	33.86	
	2013	2,468	30.82	-9
Application for a Temporary liquor licence not served on Victoria Police for comment	2011	7,163	7.95	
	2013	7,118	5.20	-35
Application for the temporary approval of unaccompanied minors on licensed premises <sup>1</sup>	2011	77	37.95	
	2013	76	26.26	-31
Application to transfer a liquor licence or BYO permit <sup>1</sup>	2011	1,363	75.68	
	2013	1,400	52.76	-30

Table 16: Red tape reduction – licensing (continued)

Gambling licensing				
Application for a trade promotion lottery permit	2011	2,928	7.63	
	2013–2014	2,360	5.89	–23
Application to conduct a raffle	2011	345	6.06	
	2013–2014	440	4.78	–21
Application type	Period	Number of applications lodged and finally determined	Average determination time (days)	Per cent change
Application to sell lucky envelopes	2011	246	4.83	
	2013–2014	188	5.16	7
Application to conduct fundraising events	2011	96	7.21	
	2013–2014	27	4.00	–47

Note:

- For the baseline, figures have been calculated based on all applications received in the 2011 calendar year and subsequently determined.
- The current reporting period selected for liquor applications is all applications received in the 2013 calendar year and subsequently determined. This period has been used to ensure an accurate presentation of performance is provided given the length of time taken to finalise these applications. The more recent period of 2013–2014 financial year was used for the current gambling licensing reporting period because applications take a very short period of time to determine.
- Average determination time is the difference between the date that the regulator received the application and the date that a final determination is made.
- Determined applications are those that have been granted or denied. Applications that have been withdrawn are not included.
- Permanent liquor licence applications include: General, On-premises, Late-night, Restaurant and cafe, Packaged liquor, Full club, Restricted club, Pre-retail, Vignerons and Renewable limited licence applications.
- Temporary liquor licence applications include: Major events and Temporary limited licence applications.

1. Many liquor licence applications must be served by the VCGLR 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 VCGLR can decide to require these steps to be taken. The legislation requires us not to determine an application before the objection period ends. This is usually 30 days and can have an effect on determination times.

Table 17: Red tape reduction<sup>1</sup> – Commission inquiries

Matter type	Period	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)	Per cent change <sup>2</sup>
Reviews of liquor licensing decisions	2011	13	3	0.23	0.92	184.62	
	2013	30	17	0.57	0.10	51.23	–72
Disciplinary and amenity hearings against liquor licence holders	2011	9	6	0.78	2.11	102.78	
	2013	1	1	Numbers too low to draw a comparison	Numbers too low to draw a comparison	Numbers too low to draw a comparison	
Contested liquor licence applications	2011	56	46	0.82	n/a	216.95	
	2013	118	1	0.01	0.01	114.76	–47
Reviews of gambling decisions	2011	9	7	0.78	n/a	65.11	
	2013	11	4	0.36	n/a	32.55	–50
Disciplinary matters against gambling licence holders and other related entities	2011	27	2	0.07	n/a	127.81	
	2013	28	1	0.04	n/a	109.54	–14
Applications for EGM premises	2011	12	10	1.42	n/a	115.33	
	2013	18	16	1.00	n/a	104.00	–10

Note:

1. The percentage figures have been calculated separately which has introduced a small rounding off into the calculation.
2. The baseline figures for ‘reviews of liquor licensing decisions’ and ‘disciplinary and amenity hearings against liquor licence holders’ are based on applications to the Victorian Civil and Administrative Tribunal (VCAT) for matters that typically went to a hearing received between 1 January 2011 and 31 March 2012. During the period, some matters settled, with an agreed outcome between the parties, negating the need for a hearing. On other occasions, applicants withdrew applications. Figures for the current period are based on applications to the VCGLR received during the 2013 calendar year and subsequently determined. Some of these matters have been decided by Commissioners without the need for a hearing.



Table 18: Red tape reduction initiatives progressed in 2013–2014 financial year (continued)

Focus area	Initiative	Status
Reduce determination times for lower risk liquor licence applications and approvals	<ul style="list-style-type: none"> <li>• Create a new fast track application process for low risk underage events, modernised conditions and introduced a new youth event</li> <li>• Provide more helpful information in application forms and on our website for those applicants applying to transfer a licence who are considering also varying the licence</li> <li>• Develop a pilot with transfer applications to increase the use of email to communicate with applicants reducing reliance on postal services</li> <li>• Eliminate the nominal service fee for those who request a copy of a red-line plan</li> <li>• Introduce streamlined processes to speed up application fee payment processing and reduce the time taken to move an application through internal processing</li> <li>• Revise the 'Training for liquor licensees' fact sheet to make it more user friendly easier for applicants to understand mandatory training requirements</li> <li>• Eliminate the need for applicants to provide a copy of relevant RSA certificates and only require their certificate number</li> <li>• Create an electronic calendar of temporary and major events for internal use to assist with forward planning and a proactive approach to application processing</li> <li>• Revise processes for applicants providing business name certificates to retain robust identity requirements for applicants without holding up the granting of transfer applications</li> </ul>	<p>90 per cent complete</p> <p>Some initiatives complete in 2013–2014</p> <p>Remainder to be completed in the first quarter of 2014–2015</p>

Table 18: Red tape reduction initiatives progressed in 2013–2014 financial year (continued)

Reduce determination times for lower risk minor gaming approvals and permits	<ul style="list-style-type: none"> <li>• Delegate powers to determine applications to less senior staff to speed up application processing for lower risk minor gaming and trade promotion lottery applications</li> <li>• Publish guideline rules for fundraising event games to assist charities to more easily hold these events</li> <li>• Remove the need for applicants to provide rules of fundraising games with minor gaming applications</li> <li>• Reduce the burden of suitability checks for applicants for raffles with total prize values in excess of \$100,000 and trade promotion lotteries by removing the requirement for a mandatory National Police Certificate</li> <li>• Take a more risk-based approach to deciding conditions for raffles with total prize values in excess of \$100,000 with extra conditions to be imposed for only higher risk applications</li> <li>• Implement minor IT system improvements to speed up licensing staff data entry and decision-making processes for minor gaming applications</li> <li>• Replace an assessment of terms and conditions for trade promotion lottery applications with a compliance declaration and auditing program</li> <li>• Encourage greater use of the online application portal for trade promotion lottery applications by improving access through the VCGLR website</li> </ul>	<p>80 per cent complete</p> <p>Some initiatives complete in 2013–2014</p> <p>Remainder to be completed in the first quarter of 2014–2015</p>
Reduce the red tape on applicants and participants in gambling and liquor inquiries conducted by the Commission	<ul style="list-style-type: none"> <li>• Amend gambling inquiry forms to reduce the amount of information requested to what is absolutely necessary and provide improved guidance on additional information to be included in submissions by the parties</li> <li>• Provide increased public information about Commission inquiries on our website with information sheets and process maps for each VCGLR inquiry type</li> <li>• Provide parties in liquor internal reviews with estimated timeframes for the finalisation of the case</li> </ul>	<p>80 per cent complete</p> <p>Some initiatives complete in 2013–2014</p> <p>Remainder to be completed in the first quarter of 2014–2015</p>



Table 18: Red tape reduction initiatives progressed in 2013–2014 financial year (continued)

Focus area	Initiative	Status
Streamline application processes, reduce discretionary application requirements and improve information provided to applicants	<ul style="list-style-type: none"> <li>Introduce EFT payments for gaming venues (supervision fees and entitlement payments)</li> </ul>	Complete
Efficiencies as a result of integrating gambling and liquor regulation	<ul style="list-style-type: none"> <li>Create a single point of contact for all gambling and liquor enquiries from the public, freeing our staff in other areas to perform core duties, reducing determination times and improving timeframes for the resolution of basic enquiries</li> <li>Implement a harmonised compliance model that includes a new structure for the Compliance division and the introduction of an integrated gambling and liquor compliance inspector role. There are now single inspections for both compliance with both gambling and liquor laws</li> <li>Develop a new transfer application form for gaming venues so that a single form can be lodged to transfer both the liquor and gaming licences</li> </ul>	Complete  New transfer form to be released in first quarter of 2014–2015
Reduce reporting requirements for those regulated by the Commission	<ul style="list-style-type: none"> <li>Review most major gambling licensees reporting requirements and identify opportunities to streamline reporting to reduce unnecessary reports and revise reporting schedules. Some changes have been implemented for the casino licensee with more changes to be examined in the next financial year</li> </ul>	50 per cent complete
Modernise liquor licence conditions	<ul style="list-style-type: none"> <li>We are working to review all current licences with CCTV conditions as the first stage of this initiative. Licences with reference to outdated CCTV technology have been identified and are being varied where appropriate</li> </ul>	20 per cent complete  This is a multi-year initiative
Streamlining processes that intersect with the planning system	<ul style="list-style-type: none"> <li>Work with the VCEC to identify options to streamline the process for liquor licence applicants that do not require a planning permit (options to be progressed in consultation with DOJ)</li> </ul>	This is a multi-year initiative

Table 18: Red tape reduction initiatives progressed in 2013–2014 financial year (continued)

Review and streamline gaming venue probity checks	<ul style="list-style-type: none"> <li>We have started accepting Australian Federal Police certificates as an alternative to National Police certificates issued by Victoria Police</li> </ul>	Complete  More streamlining may occur in future years
Coordinate venue inspections with Victoria Police	<ul style="list-style-type: none"> <li>Regular joint operations are conducted by the VCGLR and Victoria Police</li> <li>Our regulatory approach sets out its collaborative approach with Victoria Police</li> <li>Data and information sharing is being progressed</li> </ul>	Taking a coordinated approach is now a 'business as usual' practice between the VCGLR and Victoria Police

### 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.

The Commission determines requests in consultation with the Chief Commissioner of Police. Designations are intended to reduce or prevent the occurrence of alcohol-related violence or disorder in the immediate vicinity of licensed premises.

During 2013–2014, the Commission declared a new designated area in Mornington. In addition, the Commission declared a 12-month extension to existing designated areas in Colac and Mildura.



Designated areas in Victoria as shown on our VCGLR website

## Appendix 4: Inspections, audit and enforcement

### Gambling licence compliance activity 2013–2014

Table 19: Prosecutions under the *Gambling Regulation Act 2003* in date order

Name	Relevant offence	Court date	Court result
Tom Waterhouse NT Pty Ltd	Breach of section 4.7.10 of the <i>Gambling Regulation Act 2003</i> offering an Inducement to open a Betting Account	11 November 2013	Without conviction, fined \$1,000 plus costs in the amount of \$800
Betezy Pty Ltd	Breach of section 4.7.10 of the <i>Gambling Regulation Act 2003</i> with three charges to offer Inducement to open a Betting Account	20 May 2014	Without conviction, fined \$6,000 plus costs in the amount of \$1,100
TGS Performance Team Pty Ltd	Breach of section 3.5.1 of the <i>Gambling Regulation Act 2003</i> with one charge of Possessing Gaming Machines not in accordance with the Act	27 June 2014	Without conviction, fined \$2,000 plus costs in the amount of \$700.

Table 20: Bookmaker disciplinary action in date order

Surname	Given name(s)	Grounds	Decision date	Result
Donnelly	Christopher	Failed to provide required information	9 December 2013	Registration suspended for three months

Note:

The disciplinary action in Table 20 involved one action by the VCGLR against a single individual’s Bookmaker’s registration. This breach was identified by VCGLR staff.

Table 21: Bookmaker’s key employee disciplinary action in date order

Surname	Given name(s)	Grounds	Decision date	Result
Donnelly	Christopher	Failed to provide required information	9 December 2013	Registration suspended for three months

Note:

The disciplinary action in Table 21 involved one action by the VCGLR against a single individual’s Bookmaker’s key employee registration. This breach was identified by VCGLR staff.

Table 22: Gaming venue operator disciplinary action in date order

Venue operator	Venue	Grounds	Decision date	Result
Bacchus Marsh Golf Club Limited	Bacchus Marsh Golf Club	The venue operator appointed new committee members without notifying the Commission within the required time period	16 October 2013	Fined \$500
RPH Pty Ltd	Roxburgh Park Hotel	The venue operator was found guilty of an offence against the <i>Gambling Regulation Act 2003</i> in that the venue operator allowed minors to enter the gaming machine area at the Roxburgh Park Hotel <sup>1</sup>	27 December 2013	Letter of censure
Victoria Amateur Turf Club	Steeple	The venue operator failed to advise the Commission within the required time period of the appointment of new committee members and resignation of past committee members	24 March 2014	Letter of censure
Colac RSL Sub Branch Inc	Colac RSL	The venue operator failed to provide required information by failing to lodge an audited Community Benefit Statement by 30 September 2013 for Colac RSL	25 March 2014	Letter of censure
Heidelberg RSL Sub Branch Inc	Heidelberg RSL	The venue operator failed to provide required information by failing to lodge an audited Community Benefit Statement by 30 September 2013 for Heidelberg RSL	25 March 2014	Letter of censure
Loch Sport RSL Sub Branch Inc	Loch Sport RSL	The venue operator failed to provide required information by failing to lodge an audited Community Benefit Statement by 30 September 2013 for Loch Sport RSL	25 March 2014	Letter of censure
Mitcham RSL Sub Branch Inc	Mitcham RSL	The venue operator failed to provide required information by failing to lodge an audited Community Benefit Statement by 30 September 2013 for Mitcham RSL	25 March 2014	Letter of censure

Table 22: Gaming venue operator disciplinary action in date order (continued)

Venue operator	Venue	Grounds	Decision date	Result
North Ballarat Sports Club Inc	North Ballarat Sports Club	The venue operator failed to provide required information by failing to lodge an audited Community Benefit Statement by 30 September 2013 for North Ballarat Sports Club	25 March 2014	Letter of censure
Portland RSL Memorial Bowling Club Inc	Portland RSL Memorial Bowling Club	The venue operator failed to provide required information by failing to lodge an audited Community Benefit Statement by 30 September 2013 for Portland RSL Memorial Bowling Club	25 March 2014	Letter of censure
Sunbury United Sporting Club Ltd	Sunbury United Sporting Club	The venue operator failed to provide required information by failing to lodge an audited Community Benefit Statement by 30 September 2013 for Sunbury United Sporting Club	25 March 2014	Letter of censure
Williamstown RSL Sub Branch Inc	Williamstown RSL	The venue operator failed to provide required information by failing to lodge an audited Community Benefit Statement by 30 September 2013 for Williamstown RSL	25 March 2014	Letter of censure
Wet Redgum Pty Ltd	Town Hall Hotel Stawell	The venue operator had not paid the penalty interest charged by the VCGLR for late payments of gaming taxes for the months of January and March 2014 by the due date in respect of the Town Hall Hotel Stawell	25 March 2014	Letter of censure

Note:

'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.

1. This venue operator was found guilty in the Magistrates' Court on 23 May 2013. The VCGLR subsequently took disciplinary action resulting in a Letter of censure.

Table 23: Gaming industry employee disciplinary action in date order

Surname	Given name(s)	Grounds	Decision date	Result
Marino	Andrew	Failed to provide required information and is considered to be no longer a suitable person to hold the licence	5 July 2013	Licence cancelled
Glynn	Michael	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	11 September 2013	Licence cancelled
Elliott	Gregory	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	11 September 2013	Licence cancelled
Emiantor	McDonald	Failed to provide required information	20 September 2013	Letter of censure
Bannon	Katherine	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	20 September 2013	Licence cancelled
Kalmar	Eve	Failed to provide required information	08 October 2013	Letter of censure
Singh	Amar	Found guilty of a 'relevant offence' and is considered to be no longer a suitable person to hold the licence	21 October 2013	Licence cancelled
Healy	Benjamin	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	22 October 2013	Licence cancelled
Williams	Corey	Failed to provide required information	09 December 2013	Letter of censure



Table 23: Gaming industry employee disciplinary action in date order (continued)

Surname	Given name(s)	Grounds	Decision date	Result
Smith	Jessica	Found guilty of a 'relevant offence' and is considered to be an unsuitable person to hold the licence	22 January 2014	Licence suspended until 25 April 2015
Carey	Eloise	Found guilty of a 'relevant offence' and is considered to be an unsuitable person to hold the licence	31 January 2014	Licence cancelled
Cassells	Peter	Contravened a condition of his licence and failed to provide required information <sup>1</sup>	31 January 2014	Licence cancelled
Purcell	Ann	Initially considered to be no longer a suitable person to hold the licence <sup>1</sup>	18 February 2014	Letter of censure
Pollock	Kirilly	Found guilty of a 'relevant offence' and is considered to be an unsuitable person to hold the licence	27 February 2014	Licence cancelled
Johnston	Robyn	Failed to provide required information and is considered to be no longer a suitable person to hold the licence	27 February 2014	Licence cancelled
De Alwis-Seneviratne	Veron	Failed to provide required information	27 February 2014	Licence suspended for three months
Hill	Kathleen	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	13 March 2014	Licence cancelled
Mazzarino	Josie	Found guilty of a 'relevant offence' and failed to provide required information	11 April 2014	Letter of censure

Table 23: Gaming industry employee disciplinary action in date order (continued)

Gunasekara	Sandamal	Considered to be no longer a suitable person to hold the licence <sup>1</sup>	14 April 2014	Licence cancelled
Lefao	Andrew	Contravened a condition of his licence <sup>1</sup>	23 April 2014	Letter of censure
Lay	Christopher	Found guilty of a 'relevant offence' and failed to provide required information	23 April 2014	Letter of censure
Luzza	Domenic	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	23 April 2014	Licence cancelled
Tsekouras	Vasilios	Failed to provide required information	02 May 2014	Letter of censure
Hunt	Matthew	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	06 May 2014	Licence cancelled
Rennick	Bradley	Failed to provide required information and is considered to be no longer a suitable person to hold the licence	15 May 2014	Licence cancelled

Note:

All the above matters except those marked <sup>1</sup> involved Victoria Police prosecutions. After a finding of guilt from a prosecution, the VCGLR then subsequently took disciplinary action.

'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).

1. These matters did not involve a prosecution prior to the VCGLR taking disciplinary action.

**Table 24: Prosecutions under the Casino Control Act 1991 in date order**

Relevant offence	Court date	Court result
Seven charges against an individual for breaching a Casino exclusion order (section 77)	16 September 2013	Without conviction, adjourned to 15 September 2014 with undertaking of good behaviour bond with condition that the accused not enter or remain in the Melbourne Casino, plus costs of \$300
Six charges against an individual for breaching a Casino exclusion order (section 77)	16 September 2013	Without conviction, fined \$800 plus costs of \$300
One charge against an individual for breaching a Casino exclusion order (section 77)	28 November 2013	Without conviction, fined \$200 plus costs of \$450
One charge against an individual for breaching a Casino exclusion order (section 77)	3 December 2013	Without conviction, fined \$1,500 plus costs of \$500
One charge against an individual for breaching a Casino exclusion order (section 77)	19 February 2014	Without conviction, fined \$100 plus costs of \$300
One charge against an individual for breaching a Casino exclusion order (section 77)	19 February 2014	Without conviction, adjourned with undertaking for counselling with Headspace plus costs of \$500
Six charges against an individual for breaching a Casino exclusion order (section 77)	27 February 2014	Without conviction, fined \$1,800 plus costs of \$400
Two charges against an individual for breaching a Casino exclusion order (section 77)	5 March 2014	Without conviction, adjourned undertaking for 12 months and 20 days

**Table 24: Prosecutions under the Casino Control Act 1991 in date order (continued)**

Eleven charges against an individual for breaching a Casino exclusion order (section 77)	5 March 2014	Without conviction, fined \$2,000
Four charges against an individual for breaching a Casino exclusion order (section 77)	19 March 2014	Without conviction, fined \$1,000 plus costs of \$500
Nine charges against an individual for breaching a Casino exclusion order (section 77)	8 April 2014	Without conviction, fined \$1,400 plus costs of \$400
Nine charges against an individual for breaching a Casino exclusion order (section 77)	29 April 2014	Without conviction, adjourned undertaking for six months good behaviour and comply with the following: <ul style="list-style-type: none"> <li>• pay \$200 to the court fund</li> <li>• pay costs of \$500</li> <li>• contact Responsible Gambling Foundation and attend counselling and provide certificate of attendance to court by 28 September 2014</li> </ul>
Nine charges against an individual for breaching a Casino exclusion order (section 77)	8 May 2014	Without conviction, fined \$2,000 plus costs of \$500
One charge against an individual for breaching a Casino exclusion order (section 77)	8 May 2014	Without conviction, fined \$1,500 plus costs of \$500
One charge against an individual for breaching a Casino exclusion order (section 77)	26 June 2014	Without conviction, placed on a diversion plan and adjourned to 6 October 2014

## Appeals against exclusion orders

During 2013–2014, 15 persons lodged appeals against exclusion orders prohibiting them from entering or remaining in the Melbourne Casino.

Of these 15 appeals, no appeal was upheld, 10 were rejected, three appeals were outside the time allowed and two are pending.

**Table 25: Casino special employee disciplinary action in date order**

Surname	Given name(s)	Grounds	Decision date	Result
Girgis	Ramy	Considered to be no longer a suitable person to hold a licence <sup>1</sup>	18 July 2013	Licence cancelled
Levchenko	Nicholas	Found guilty of a ‘relevant offence’ and considered to be no longer a suitable person to hold a licence	9 December 2013	Licence cancelled
Fucile	Jacques	Found guilty of a ‘relevant offence’ and considered to be no longer a suitable person to hold a licence	9 December 2013	Licence cancelled
Tran	Quoc	Found guilty of a ‘relevant offence’ and considered to be no longer a suitable person to hold a licence	9 December 2013	Licence cancelled
Lacey	Craig	Initially considered to be no longer a suitable person to hold a licence <sup>1</sup>	22 January 2014	Letter of censure
To	James	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	31 January 2014	Licence cancelled
Lawson	Matthew	Found guilty of a ‘relevant offence’ and is considered to be no longer a suitable person to hold the licence	25 February 2014	Licence cancelled
Tran	Hoa	Considered to be no longer a suitable person to hold a licence <sup>1</sup>	24 June 2014	Licence cancelled
Dyson	Scott	Considered to be no longer a suitable person to hold a licence <sup>1</sup>	24 June 2014	Licence cancelled

**Table 25: Casino special employee disciplinary action in, date order (continued)**

Note:

All the above matters except those marked <sup>1</sup> involved Victoria Police prosecutions. After a finding of guilt from a prosecution, the VCGLR then subsequently took disciplinary action.

‘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).

1. These matters did not involve a prosecution prior to the VCGLR taking disciplinary action.

**Table 26: Number of gambling-related warnings and infringements issued by VCGLR in 2013–2014 by type**

Type of written warning	Number
<i>Gambling Regulation Act 2003</i> written warnings <sup>1,2</sup>	126
<i>Casino Control Act 1991</i> self-excluded warnings	79
<i>Casino Control Act 1991</i> Melbourne Casino exclusion warnings	12
There were no infringements issued under gambling legislation.	

Note:

1. This is separate from the Melbourne Casino exclusion warnings.

2. Numbers of written warnings were recorded in a new database from September 2014, enabling data on written warnings to be generated for the first time.

## Liquor licence compliance activity 2013–2014

**Table 27: Prosecutions under the Liquor Control Reform Act 1998 in date order**

Name	Offence and date committed	Court date	Court result
James Squire Pty Ltd	Unlicensed selling of liquor – section 107 (1) of the <i>Liquor Control Reform Act 1998</i> 9 December 2012	16 July 2013	Without conviction, fined \$1,000
Leonardo Donateo (La Sangria Bar)	Supply of liquor not in accordance with licence or permit – section 108 (1) of the <i>Liquor Control Reform Act 1998</i> 1 January 2013	30 July 2013	Without conviction, good behaviour bond plus costs of \$250
Metro Innovations Pty Ltd	Unlicensed selling of liquor – section 107 (1) of the <i>Liquor Control Reform Act 1998</i> 12 July 2012	12 August 2013	Without conviction, fined \$500
Lou Frank Caruso (Don Louie’s Pizza)	Unlicensed selling of liquor – section 107 (1) of the <i>Liquor Control Reform Act 1998</i> 18 July 2012	19 September 2013	Without conviction, good behaviour bond until 18 September 2014 plus costs of \$1,000 and pay \$350 to the Court fund
Gurjeev Narwal (Cafeswiss)	Unlicensed selling of liquor – section 107 (1) of the <i>Liquor Control Reform Act 1998</i> 15 March 2012	16 January 2014	Without conviction, fined \$1,000
Buket Bakir and Cem Canpolat (3Double2)	Supply of liquor not in accordance with licence or permit – section 108 (1) of the <i>Liquor Control Reform Act 1998</i> 2 September 2012	28 January 2014	Without conviction, good behaviour bond until 29 July 2014 plus costs of \$800
Altinarda M.M Pty Ltd T/as La Roche Cafe	Supply of liquor not in accordance with licence or permit – section 108(1)(a)(i) of the <i>Liquor Control Reform Act 1998</i> 10 February 2012	20 March 2014	Without conviction, fined \$850 plus costs of \$500
Simon David Ellis (The Rush Hotel)	Unlicensed selling of liquor – section 107 (1) of the <i>Liquor Control Reform Act 1998</i> 21 June 2013	11 June 2014	Conviction, fined \$2,000 plus costs of \$600

Note:

Victoria Police also prosecutes under the *Liquor Control Reform Act 1998*. These prosecutions are not included in the table.

**Table 28: Enforceable undertakings under the Liquor Control Reform Act 1998 in date order<sup>1</sup>**

Licensee	Premises	Commencement date	Length of undertaking
Manolane Pty Ltd	Francis Hotel	22 July 2013	Effect for a period of two years
Casef Pty Ltd	Kay Street Entertainment Centre	11 November 2013	In place will continue until the Commission makes a determination in relation to the licensee, or until further order is provided
McKenzie Nominees (Australia) Pty Ltd	Colonial Hotel	12 February 2014	Effect for a period of two years
Number 17 Pty Ltd	Mother’s Milk	29 January 2014	Duration of the current licensee
Celebrity Holdings Pty Ltd	Home	12 February 2014	In place until the licensee completes the conditions set by the Deputy Chairman of the VCGLR

Note:

1. Additional information published on VCGLR website.

**Table 29: Disciplinary action inquiry under section 91 of the Liquor Control Reform Act 1998**

Name	Grounds	Decision date	Result
Colonial Club Hotel <sup>1</sup>	Breach of licence conditions, allowing drunken persons on the premises and failure to make an entry in the Crowd Controller Register	15 August 2013	The Commission accepted a written undertaking from the licensee requiring the director of the licensee to undertake Licensee Compliance Training and not permit drunk persons to be on the premises
Avalanche Alpine Lodge Pty Ltd	Contravention of the <i>Liquor Control Reform Act 1998</i> , licensee no longer a suitable person to hold a liquor licence	25 November 2013	The Commission determined to issue a Letter of censure, imposed a period of disqualification on the licensee’s director and varied the licence
Kay Street Entertainment Complex <sup>1</sup>	Contravention of the <i>Liquor Control Reform Act 1998</i> and breach of licence conditions, licensee no longer a suitable person to hold a liquor licence	9 April 2014	The Commission determined to vary the licence and impose a condition requiring an additional crowd controller to be present at each bar within the premises while liquor is being served The directors of the licensee were also required to undertake Advanced RSA training and have an independent review of the venue’s security and management practices conducted

Note:

1. The Commission conducted a disciplinary action inquiry under section 91 concurrently with a section 94 amenity inquiry.

**Table 30: Amenity inquiry under section 94 of the *Liquor Control Reform Act 1998***

Name	Grounds	Decision Date	Result
Colonial Club Hotel <sup>1</sup>	Drunk, disorderly, violent and offensive behaviour in and outside of the premises	15 August 2013	The Commission determined to vary the licence and require by way of condition the preparation and implementation of a Venue Management Plan to the Commission’s satisfaction
Home House	Persons being refused entry to, or patrons being ejected from, the premises and behaving in a manner that caused detriment to the amenity of the area	3 February 2014	The Commission determined to vary the licence and impose conditions requiring the operation of ID scanners, additional crowd controllers during peak periods and prohibiting patrons to re-enter the premises after 4.30am on Friday and Saturday nights The licensee is also required to serve all liquor in cans, plastic, glass bottles, polycarbonate or fully tempered glass and is prohibited from supplying energy drinks after 5am The directors of the licence were also required to undertake Advanced RSA training and provide a Management Plan to the Commission’s satisfaction
Kay Street Entertainment Complex <sup>1</sup>	Drunk, disorderly, violent and offensive behaviour in and outside of the premises	9 April 2014	The Commission determined to reduce the trading hours permitted by the licence and impose a special condition prohibiting patrons to re-enter the premises after 1.30am on any day

Note:

1. The Commission conducted a disciplinary action inquiry under section 91 concurrently with a section 94 amenity inquiry.

### Warnings and infringement notices (liquor licensing)

There were 451 written warnings issued by the VCGLR under the *Liquor Control Reform Act 1998*. The VCGLR issued 58 infringement notices under the *Liquor Control Reform Act 1998*. Victoria Police also issue infringement notices and warnings which are not included.

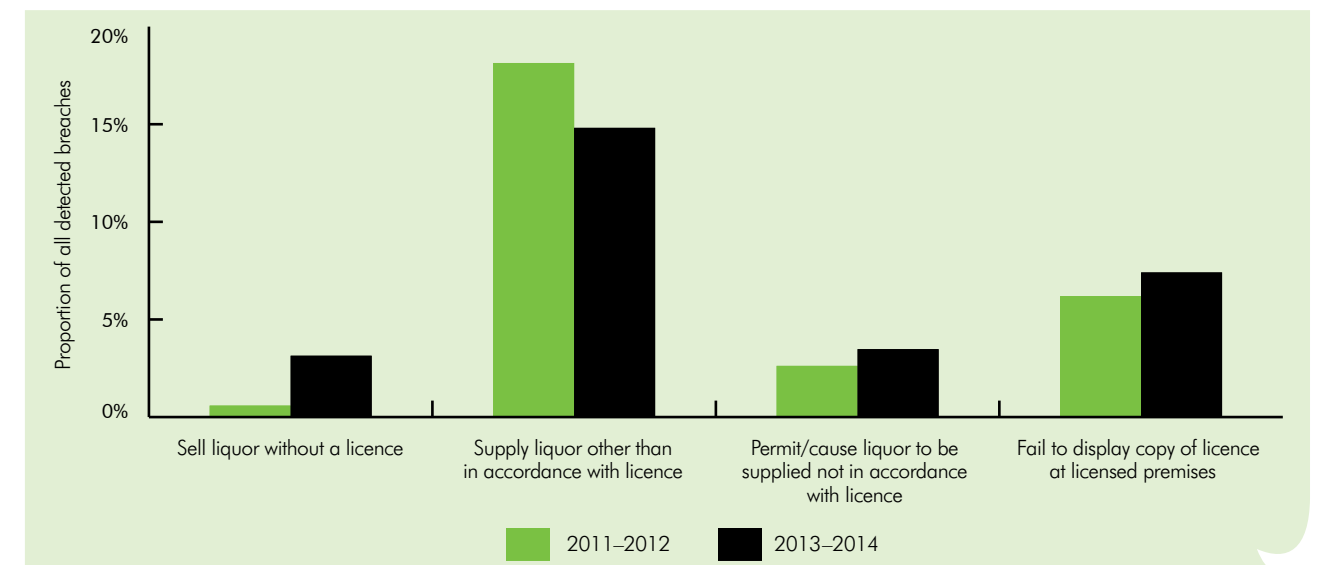
### Detected breaches of the *Liquor Control Reform Act 1998*

The change from our compliance approach to a risk-based, intelligence-led model has enabled us to more efficiently identify areas of risk. An example of this is where new owners of licensed premises continue to trade and sell liquor, even though the transfer of

licence has not been completed. We used a number of means to identify businesses in this situation, which has resulted in an increase in the breaches detected.

This procedure has also been translated to other legislative obligations of licensees, which have further facilitated the identification of risk areas to address. As a result, the number of breaches detected has risen regarding specific offences.

Our approach is focused on prevention through education, which includes conducting risk management discussions with licensees to ensure they are fully aware of the legislation and related offences applicable to their industry. It is expected that with continued education there will be a reduction of breaches as the industry becomes fully aware of their responsibilities.



**Figure 8: Proportion of all detected breaches, for selected offences, 2011–2012 and 2013–2014**

# Appendix 5: Governance

## Corporate governance

The 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 is managed in a transparent, accountable and responsible way through effective corporate governance. The following diagram shows how the framework’s principles and practices enable the Commission to achieve good governance. The full framework is publicly available on our website.



Figure 9: VCGLR Governance Framework

## Occupational health and safety

The VCGLR continues to provide employees with a healthy and safe working environment. The Occupational Health and Safety (OHS) policy has ensured that the VCGLR is meeting its obligations and educating its employees, by providing future direction to continuously improve the working environment of the organisation for the benefit of all employees.

In the year 2013–2014, the VCGLR Organisational Health and Safety Committee (OHSC) met quarterly to proactively identify and assist in reducing work-related risks to our employees. This financial year has seen us focus on hazard and risk reduction alongside raising OHS awareness across the organisation. We have maintained our commitment to training our staff in safety, including training additional First Aid officers.

The VCGLR continues to provide health and wellbeing initiatives for our employees. These include flu vaccinations, ergonomic assessments and an Employee Assistance Program providing personal and confidential counselling to employees, as well as ‘Spring into September’ which focuses on our employees’ holistic wellbeing.

The success of the initiatives implemented is evidenced by an overall decrease in the number of WorkCover claims. There was one new VCGLR WorkCover claim for the year 2013–2014, as compared with three new claims for the year 2012–2013. The total cost of the claims for 2013-2014 was \$3,249, which is a significant decrease from the year 2012–2013 with a total cost of \$126,295.

## Public administration values and employment principles

We continue to adhere to the *Public Administration Act 2004* with respect to upholding public sector conduct, managing and valuing diversity, managing under-performance, reviewing personal grievances and selecting on merit. We have a suite of detailed employment policies, including policies with respect to grievance resolution, recruitment and redeployment. Managing under-performance and discipline policies were produced and have been implemented across the organisation.

Table 31: Workforce data

Ongoing		Fixed term		Casual		Total	
Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE
175	171.84	12	11.9	1	0.18	188	183.93

Table 32: VCGLR Executive Officer data

	Ongoing		Fixed term		Casual		Total	
	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE
Executive officer	3	3.00					3	3
VPS grades 5, 6 and 7	54	53.50	6	6			60	59.5
VPS grades 3 and 4	98	96.35	5	4.9	1	0.18	104	101.43
VPS grades 1 and 2	20	18.99	1	1			21	20
<b>Total</b>	<b>175</b>	<b>171.84</b>	<b>12</b>	<b>11.9</b>	<b>1</b>	<b>0.18</b>	<b>188</b>	<b>183.93</b>

Age	15–24		25–34		35–44		45–54		55–64		65+		Total
Gender	M	F	M	F	M	F	M	F	M	F	M	F	
Executive officer						1		2					3
VPS grades 5, 6 and 7			4	3	8	10	15	8	8	3	1		60
VPS grades 3 and 4	1	1	17	20	10	11	13	7	18	6			104
VPS grades 1 and 2	1	3	1	4	1			7	1	1		2	21
<b>Total</b>	<b>2</b>	<b>4</b>	<b>22</b>	<b>27</b>	<b>19</b>	<b>22</b>	<b>28</b>	<b>24</b>	<b>27</b>	<b>10</b>	<b>1</b>	<b>2</b>	<b>188</b>



Table 33: Executive officers 2013–2014

Chief Executive Officer			
Occupant	From	Till	Occupancy Status
Jane Brockington	1-07-2013	30-06-2014	Nominal
Adam Toma	9-09-2013	20-09-2013	Acting
Alex Fitzpatrick	23-12-2013	3-01-2014	Acting
Catherine Myers	24-03-2014	30-06-2014	Acting
Karen Lees	20-06-2014	30-06-2014	Acting
Director Compliance			
Occupant	From	Till	Occupancy Status
Karen Lees	1-07-2013	19-06-2014	Nominal
Catherine Myers	1-07-2013	5-07-2013	Acting
Ralph Montepaone	11-11-2013	15-11-2013	Acting
Ralph Montepaone	20-06-2014	30-06-2014	Acting
Director Strategy and Planning			
Occupant	From	Till	Occupancy Status
Catherine Myers	6-07-2013	23-03-2014	Nominal
Veronica Goluzo	24-03-2014	30-06-2014	Acting
Director Licensing			
Occupant	From	Till	Occupancy status
Adam Toma	1-07-2013	8-09-2013	Nominal
Adam Toma	21-09-2013	28-04-2014	Nominal
Samantha Adrichem	1-07-2013	30-07-2013	Acting
Samantha Adrichem	9-09-2013	20-09-2013	Acting
Samantha Adrichem	31-10-2013	11-11-2013	Acting
Jason Cremona	20-12-2013	6-01-2014	Acting
Jason Cremona	7-03-2014	14-03-2014	Acting
Alex Fitzpatrick	10-04-2014	30-06-2014	Acting

## Compliance with other legislation

Policies were developed and reviewed during the year to support the organisation in fulfilling its obligations under the *Public Administration Act 2004*, *Equal Employment Opportunity Act 1996*, the Public Sector Standards Commissioner guidelines and other relevant legislation. The review ensured our employment and training policies and practices addressed key principles such as merit and equity, fair and reasonable treatment, and equal opportunity.

## 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.

We have 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, certify that the VCGLR has risk management processes in place consistent with the Australian and 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 2013–2014 financial year.



**Bruce Thompson**

Chairman  
Victorian Commission for Gambling  
and Liquor Regulation

Dated: 25 August 2014, Melbourne

## Audit Committee

The Audit 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 the:

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

The VCGLR Audit Committee comprises Mr David Boymal AM (Chairman); Mr Des Powell AM, VCGLR Commissioner; and Ms Kate Hamond, VCGLR Commissioner. All members are independent. The Committee has met four times (12 August 2013, 21 November 2013, 3 March 2014 and 12 May 2014).

As a continuous improvement activity, internal auditing assists the organisation to achieve its objectives. The Committee provided oversight of the internal audit function performed by an outside contractor, RSM Bird Cameron.

## Attestation for Compliance with Ministerial Standing Direction 4.5.5.1 – Insurance

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



**Bruce Thompson**

Chairman  
Victorian Commission for Gambling  
and Liquor Regulation

Dated: 25 August 2014, Melbourne

## 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 the VCGLR as well as those created by other organisations that are in the possession of the VCGLR.

**Table 34: Freedom of Information requests received during 2013–2014**

Requests received	20
<b>Initial decision</b>	
Granted in full	3
Partially granted	6
Denied	3
Previously released	0
In process	2
Non-existent document requested	2
Not proceeded with	1
Withdrawn	3
<b>Information about requests</b>	
Transferred from another agency	7
Transferred to another agency	0
Average processing time (days)	41
Applications to the FOI Commissioner	2
Applications to the Victorian Civil and Administrative Tribunal	0
Complaints to the Ombudsman	0

## 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 Freedom of Information (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 \$26.50). If the applicant is suffering financial hardship, they 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 FOI can be found at [www.foi.vic.gov.au](http://www.foi.vic.gov.au) and the Freedom of Information Commissioner’s website, [www.foicommisioner.vic.gov.au](http://www.foicommisioner.vic.gov.au).

## Protected disclosures

The VCGLR cannot receive protected disclosures under the *Protected Disclosure Act 2012* (PD Act). However, in accordance with section 70(1)(a) of the PD Act, we issue ‘Procedures for Protected Disclosure Management’ on our website. 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). The procedures detail the protection of our staff against detrimental action, where that staff member has made a protected disclosure directly to the Independent Broad-based Anti-corruption Commission. Disclosures may be made by members and staff of the VCGLR or the public.

## 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.

## Environmental purchasing

In line with the Victorian Government’s Environmental Purchasing policy, the VCGLR purchased only Australian-manufactured copy paper with at least 70 per cent recycled paper content and operated photocopiers and laser printers that are environmentally endorsed.

## Waste

While the VCGLR continues to conscientiously separate waste into recyclables, compost and landfill, the property manager of the Richmond office (a multi-tenanted building) does not currently measure the volume or weight of the three streams when they are removed from the premises.

The VCGLR continues to recycle waste toner cartridges via Ricoh and ‘Close the Loop’, ensuring that no office printing product waste ends up in landfill.

**Table 35: Paper use**

Paper use	2012–2013	2013–2014
Paper used per Full Time Equivalent (FTE) (reams)	18.92 <sup>1</sup>	21.28 <sup>2</sup>
Paper used in total (reams)	3,962	3,913

Note:

- 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.
- The figure used in this calculation is 183.92 and represents the staffing figure at the VCGLR at 30 June 2014. 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.

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, we are committed to responsible energy management. This is practised within our premises and energy efficient equipment is purchased wherever it is cost-effective to do so.

**Table 36: Energy consumption**

Energy consumption <sup>1</sup>					
Year	Peak kWh	Off-peak kWh	Total kWh	kWh per FTE	Total \$ (ex-GST)
2012–2013 <sup>2</sup>	296,399	187,660	484,058	2,316.8 <sup>3</sup>	90,446
2013–2014	n/a <sup>4</sup>	n/a <sup>4</sup>	524,225	2,856.0 <sup>5</sup>	102,115

Note:

- Information supplied by DTZ Australia on behalf of DTF.
- 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.
- The FTE figure for VCGLR at 30 June 2013 is 208.9 and does not include Commissioners, staff on leave without pay, staff on secondment, or agency/contract staff.
- Peak and off-peak data for the 2013–2014 financial year unavailable.
- The FTE figure for VCGLR at 30 June 2014 is 183.92 and does not include Commissioners, staff on leave without pay, staff on secondment, or agency/contract staff.

**Table 37: Greenhouse gas emissions**

Energy consumption greenhouse gas emissions <sup>1</sup>	2012–2013	2013–2014
Total greenhouse gas emissions associated with energy use (CO <sup>2</sup> tonnes)	585.71	691.98

Note:

- Information supplied by DTZ Australia on behalf of DTF.

### Transportation

We maintain a fleet of 13 operational vehicles. During the financial year 2013–2014, the proportion of hybrid vehicles in our operational fleet decreased to 46.2 per cent, compared with 87.0 per cent in 2012–2013.

The number of vehicles for executives reduced from three to one during 2012–2013. During 2013–2014, the number increased from one to two.

Vehicles are hired from DTF’s shared service provider vehicle pool and the costs are covered under the hire arrangements for each vehicle. Individual consumption figures are not available.

**Table 38: Executive vehicles**

Executive vehicles	2012–2013	2013–2014
Litres of petrol used	5,547	5,255
Litres per vehicle	1,386	2,627

### Overseas travel

There was no overseas travel in the 2013–2014 financial year.

### Statement of availability of other information

The following information is retained by the VCGLR and is available, on request, to the relevant Minister, 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
- 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 FOI requirements.

**Table 39: Consultancy expenditure**

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2013–2014 (excluding GST)	Future expenditure (excluding GST)
Due Diligence	Licensee due diligence	May 2013	January 2014	\$8,000	\$7,909	nil
Nous Group	Organisational design	November 2013	December 2013	\$20,500	\$20,342	nil
WD Scott Pty Ltd	Review of processes	December 2013	February 2014	\$99,500	\$99,500	nil
Esri Australia	Health check of web mapping	March 2014	March 2014	\$3,500	\$3,500	nil
Cube Management Solutions	Development of risk assessment framework	June 2014	June 2014	\$20,800	\$20,800	nil

### Consultancies

There were five consultancies engaged in 2013–2014. The total expenditure incurred during 2013–2014 in relation to these consultancies was \$152,051 (excluding GST). Details of individual consultancies are outlined in Table 39.

### Disclosure of major contracts

There were no contracts greater than \$10 million entered into by the VCGLR in 2013–2014.

Summary details of contracts with a commitment greater than \$100,000 entered into during the 2013–2014 period have been published on the Victorian Government contracts website, [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*.

### Compliance with DataVic Access Policy

During the 2013–2014 year, we continued our commitment to transparency and compliance with the DataVic Access policy and the Victorian Government ICT Strategy 2014–2015 through a range of initiatives and activities. The VCGLR’s datasets are among the top 10 sought-after government datasets according to DTF and can be found on our website [www.vcglr.vic.gov.au](http://www.vcglr.vic.gov.au).

### Program of works

We completed a range of data-related initiatives, including:

- an organisational data and information release policy
- an information release schedule
- a data ownership and sign-off register.

These initiatives serve to capture the VCGLR’s data and information assets and manage the release of

information. By formalising our approach to data and information, we are better able to assess, manage and improve our data and information capabilities.

### Suggestions for new datasets

The public can go to the DataVic website and ‘suggest a dataset’ which they wish to be made available. During the 2013–2014 year, we received two suggestions.

The first suggestion recommended that we set up a dataset for the locations of licensed betting establishments. This suggestion was withdrawn; however, we are investigating the viability of providing a dataset that illustrates the location of betting establishments in Victoria.

The second suggestion recommended that we make available a dataset illustrating revenue paid to the Victorian Government as a result of the introduction of the risk-based liquor licensing fees in 2009. DTF has taken carriage of this request.

### Feedback on existing datasets

As a result of the feedback received in 2013–2014, the VCGLR:

- converted its publicly available datasets from PDF format to a spreadsheet format (making us compliant with the DataVic requirement that datasets be in open formats)
- reformatted its website to provide a central location for data
- created a data-request form to assist with streamlining the process for requesting data.

### Known benefits of available datasets

The datasets available through our website continue to benefit a wide cross-section of the community. Benefits include providing data for research and informing decision-making of government, private companies and individuals.

### Requests for data

Since the publication of our Data and Information Release policy, we have renewed our focus on data. We commenced recording statistics on data requests in January 2014.

Since January 2014, we received:

- 11 requests from government agencies
- 3 requests from university researchers
- 5 requests from private companies or individuals.

On average, we took 22 days to finalise each of these data requests.

Under the Victorian Government ICT Strategy 2014–2015, government agencies are required to have at least 10 significant datasets available by September 2014. We have nine significant datasets currently available on our website and we intend to have a tenth significant dataset available online by September 2014.

One significant release of VCGLR data was the development of an interactive map of Victoria’s liquor and dual licences in conjunction with VicHealth.

Table 40: Current datasets available on the VCGLR website

Type	Title	Data provided/ searchable by	Data updates	Form	Intended audience
<b>Liquor</b>					
Liquor	Interactive map of Victorian liquor and dual licences	<ul style="list-style-type: none"> <li>Street address, suburb or town, licence number or category</li> </ul>	Licensing data is updated on a monthly basis	Interactive map of Victorian liquor and dual licences	Local councils, government agencies and researchers
Liquor	Active liquor licences in Victoria	<ul style="list-style-type: none"> <li>Data categorised by licence type and trading hours and split into regional and metropolitan</li> </ul>	New document every month (previous months' documents continue to be available)	PDF	General
<b>Gaming</b>					
Gaming	Gaming venue details	<ul style="list-style-type: none"> <li>Provides details of all gaming venues within Victoria, including current financial year expenditure (split into six-month periods), venue location and classifications, licence and nominee details</li> </ul>	New details are uploaded at least at the end of each financial year	Web page listing expenditure summaries for all licensees  Detailed expenditure figures for each gaming venue, accessible via links from the summary page	General

Table 40: Current datasets available on the VCGLR website (continued)

Gaming	Monthly EGM statistics for local government areas (LGA)	<ul style="list-style-type: none"> <li>The total monthly expenditure (losses) on EGMs, in a particular LGA</li> </ul>	New figures each month (previous figures available to the beginning of the 2012–2013 financial year)	Website summary page lists each LGA's monthly expenditure for the current financial year  Each LGA's previous financial year's figures can be accessed through links from the summary page  When viewing the previous financial year's figures, users can follow links directly to the gaming venue details for particular venues	General
<b>Gaming expenditure by venue</b>					
Gaming	Current gaming venue EGM expenditure	<ul style="list-style-type: none"> <li>EGM expenditure (losses) for the particular venue from 2011–2012 onwards, corresponding region (metropolitan/regional) and its venue type (hotel or club)</li> </ul>	Updates are issued no less than at the end of each financial year	Spreadsheet for each gaming venue featuring the data mentioned in column three	General
Gaming	Historical gaming venue EGM expenditure	<ul style="list-style-type: none"> <li>EGM expenditure (losses) for particular venues to 2011–2012, corresponding region (metropolitan/regional) and its venue type (hotel or club), its LGA name, and the number of EGM numbers</li> </ul>	Updates are issued no less than at the end of each financial year	A single spreadsheet featuring data for all gaming venues. Columns use lists which enable greater data manipulation	General



Table 40: Current datasets available on the VCGLR website (continued)

Gaming expenditure by LGA					
Gaming	Current EGM expenditure by LGA (monthly)	<ul style="list-style-type: none"> <li>Total expenditure data from 2011–2012 onwards by each LGA and also includes type of region (metropolitan/regional), number of EGMs and number of venues</li> </ul>	New figures released monthly	<p>A single spreadsheet featuring data for all LGAs</p> <p>Columns use lists which enable greater data manipulation</p>	General
Gaming	Historical EGM expenditure by LGA (annual) [1992–2011]	<ul style="list-style-type: none"> <li>Total expenditure data from 2011 onwards by each LGA from 1992 to 2011</li> <li>The 2002–2011 table includes type of region (metropolitan/regional) and the 1992–2000 table includes growth in expenditure between subsequent financial years</li> </ul>	Not applicable	<p>A single spreadsheet featuring data for all LGAs</p> <p>Columns for most tables use lists which enable greater data manipulation</p>	General

Table 40: Current datasets available on the VCGLR website (continued)

LGA population density and gaming expenditure statistics					
Gaming	Current LGA population density and gaming expenditure statistics (from 2011–2012 financial year onwards)	<ul style="list-style-type: none"> <li>Data for 2011–2012 onwards (since the creation of the VCGLR), includes population and expenditure breakdowns by LGA and gaming venue, demographic statistics, labour statistics and Socio-Economic Indexes for Areas (SEIFA) LGA score and ranking per LGA</li> </ul>	Annually	A single spreadsheet	General
Gaming	Historical LGA population density and gaming expenditure statistics	<ul style="list-style-type: none"> <li>Data for 2008–2009 to 2010–2011, includes population and expenditure breakdowns by LGA and gaming venue, demographic statistics, labour statistics and SEIFA LGA score and ranking per LGA</li> </ul>	Not applicable	A single spreadsheet	General



# Appendix 6: Historical trends in gambling and liquor

## Historical trends in gaming and sports betting expenditure

There have been substantial changes in the per capita expenditure for gaming and sports betting over the last 20 years. For more details see Figure 1 and Table 41.

Table 41: Real per capita expenditure<sup>1</sup> from gaming and sports betting in Victoria 1994–1995 to 2011–2012

Year	Real per capita gaming <sup>2</sup> expenditure	Real per capita sports betting expenditure
1994–1995	424.90	1.06
1995–1996	553.64	1.65
1996–1997	630.87	1.55
1997–1998	733.65	2.64
1998–1999	818.26	2.60
1999–2000	876.36	3.09
2000–2001	887.76	5.52
2001–2002	921.03	8.83
2002–2003	802.19	8.88
2003–2004	757.28	11.96
2004–2005	761.02	7.64
2005–2006	749.23	8.88
2006–2007	735.21	10.41
2007–2008	716.89	10.92
2008–2009	705.53	12.52
2009–2010	648.54	20.77
2010–2011	633.00	22.30
2011–2012	615.93	29.50

Notes:

1. Player loss in Australian dollars.
2. From EGMs.

Source: Queensland Government Statistician’s Office, Australian Gambling Statistics 29th edition

## Historical trends in licensed gambling employees

Table 42: Number of licensed Gaming industry employees and Casino special employees by licence type 2004–2005 to 2013–2014

Financial year	Casino special employee	Gaming industry employee
2004–2005	3,325	41,357
2005–2006	3,251	43,785
2006–2007	3,559	46,659
2007–2008	3,401	47,544
2008–2009	3,644	43,076
2009–2010	3,801	37,685
2010–2011	3,702	33,762
2011–2012	3,714	31,397
2012–2013	3,922	30,586
2013–2014	3,970	29,456

# Part 5:

## Our financial results

For the financial year ended 30 June 2014

### Historical trends in liquor licence numbers

There have been some changes in liquor licence numbers and categories over the past decade. See Figures 3 and 4 and Table 43 for more details.

**Table 43: Liquor licence numbers in Victoria by category 2003–2004 to 2013–2014**

	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008	2008–2009	2009–2010	2010–2011	2011–2012	2012–2013	2013–2014
General licence	1,956	1,967	1,967	1,979	1,981	1,985	1,480	1,480	1,487	1,486	1,489
Late-night (general) licence	0	0	0	0	0	0	509	502	496	495	490
On-premises licence	4,997	5,306	5,589	5,854	6,066	6,293	2,482	2,370	2,275	2,197	2,135
Late-night (on-premises) licence	0	0	0	0	0	0	418	407	396	384	376
Restaurant and cafe licence	0	0	0	0	0	0	3,547	3,833	4,059	4,415	4,775
Packaged liquor licence	1,591	1,698	1,765	1,831	1,888	1,934	1,960	1,952	1,964	1,973	1,992
Late-night (packaged liquor) licence	0	0	0	0	0	0	3	2	2	2	2
Full club licence	802	798	793	790	789	784	774	766	760	754	752
Restricted club licence	1,452	1,386	1,323	1,254	1,213	1,190	1,167	1,121	1,088	1,046	999
Pre-retail licence	522	567	584	669	729	765	752	744	692	748	782
Vigneron's licence	506	528	543	555	558	551	541	526	0	0	0
Wine and beer producer's licence	0	0	0	0	0	0	0	0	735	794	812
Renewable limited licence	3,171	3,662	4,197	4,587	4,762	4,808	4,481	4,277	4,256	4,451	4,598
BYO permit	1,516	1,470	1,424	1,377	1,321	1,290	1,236	1,185	1,214	1,233	1,251
<b>Total licences and permits</b>	<b>16,513</b>	<b>17,382</b>	<b>18,185</b>	<b>18,896</b>	<b>19,307</b>	<b>19,600</b>	<b>19,350</b>	<b>19,165</b>	<b>19,424</b>	<b>19,978</b>	<b>20,453</b>

# Summary of financial results

1 July 2013 – 30 June 2014

## Background

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 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. Depreciation funding is based on capital spend during the year, with the difference carried as a loss. This does not impact VCGLR's ability to operate as a going concern with capital funding provided for asset replacement when approved by government.

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.

## 2013–2014 operating result

Key highlights for 2013–2014 are as follows:

- the operating result for 2013–2014 was an accounting loss of \$0.973 million as compared to a surplus of \$0.301 million for 2012–2013
- the operating result before depreciation is balanced
- the position of the VCGLR as at 30 June 2014 is a net equity of \$8.300 million. The overall net asset position of the VCGLR has decreased by \$0.973 million from \$9.273 million in 2012–2013, reflecting the operating loss result for the 2013–2014 financial year
- there were no abnormal or extraordinary items to report.

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

## 2013–2014 capital expenditure

Depreciation expense, which funds VCGLR capital expenditure, was \$1.760 million for 2013–2014 as compared to \$0.706 million for 2012–2013.

Total capital expenditure for the 2013–2014 year was \$0.761 million as compared to \$1.592 million for 2012–2013.

## Comparative financial results

The following table summarises information on the financial results and financial position, prepared on an accrual basis, of the VCGLR for the financial year 2013–2014 and comparison to the financial year 2012–2013.

	2014 \$	2013 \$
<b>Income from transactions</b>		
Grants <sup>1</sup>	34,501,352	37,807,804
<b>Total income from transactions</b>	<b>34,501,352</b>	<b>37,807,804</b>
<b>Expenses from transactions<sup>2</sup></b>	<b>(35,461,437)</b>	<b>(37,554,597)</b>
<b>Other economic flows included in net result<sup>3</sup></b>	<b>(13,224)</b>	<b>48,052</b>
<b>Net result from continuing operations</b>	<b>(973,309)</b>	<b>301,259</b>
<b>Total assets<sup>4</sup></b>	<b>15,823,779</b>	<b>17,630,547</b>
<b>Total liabilities<sup>5</sup></b>	<b>7,523,840</b>	<b>8,357,300</b>
<b>Net increase / (decrease) in cash and cash equivalents<sup>6</sup></b>	<b>265,336</b>	<b>130,356</b>
<b>Capital expenditure<sup>7</sup></b>	<b>761,038</b>	<b>1,591,614</b>

Note:

1. Income reflects the ceasing of specific purpose project funds and depreciation funding equivalent to capital expenditure.
2. Expenses reflect gambling and liquor activities following the cessation of project funds and a full year of depreciation following the recognition of leasehold improvements in the previous year.
3. Total other economic flows reflect losses arising from the revaluation of the long service leave liability due to movements in the bond rate.
4. Total assets decreased by \$1.807 million (10 per cent). This reflects the amortisation of leasehold improvements.
5. Total liabilities decreased by \$0.833 million (10 per cent). This reflects a decrease in employee benefit provisions following a reduction in staff numbers which is slightly offset by higher accrued expenses.
6. The net increase in the cash position of \$0.135 million (104 per cent) reflects the timing of cash reimbursements from the Consolidated Fund relating to operating and capital expenses at and around the balance date.
7. Capital expenditure decreased by \$0.831 million (52 per cent) due to lower IT system development costs during system base-lining in preparation for the implementation of the Liquor and Gambling Information System (LaGIS).

### 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 2013–2014 and its comparison to the financial year 2012–2013.

	2014 \$'000	2013 \$'000
<b>Income from transactions</b>		
<b>Total amount collected/receivable<sup>1</sup></b>	<b>1,753,980</b>	<b>1,844,978</b>
<b>Expenses from transactions</b>		
<b>Total amount paid/payable including economic flows<sup>2</sup></b>	<b>1,804,071</b>	<b>1,845,652</b>

Note:

1. Income collected/receivable on behalf of Government reflects a decrease of \$90.998 million (5 per cent) when compared to 2012–2013.
2. Expenses paid/payable including economic flows reflect a decrease of \$41.581 million (2 per cent) when compared to 2012–2013. A revaluation of non-financial assets to account for present value resulted in a \$4.227 million write-down in 2013–2014.

## Financial statements

For the financial year ended 30 June 2014

## Comprehensive operating statement

For the year ended 30 June 2014

	Note(s)	2014 \$	2013 \$
<b>Income from transactions</b>			
Grants	1,3	34,501,352	37,807,804
<b>Total income from transactions</b>		<b>34,501,352</b>	<b>37,807,804</b>
<b>Expenses from transactions</b>			
Employee expenses	1,4 (a)	(21,325,148)	(25,253,096)
Depreciation and amortisation expense	1,4 (b)	(1,759,588)	(706,402)
Supplies and services	1,4 (c)	(12,376,701)	(11,595,099)
<b>Total expenses from transactions</b>		<b>(35,461,437)</b>	<b>(37,554,597)</b>
<b>Net result from transactions (net operating balance)</b>		<b>(960,085)</b>	<b>253,207</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	5(a)	–	(9,077)
Other gains/(losses) from other economic flows	5(b)	(13,224)	57,129
<b>Total other economic flows included in net result</b>		<b>(13,224)</b>	<b>48,052</b>
<b>Net result from continuing operations</b>		<b>(973,309)</b>	<b>301,259</b>
<b>Comprehensive result</b>		<b>(973,309)</b>	<b>301,259</b>

The comprehensive operating statement should be read in conjunction with the accompanying notes to the financial statements.

## Balance sheet

As at 30 June 2014

	Note(s)	2014 \$	2013 \$
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	15, 16	885,170	619,834
Receivables	6, 15	5,291,625	6,444,041
<b>Total financial assets</b>		<b>6,176,795</b>	<b>7,063,875</b>
<b>Non-financial assets</b>			
Leasehold improvements, plant, equipment and vehicles	7	5,424,978	6,548,788
Intangible assets	8	3,697,354	3,572,094
Other non-financial assets	9	524,652	445,790
<b>Total non-financial assets</b>		<b>9,646,984</b>	<b>10,566,672</b>
<b>Total assets</b>		<b>15,823,779</b>	<b>17,630,547</b>
<b>Liabilities</b>			
Payables	10, 15	1,982,155	1,504,373
Provisions	11	5,541,685	6,852,927
<b>Total liabilities</b>		<b>7,523,840</b>	<b>8,357,300</b>
<b>Net assets</b>		<b>8,299,939</b>	<b>9,273,247</b>
<b>Equity</b>			
Accumulated surplus/(deficit)		404,378	1,377,686
Contributed capital		7,895,561	7,895,561
<b>Net worth</b>		<b>8,299,939</b>	<b>9,273,247</b>
Commitments for expenditure	13		
Contingent assets and contingent liabilities	14		

The balance sheet should be read in conjunction with the accompanying notes to the financial statements.



## Statement of changes in equity

For the financial year ended 30 June 2014

	Note(s)	Accumulated surplus \$	Contributed capital \$	Total \$
Balance at 30 June 2012		1,076,427	828,703	1,905,130
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>7,895,562</b>	<b>9,273,248</b>
Net result for the year ended 30 June 2014		(973,309)	–	(973,309)
Capital contributions			–	
<b>Balance at 30 June 2014</b>		<b>404,377</b>	<b>7,895,562</b>	<b>8,299,939</b>

The statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

## Cash flow statement

For the financial year ended 30 June 2014

	Note(s)	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from Government		35,681,785	38,518,879
Goods and services tax recovered from the ATO <sup>1</sup>		1,197,979	1,227,823
<b>Total receipts</b>		<b>36,879,764</b>	<b>39,746,702</b>
<b>Payments</b>			
Payments to suppliers and employees		(35,853,390)	(38,922,015)
<b>Total payments</b>		<b>(35,853,390)</b>	<b>(38,922,015)</b>
<b>Net cash flows from/(used in) operating activities</b>	16(b)	<b>1,026,374</b>	<b>824,687</b>
<b>Cash flows from investing activities</b>			
Purchases of non-financial assets		(761,038)	(1,581,225)
<b>Net cash flows from/(used in) investing activities</b>		<b>(761,038)</b>	<b>(1,581,225)</b>
<b>Cash flows from financing activities</b>			
Owner contributions by State Government		–	886,894
<b>Net cash flows from/(used in) financing activities</b>		<b>–</b>	<b>886,894</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>265,336</b>	<b>130,356</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>619,834</b>	<b>489,478</b>
<b>Cash and cash equivalents at the end of the year</b>	16(a)	<b>885,170</b>	<b>619,834</b>

Note:

1. Goods and services tax paid to the ATO is presented on a net basis.

The cash flow statement should be read in conjunction with the accompanying notes to the financial statements.

# Notes to the financial statements

## For the financial year ended 30 June 2014

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### Note 1: Summary of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for the VCGLR for the year ended 30 June 2014. The purpose of this report is to provide users with information about the VCGLR'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 1 July 2012 to 30 June 2013.

#### (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 25.

The annual financial statements were authorised for issue by the Chairman, Acting CEO and CAFO on 25 August 2014.

#### (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 circumstances. 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 AAS that have significant effects on the financial statements and estimates relate to 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.

Consistent with AASB 13 *Fair Value Measurement*, the VCGLR determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, biological assets, investment properties and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

**Level 2** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

**Level 3** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the VCGLR has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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 2014 and the comparative information presented in these financial statements for the year ended 30 June 2013.

#### (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

#### 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 19.

#### 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

The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two, together with the net result from discontinued operations, represents the net result.

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

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

Refer to Note 25 Glossary for the definitions of 'net result from transactions' and 'other economic flows included in net result'.

#### 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 related to 'Transactions with owner in its capacity as owner'.

#### Rounding

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 19), to the nearest thousand dollars. Figures in the financial statements may not equate due to rounding. Please refer to the end of Note 25 for a style convention for explanations of minor discrepancies resulting from rounding.

#### Changes in accounting policies

Subsequent to the 2012–2013 reporting period, the following new and revised standards have been

adopted in the current period with their financial impact detailed as below.

#### AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when the VCGLR is required to use fair value, but rather provides guidance on how to measure fair value under AAS when fair value is required or permitted. The VCGLR has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revisited and adjusted where applicable. In light of AASB 13, the VCGLR has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised.

However, AASB 13 has predominantly impacted the disclosures of the VCGLR. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 *Financial Instruments: Disclosures*.

The disclosure requirements of AASB 13 apply prospectively and need not be applied in comparative information before first application. Consequently, the 2012–2013 comparatives of these disclosures have not been provided, except for financial instruments, of which the fair value disclosures are required under AASB 7 *Financial Instruments: Disclosures*.

#### AASB 119 Employee Benefits

In 2013–2014, the VCGLR has applied AASB 119 *Employee Benefits* (September 2011, as amended) and the related consequential amendments for the first time.

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets.

As the current accounting policy is for the Department of Treasury and Finance (DTF) to recognise and disclose the State’s defined benefit liabilities in its financial statements, changes in defined benefit obligations and plan assets will have limited impact on the VCGLR.

The revised standard also changes the definition of short-term employee benefits. These were previously benefits that were expected to be settled within 12 months after the end of the reporting period in which the employees render the related service; however, short-term employee benefits are now defined as benefits expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. There is no change of measurement for the annual leave provision for the VCGLR.

**(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 DOJ appropriations for the production of VCGLR outputs, which are deemed to have been delivered by DOJ. Grant income is recognised as received from DOJ 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.

**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 is paid or payable to these plans during the reporting period.

The DTF in its 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 Electronic Data Processing (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 2014 and 2013 financial years.

Asset Class	Useful life (in years)	
	2014	2013
Building leasehold improvements – office fit-out	7.6	7.6
Plant, equipment and vehicles		
• office furniture and equipment	8	8
• security equipment	5	5
• 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 DOJ to the VCGLR as a designated contribution by the owners of contributed capital. The amortisation of the office fit-outs began in February 2013. The building is amortised over 7.6 years of the accommodation lease term that expires in August 2020.

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 (2013: 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 costs are recognised as an expense in the reporting period in which they are incurred.

**Bad and doubtful debts**

Refer to Note 1(i) financial assets.

**(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’, except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

**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
- disposal of financial assets.

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

Gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.



### (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 VCGLR 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.

The loans and receivables category includes cash and deposits (refer to Note 1(i)), 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 15).

Financial instrument liabilities measured at amortised cost include all of the VCGLR'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 instrument assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through the 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 fair value through the 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 the 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.

A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected and bad debts are written-off when identified. Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written-off by mutual consent are classified as a transaction expense. Bad debts not written-off by mutual consent and the allowance for doubtful receivables are classified as 'other economic flows' in the net result.

### (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 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.

#### 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.

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

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

- the technical feasibility of completing the intangible asset so that it will be available for use
- an intention to complete the intangible asset and use it
- the ability to use the intangible asset
- the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use the intangible asset
- 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 costs
- direct labour and overheads
- directly attributable cost such as registration fees for legal rights or patents
- 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

##### Pre-payments

Other non-financial assets include pre-payments, 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 15(e).

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1(h)). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

##### 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 a 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.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave, and sick leave are measured at undiscounted value if the VCGLR expects to wholly settle within 12 months, or present value if the VCGLR does not expect to wholly settle within 12 months.

#### (ii) Long service leave

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

Unconditional LSL is disclosed in the notes to the financial statements 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 undiscounted value if the VCGLR expects to wholly settle within 12 months and present value if the VCGLR does not expect to wholly settle within 12 months.

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 VCGLR 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.

#### (iv) 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 leasehold improvements, 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.

##### 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 13 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 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 that are considered to be of material interest.

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

Certain new AAS have been published that are not mandatory for the 30 June 2014 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 2014, the following standards and interpretations had been issued, but were not mandatory for the period ending 30 June 2014. The VCGLR has not ‘early adopted’ these standards.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2013–2014 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 AASB interpretations in the list below is also not effective for the 2013–2014 reporting period and is considered to have insignificant impacts on public sector reporting.

- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010).
- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the International Accounting Standards Board’s (IASB) project to replace International Accounting Standard (IAS) 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ).	1 Jan 2017	The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss  While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed

## Note 2: VCGLR outputs

The VCGLR activities form part of DOJ 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 ongoing monitoring of participants, products, equipment and systems, investigation of complaints and possible breaches of legislation and revenue verification.

Liquor regulation 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 Proof of age cards.

## Note 3: Income from transactions

	2014 \$	2013 \$
<b>Income from transactions</b>		
Grants from the Department of Justice	34,501,352	37,807,804
<b>Total income from transactions</b>	<b>34,501,352</b>	<b>37,807,804</b>

## Note 4: Expenses from transactions

	2014 \$	2013 \$
<b>(a) Employee expenses</b>		
Salaries and wages	16,281,061	18,724,659
Annual leave	1,441,819	1,792,374
Long service leave	147,226	649,801
Superannuation	1,431,004	1,564,378
Other on-costs (payroll tax, WorkCover levy and fringe benefits tax)	1,248,722	971,436
Termination benefits	775,316	1,550,448
<b>Total employee expenses</b>	<b>21,325,148</b>	<b>25,253,096</b>
<b>(b) Depreciation and amortisation</b>		
<b>Depreciation of leasehold improvements, plant, equipment and vehicles</b>		
EDP hardware	139,913	170,668
Finance lease vehicles	–	1,522
Plant, equipment and motor vehicles	24,037	19,830
<b>Amortisation expense</b>		
Leasehold improvements – office fit-out	1,025,750	128,749
Internal-use software	569,888	385,633
<b>Total depreciation and amortisation</b>	<b>1,759,588</b>	<b>706,402</b>
<b>(c) Supplies and services</b>		
Probity and credit check payments	128,569	261,054
IT licence and maintenance	1,342,604	1,050,220
Interest on finance lease	–	198
Professional services	5,963,491	4,879,339
Telephone and other communication expenses	575,030	741,057
Occupancy costs	2,260,884	2,192,687
Postage and advertising	200,917	300,993
Printing, stationery and office requisites	905,832	1,098,348
Travel and related expenses	96,204	160,979
Training and development	226,133	177,231
Motor vehicle running costs	388,321	474,013
Other	288,716	258,981
<b>Total supplies and services</b>	<b>12,376,701</b>	<b>11,595,100</b>

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

	2014 \$	2013 \$
<b>(a) Net gain/(loss) on non-financial assets</b>		
Impairment of leasehold improvements, plant, equipment and vehicles	–	(9,077)
<b>Total net gain/(loss) on non-financial assets</b>	–	<b>(9,077)</b>
<b>(b) Other gains/(losses) from other economic flows</b>		
Net gain/(loss) arising from revaluation of annual leave and long service leave liability <sup>1</sup>	(13,224)	57,129
<b>Total other gains/(losses) from other economic flows</b>	<b>(13,224)</b>	<b>57,129</b>

Note:

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

## Note 6: Receivables

	2014 \$	2013 \$
<b>Current receivables</b>		
<b>Contractual</b>		
Receivables	92,933	56,399
	<b>92,933</b>	<b>56,399</b>
<b>Statutory</b>		
Amounts owing from the Department of Justice <sup>1</sup>	4,682,017	5,660,062
GST Input tax credits recoverable	131,200	257,201
	<b>4,813,217</b>	<b>5,917,264</b>
<b>Total current receivables</b>	<b>4,906,150</b>	<b>5,973,662</b>
<b>Non-current receivables</b>		
<b>Statutory</b>		
Amounts owing from the Department of Justice <sup>1</sup>	385,475	470,379
<b>Total non-current receivables</b>	<b>385,475</b>	<b>470,379</b>
<b>Total receivables</b>	<b>5,291,625</b>	<b>6,444,041</b>

Note:

1. The amounts recognised from DOJ 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.  
Refer to Table 15.3 in Note 15 for the ageing analysis of contractual receivables.
- (b) Nature and extent of risk arising from contractual receivables.  
Refer to Table 15.5 in Note 15 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 'Public safety and environment' – Carrying amounts<sup>1</sup>

	Public safety and environment	
	2014 \$	2013 \$
<b>Leasehold improvements, plant, equipment and vehicles</b>		
<b>Building leasehold improvements – office fit-out</b>		
At fair value	6,179,965	6,179,965
Less: accumulated amortisation	(1,154,499)	(128,749)
	<b>5,025,466</b>	<b>6,051,216</b>
<b>EDP hardware</b>		
At fair value	1,041,885	1,036,550
Less: accumulated depreciation	(892,874)	(752,961)
	<b>149,011</b>	<b>283,589</b>
<b>Plant, equipment and vehicles</b>		
At fair value	310,875	250,320
Less: accumulated depreciation	(60,374)	(36,337)
	<b>250,501</b>	<b>213,983</b>
<b>Total leasehold improvements, equipment and vehicles</b>		
At fair value	7,532,725	7,466,835
Less: accumulated depreciation	(2,107,747)	(918,047)
	<b>5,424,978</b>	<b>6,548,788</b>

Note:

1. 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.

**Table 7.2: Classification by Purpose Group ‘Public safety and environment’ – Movements in carrying amounts**

	Leasehold improvements		EDP hardware		Finance lease vehicle		Plant, equipment and vehicles		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	6,051,216	–	283,589	439,571	–	12,023	213,983	172,360	6,548,788	623,954
Equity transfer from the Department of Justice	–	6,179,965	–	–	–	–	–	–	–	6,179,965
Additions	–	–	5,335	23,650	–	–	60,555	61,453	65,890	85,103
Disposals	–	–	–	–	–	(10,501)	–	–	–	(10,501)
Impairment of assets	–	–	–	(8,964)	–	–	–	–	–	(8,964)
Depreciation and amortisation expense	(1,025,750)	(128,749)	(139,913)	(170,668)	–	(1,522)	(24,037)	(19,830)	(1,189,700)	(320,769)
<b>Closing balance</b>	<b>5,025,466</b>	<b>6,051,216</b>	<b>149,011</b>	<b>283,589</b>	<b>–</b>	<b>–</b>	<b>250,501</b>	<b>213,983</b>	<b>5,424,978</b>	<b>6,548,788</b>

**Table 7.3: Fair value measurement hierarchy for assets as at 30 June 2014**

	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using		
		Level 1 <sup>1</sup>	Level 2 <sup>1</sup>	Level 3 <sup>1</sup>
Building leasehold improvements – office fit-out	5,025,466			5,025,466
<b>Total building leasehold improvements – office fit-out at fair value</b>	<b>5,025,466</b>			<b>5,025,466</b>
EDP hardware	149,011			149,011
<b>Total EDP hardware at fair value</b>	<b>149,011</b>			<b>149,011</b>
Plant, equipment and vehicles	250,501			250,501
<b>Total plant, equipment and vehicles at fair value</b>	<b>250,501</b>			<b>250,501</b>

Note:

1. Classified in accordance with the fair value hierarchy, see Note 1(b).

**Building leasehold improvements – office fit-out and plant, equipment and vehicles**

Building leasehold improvements – office fit-out and plant, equipment and vehicles are held at fair value. When building leasehold improvements – office fit-out and plant, equipment are specialised in use, such that they are rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2014.

For all assets measured at fair value, the current use is considered the highest and best use.

**Table 7.4: Reconciliation of Level 3 fair value**

2014	Building leasehold improvements – office fit-out	EDP hardware	Plant, equipment and vehicles
Opening balance	6,051,216	283,589	213,983
Additions	–	5,335	60,555
Depreciation and amortisation expense	(1,025,750)	(139,913)	(24,037)
<b>Closing balance</b>	<b>5,025,466</b>	<b>149,011</b>	<b>250,501</b>



Table 7.5: Description of significant unobservable inputs to Level 3 valuations

	Valuation technique <sup>1</sup>	Significant unobservable inputs <sup>1</sup>	Range (weighted average) <sup>1</sup>	Sensitivity of fair value measurement to changes in significant unobservable inputs
<b>Building leasehold improvements – office fit-out</b>	Depreciated replacement cost	Direct cost per square metre (office fit-out was transferred from DOJ in February 2013)	(\$2,098 per sq m)	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value
		Useful life of building leasehold improvements-office fit-out	7.6 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
<b>EDP hardware</b>	Depreciated replacement cost	Cost per unit	\$6,300 – \$12,790 per unit (\$9,559 per unit)	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value
		Useful life of EDP hardware	4 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
<b>Plant, equipment and vehicles</b>	Depreciated replacement cost	Cost per unit <ul style="list-style-type: none"> <li>office furniture and equipment</li> <li>security equipment</li> <li>vehicles</li> </ul>	\$13,180 – \$71,120 per unit (\$8,430 per unit) (\$16,550 per unit) (\$35,004 per unit)	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value
		Useful life <ul style="list-style-type: none"> <li>office furniture and equipment</li> <li>security equipment</li> <li>vehicles</li> </ul>	8 years 5 years 3 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation

Note:

1. Illustrations on the valuation techniques, significant unobservable inputs and the related quantitative range of those inputs are indicative and should not be directly used without consultation with the entity's independent valuer.

## Note 8: Intangible assets

	2014 \$	2013 \$
<b>Gross carrying amount</b>		
Opening balance	8,589,679	7,083,168
Work-in-progress	78,640	–
Additions from internal development	616,508	1,506,511
<b>Closing balance</b>	<b>9,284,827</b>	<b>8,589,679</b>
<b>Accumulated amortisation</b>		
Opening balance	(5,017,584)	(4,631,951)
Amortisation expense <sup>1</sup>	(569,889)	(385,633)
<b>Closing balance</b>	<b>(5,587,473)</b>	<b>(5,017,584)</b>
<b>Net book value at end of financial year</b>	<b>3,697,354</b>	<b>3,572,095</b>

Note:

1 The consumption of intangible produced assets is included in the 'depreciation' line item, where the consumption of the intangible non-produced assets is included in 'net gain/(loss)' line item on the comprehensive operating statement.

### Significant intangible assets

VCGLR has capitalised software development expenditure including the development of the significant intangible asset which is the Gaming and Monitoring System (GAMMON). The carrying amount of the significant intangible asset expenditure is \$2.64 million (2013: \$2.37 million). Its useful life is eight years and will be fully amortised in 2021.

## Note 9: Other non-financial assets

	2014 \$	2013 \$
<b>Current other assets</b>		
Pre-payments	524,652	445,790
<b>Total current other assets</b>	<b>524,652</b>	<b>445,790</b>
<b>Total other non-financial assets</b>	<b>524,652</b>	<b>445,790</b>

## Note 10: Payables

	2014 \$	2013 \$
<b>Current payables</b>		
<b>Contractual</b>		
Creditors <sup>1</sup>	66,599	455,156
Accrued wages and salaries <sup>1</sup>	154,890	309,046
Accrued expenses <sup>1</sup>	1,760,666	740,171
<b>Total current payables</b>	<b>1,982,155</b>	<b>1,504,373</b>
<b>Total payables</b>	<b>1,982,155</b>	<b>1,504,373</b>

Note:

1. The average credit period is 30 days. No interest is charged on the other payables for the first 30 days from the date of the invoice. Thereafter, interest is charged at 2 per cent per year on the outstanding balance.

(a) Maturity analysis of payables

Please refer to Table 15.4 in Note 15 for the ageing analysis of payables.

(b) Nature and extent of risk arising from payables

Please refer to Note 15 for the nature and extent of risk arising from payables.

## Note 11: Provisions

	2014 \$	2013 \$
<b>Current provisions</b>		
Employee benefits (Note 11(a)) – annual leave <sup>1</sup>		
Unconditional and expected to settle within 12 months <sup>2</sup>	462,459	464,580
Unconditional and expected to settle after 12 months <sup>2</sup>	1,055,509	1,421,817
Employee benefits (Note 11(a)) – long service leave <sup>1</sup>		
Unconditional and expected to settle within 12 months <sup>2</sup>	433,785	650,204
Unconditional and expected to settle after 12 months <sup>2</sup>	2,474,428	2,945,120
	<b>4,426,181</b>	<b>5,481,721</b>
Provisions relating to employee benefit on-costs (Note 11(a) and Note 11(b))		
Unconditional and expected to settle within 12 months <sup>2</sup>	146,979	183,323
Unconditional and expected to settle after 12 months <sup>2</sup>	583,053	717,504
	<b>730,032</b>	<b>900,827</b>
<b>Total current provisions</b>	<b>5,156,213</b>	<b>6,382,548</b>
<b>Non-current provisions</b>		
Employee benefits (Note 11(a)) – annual leave and long service leave <sup>1</sup>	332,574	407,501
Employee benefit on-costs (Note 11(a) and Note 11(b))	52,898	62,878
<b>Total non-current provisions</b>	<b>385,472</b>	<b>470,379</b>
<b>Total provisions</b>	<b>5,541,685</b>	<b>6,852,927</b>

### (a) Employee benefits and related on-costs<sup>1</sup>

	2014 \$	2013 \$
<b>Current employee benefits</b>		
Annual leave entitlements	1,517,968	1,886,397
Long service leave entitlements	2,908,213	3,595,324
<b>Non-current employee benefits</b>		
Long service leave entitlements	332,574	407,501
<b>Total employee benefits</b>	<b>4,758,755</b>	<b>5,889,222</b>
Current on-costs	730,032	900,827
Non-current on-costs	52,898	62,878
<b>Total on-costs</b>	<b>782,930</b>	<b>963,705</b>
<b>Total employee benefits and related on-costs</b>	<b>5,541,685</b>	<b>6,852,927</b>

Note:

1. Employee benefits consist of annual leave and long service leave accrued by employees. On costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected as a separate provision.

2. Amounts are measured at present values.

**(b) Movement in provisions**

	On-costs	
	2014 \$	2013 \$
<b>Opening balance</b>	<b>963,705</b>	<b>1,085,287</b>
Additional provisions recognised	210,477	399,187
Reductions arising from payments/other sacrifices of future economic benefits	(391,252)	(520,769)
<b>Closing balance</b>	<b>782,930</b>	<b>963,705</b>
Current	730,032	900,827
Non-current	52,898	62,878
	<b>782,930</b>	<b>963,705</b>

**Note 12: 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 DTF 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	
	2014 \$	2013 \$	2014 \$	2013 \$
<b>Defined benefit plans:<sup>1</sup></b>				
Emergency Services and State Super – revised and new	250,263	329,352	–	–
<b>Defined contribution plans:</b>				
VicSuper	900,468	940,351	–	–
Various other	280,273	294,675	–	–
<b>Total</b>	<b>1,431,004</b>	<b>1,564,378</b>	<b>–</b>	<b>–</b>

Note:

1. The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

**Note 13: Commitments for expenditure**

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

	2014 \$	2013 \$
<b>Operating and lease commitments</b>		
Payable: <sup>1</sup>		
Less than one year	1,312,289	1,291,005
Longer than one year and not longer than five years	10,576,885	5,183,003
Five years or more	2,790,981	3,019,253
<b>Total operating expenditure commitments</b>	<b>14,680,155</b>	<b>9,493,261</b>

Note:

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

1. Operating and lease commitments relate to accommodation rental with lease terms of 10 years to expire 31 August 2020, plant and equipment implementation, operation and maintenance commitments.

**Note 14: Contingent assets and contingent liabilities**

At 30 June 2014, the VCGLR had no contingent assets and contingent liabilities.

## Note 15: 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).

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 15.1 below.

Table 15.1: Categorisation of financial instruments

	Contractual financial assets – loans and receivables	Contractual financial liabilities at amortised cost	Total
	\$	\$	\$
<b>2014</b>			
<b>Contractual financial assets</b>			
Cash and deposits	885,170	–	885,170
Receivables <sup>1</sup>	92,933	–	92,933
<b>Total contractual financial assets</b>	<b>978,103</b>	<b>–</b>	<b>978,103</b>
<b>Contractual financial liabilities</b>			
Payables <sup>1</sup>	–	1,982,155	1,982,155
<b>Total contractual financial liabilities</b>	<b>–</b>	<b>1,982,155</b>	<b>1,982,155</b>
<b>2013</b>			
<b>Contractual financial assets</b>			
Cash and deposits	619,834	–	619,834
Receivables <sup>1</sup>	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>			
Payables <sup>1</sup>	–	1,504,373	1,504,373
<b>Total contractual financial liabilities</b>	<b>–</b>	<b>1,504,373</b>	<b>1,504,373</b>

Note:

1. The total amount disclosed here excludes 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.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the VCGLR will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

The carrying amount of financial assets recorded in the financial report represents the VCGLR's maximum exposure to credit risk as indicated in Table 15.2.

Table 15.2: Credit quality of contractual financial assets that are neither past due nor impaired

	Financial institutions (AA credit rating)	Government agencies (Triple A credit rating)	Total
	\$	\$	\$
<b>2014</b>			
<b>Contractual financial assets</b>			
Cash and deposits	885,170	–	885,170
Receivables <sup>1</sup>	–	92,933	92,933
<b>Total contractual financial assets</b>	<b>885,170</b>	<b>92,933</b>	<b>978,103</b>
<b>2013</b>			
<b>Contractual financial assets</b>			
Cash and deposits	619,834	–	619,834
Receivables <sup>1</sup>	–	56,399	56,399
<b>Total contractual financial assets</b>	<b>619,834</b>	<b>56,399</b>	<b>676,233</b>

Note:

1. The total amount disclosed here excludes 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.

**Table 15.3: Ageing analysis of contractual financial assets**

			Past due but not impaired			
	Carrying amount	Not past due and not impaired	Less than 1 month	1–3 months	3 months – 1 year	1–5 years
	\$	\$	\$	\$	\$	\$
<b>2014</b>						
Receivables <sup>1</sup>	92,933	19,476	37,347	35,348	762	–
	<b>92,933</b>	<b>19,476</b>	<b>37,347</b>	<b>35,348</b>	<b>762</b>	<b>–</b>
<b>2013</b>						
Receivables <sup>1</sup>	56,399	9,748	–	29,394	17,168	88
	<b>56,399</b>	<b>9,748</b>	<b>–</b>	<b>29,394</b>	<b>17,168</b>	<b>88</b>

Note:

1. 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, making 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 15.4: Maturity analysis of contractual financial liabilities**

			Maturity dates			
	Carrying amount	Nominal amount	Less than 1 month	1–3 months	3 months–1 year	1–5 years
	\$	\$	\$	\$	\$	\$
<b>2014</b>						
Payables <sup>1</sup>	1,982,155	1,982,155	1,982,155	–	–	–
	<b>1,982,155</b>	<b>1,982,155</b>	<b>1,982,155</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>2013</b>						
Payables <sup>1</sup>	1,504,373	1,504,373	1,504,373	–	–	–
	<b>1,504,373</b>	<b>1,504,373</b>	<b>1,504,373</b>	<b>–</b>	<b>–</b>	<b>–</b>

Note:

1. 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 15.5: Interest rate exposure of financial instruments**

			Interest rate risk exposure		
	Weighted average effective interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
	%	\$	\$	\$	\$
<b>2014</b>					
<b>Financial assets</b>					
Cash and deposits	N/A	885,170	–	–	885,170
Receivables <sup>1</sup>	N/A	92,933	–	–	92,933
<b>Total financial assets</b>		<b>978,103</b>	<b>–</b>	<b>–</b>	<b>978,103</b>
<b>Financial liabilities</b>					
Payables <sup>1</sup>	N/A	1,982,155	–	–	1,982,155
<b>Total financial liabilities</b>		<b>1,982,155</b>	<b>–</b>	<b>–</b>	<b>1,982,155</b>
<b>2013</b>					
<b>Financial assets</b>					
Cash and deposits	N/A	619,834	–	–	619,834
Receivables <sup>1</sup>	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>					
Payables <sup>1</sup>	N/A	1,504,373	–	–	1,504,373
<b>Total financial liabilities</b>		<b>1,504,373</b>	<b>–</b>	<b>–</b>	<b>1,504,373</b>

Note:

1. The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).



**(e) Fair value**

Cash and deposits are categorised as Level 1 in the fair value hierarchy. Receivables are categorised as Level 3 in the fair value hierarchy.

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 15.6: Comparison between carrying amount and fair value**

	Carrying amount 2014	Fair value 2014	Carrying amount 2013	Fair value 2013
			\$	\$
<b>Contractual financial assets</b>				
Cash and deposits	885,170	885,170	619,834	619,834
Receivables <sup>1</sup>	92,933	92,933	56,399	56,399
<b>Total contractual financial assets</b>	<b>978,103</b>	<b>978,103</b>	<b>676,233</b>	<b>676,233</b>
<b>Contractual financial liabilities</b>				
Payables <sup>1</sup>	1,982,155	1,982,155	1,504,373	1,504,373
<b>Total contractual financial liabilities</b>	<b>1,982,155</b>	<b>1,982,155</b>	<b>1,504,373</b>	<b>1,504,373</b>

Note:

1. The total amount disclosed here excludes statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

**Note 16: 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:

	2014 \$	2013 \$
Total cash and deposits disclosed in the balance sheet <sup>1</sup>	885,170	619,834
<b>Balance as per cash flow statement</b>	<b>885,170</b>	<b>619,834</b>

Note:

1. 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**

	2014 \$	2013 \$
<b>Net result for the period</b>	<b>(973,309)</b>	<b>301,259</b>
<b>Non cash movements:</b>		
Impairment of property, plant and equipment	–	9,077
Depreciation and amortisation of non-current assets	1,759,588	706,402
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables	1,152,416	361,957
(Increase)/decrease in other non-financial assets	(78,861)	(89,455)
Increase/(decrease) in payables	477,782	276,249
Increase/(decrease) in interest-bearing liabilities	–	(12,071)
Increase/(decrease) in provisions	(1,311,242)	(728,731)
<b>Net cash flows from/(used in) operating activities</b>	<b>1,026,374</b>	<b>824,687</b>

### Note 17: 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 2014 through DOJ appropriations.

	Grant funding advice	Funding available	Funding applied
	\$	\$	\$
<b>2014</b>			
Grant revenue – provision for outputs	34,501,352	34,501,352	34,501,352
Capital contribution – addition to net assets	–	–	–
<b>Total funding</b>	<b>34,501,352</b>	<b>34,501,352</b>	<b>34,501,352</b>
<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>

### Note 18: Ex-gratia payments

As at 30 June 2014, the VCGLR had not made any ex-gratia payments (2013: nil).

### Note 19: 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.

The *Gambling Regulation Act 2003* provides for determination by the Treasurer, after consultation with the Minister for Liquor and Gaming Regulation, of the supervision charges payable by Tabcorp, Tattersalls, Intralot and the venue operators. 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.

On 31 October 2007, an amount of \$13.3 million for the Category 1 Public Lottery Licence was received. This is to be recognised over 10 years of which \$5.3 million is recognised as unearned income as at 30 June 2014. On 25 September 2008, \$980,000 for Category 1 Public Lottery amendment, which included Monday and Wednesday Lotto was received and is to be recognised over 10 years of which \$392,000 is recognised as unearned income as at 30 June 2014. The \$60 million from Keno licences received on 19 April 2011 is to be recognised over 10 years. The licence became operational on 15 April 2012, of which \$47.0 million is recognised as unearned income as at 30 June 2014. 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 \$344.5 million is recognised as unearned income as at 30 June 2014.

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 \$765.6 million as at 30 June 2014.

As at 30 June 2014, a total of \$1.163 million is recognised as unearned income by the VCGLR.

Transactions on behalf of Government	2014 \$'000	2013 \$'000
<b>Income –</b>		
<b>Amounts collected/receivable on behalf of Government</b>		
Appropriations – payments made on behalf of the State	28,644	35,420
Gaming taxation	872,278	926,744
Licence fees	635	760
Minor gaming	968	958
Keno	9,636	9,371
Casino taxation and licence fees	208,812	200,986
Racing taxation and licence fees	9,254	21,516
Tattersalls lotteries	403,317	443,711
Intralot lotteries	16,080	17,353
Tabcorp supervision fee	1,115	1,546
Tattersalls supervision fee	418	959
Intralot supervision fee	506	545
Venue operators supervision fee	5,269	5,000
Lottery premium payment	3,307	3,243
Liquor licence and application fees	2,238	2,242
Gaming venue licence fees	94,089	82,243
Wagering and betting taxation and licence fees	82,517	73,856
Miscellaneous	14,897	18,525
<b>Total amount collected/receivable</b>	<b>1,753,980</b>	<b>1,844,978</b>
<b>Expenses –</b>		
<b>Amounts paid/payable on behalf of Government</b>		
Payments made to other jurisdictions	28,644	35,420
Payments to Consolidated Fund	1,770,561	1,806,007
Bad and doubtful debts	639	4,225
<b>Total amount paid/payable</b>	<b>1,799,844</b>	<b>1,845,652</b>
<b>Other economic flows</b>		
Net gain/(loss) on non-financial assets	4,227	–
<b>Total other economic flows</b>	<b>4,227</b>	<b>–</b>
<b>Total amount paid/payable including economic flows</b>	<b>1,804,071</b>	<b>1,845,652</b>
<b>Net result from transactions (net operating balance)</b>	<b>(50,091)</b>	<b>(674)</b>

<b>Assets</b>		
<b>Current assets</b>		
Receivables	358,797	355,688
<b>Total current assets</b>	<b>358,797</b>	<b>355,688</b>
<b>Non-current assets</b>		
Receivables	285,314	472,132
<b>Total non-current assets</b>	<b>285,314</b>	<b>472,132</b>
<b>Total assets</b>	<b>644,111</b>	<b>827,820</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Unearned income	135,692	135,734
Payables	2,057	2,885
<b>Total current liabilities</b>	<b>137,749</b>	<b>138,619</b>
<b>Non-current liabilities</b>		
Unearned income	1,027,121	1,162,754
<b>Total non-current liabilities</b>	<b>1,027,121</b>	<b>1,162,754</b>
<b>Total liabilities</b>	<b>1,164,870</b>	<b>1,301,373</b>
<b>Net assets</b>	<b>(520,759)</b>	<b>(473,553)</b>
<b>Equity</b>	<b>(520,759)</b>	<b>(473,553)</b>

## Note 20: 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 Liquor and Gaming Regulation	
The Hon Edward O'Donohue, MLC	1 July 2013 to 30 June 2014
Responsible Minister – Acting Minister for Liquor and Gaming Regulation	
The Hon Robert Clark MP	21 September 2013 to 6 October 2013
The Hon Kim Wells MP	16 January 2014 to 19 January 2014
Commission Members:	
Mr Bruce Thompson (Chairman)	1 July 2013 to 30 June 2014
Mr Ross Kennedy PSM (Deputy Chairman)	8 July 2013 to 30 June 2014
Ms Gail Owen OAM (Deputy Chairman)	1 July 2013 to 4 September 2013
Ms Gail Owen OAM (Acting Chairman)	5 September 2013 to 19 September 2013
Ms Gail Owen OAM (Deputy Chairman)	20 September 2013 to 30 June 2014
Mr Des Powell AM (Commissioner)	1 July 2013 to 30 June 2014
Ms Kate Hamond (Commissioner)	1 July 2013 to 30 June 2014
Mr Robert Kerr (Commissioner)	1 July 2013 to 30 June 2014
Accountable Officer – Chief Executive Officer	
Ms Jane Brockington (Chief Executive Officer)	1 July 2013 to 21 March 2014
Ms Catherine Myers (Acting Chief Executive Officer)	24 March 2014 to 19 June 2014
Ms Karen Lees (Acting Chief Executive Officer)	20 June 2014 to 30 June 2014

### Remuneration

Remuneration received or receivable by members of the Commission and the Accountable Officer covers the period 1 July 2013 to 30 June 2014.

### Commissioners and Accountable Officer

Remuneration received or receivable by members of the Commission including the Accountable Officer in connection with the management of the VCGLR during the reporting period was in the range of:

Income band	2014 No.	2013 No.
\$110,000 – \$119,999	3	3
\$120,000 – \$129,999	1	–
\$130,000 – \$139,999	1	1
\$140,000 – \$149,999	–	1
\$160,000 – \$169,999	1	–
\$190,000 – \$199,999	–	1
\$220,000 – \$229,999	1	–
\$250,000 – \$259,999	–	1
<b>Total numbers</b>	<b>7</b>	<b>7</b>
<b>Total amount</b>	<b>\$989,999</b>	<b>\$1,066,970</b>

To ensure consistency, the treatment of the Accountable Officer in 2013 has been included to be consistent with 2014 and not included in Note 21: Remuneration of executives and payments to other personnel (i.e. contractors with significant management responsibilities).

Amounts relating to the Minister for Liquor and Gaming Regulation are reported in the financial statements of the Department of Premier and Cabinet.

### Note 21: 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	
	2014 No.	2013 No.	2014 No.	2013 No.
\$0,000 – \$9,999	1	1	1	1
\$10,000 – \$19,999	1	–	1	–
\$20,000 – \$29,999	1	–	1	–
\$40,000 – \$49,999	1	–	1	–
\$50,000 – \$59,999	–	1	–	1
\$60,000 – \$69,999	–	1	–	1
\$90,000 – \$99,999	–	–	–	1
\$120,000 – \$129,999	–	–	1	–
\$130,000 – \$139,999	1	1	–	1
\$170,000 – \$179,999	–	–	–	–
\$180,000 – \$189,999	1	–	2	–
\$190,000 – \$199,999	–	1	–	–
\$200,000 – \$209,999	1	–	–	–
<b>Total number of executives</b>	<b>7</b>	<b>5</b>	<b>7</b>	<b>5</b>
<b>Total annualised employee equivalents (AEE)<sup>1</sup></b>	<b>3.31</b>	<b>2.05</b>	<b>3.31</b>	<b>2.05</b>
<b>Total amount</b>	<b>\$606,459</b>	<b>\$467,101</b>	<b>\$590,120</b>	<b>\$359,286</b>

Note:

1. Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks of a reporting period.

There were no payments made to contractors in executive roles.

### Note 22: Remuneration of auditors

	2014 \$	2013 \$
<b>Victorian Auditor-General's Office</b>		
Audit of the financial statements	105,480	112,970

### Note 23: Related party transactions

Related party transactions for responsible persons requiring disclosure have been considered and there are no matters to report. Transactions with related parties are conducted at arms length on normal commercial terms.

### Note 24: Subsequent events

The financial statements for the VCGLR are prepared for the reporting period ended 30 June 2014. 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 25: Glossary of terms and style conventions

### Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

### Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

### 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 expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write-off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

### 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.

### Financial statements

A complete set of financial statements comprises:

- (a) a balance sheet as at the end of the period
- (b) a comprehensive operating statement for the period
- (c) a statement of changes in equity for the period
- (d) a cash flow statement for the period
- (e) notes, comprising a summary of significant accounting policies and other explanatory information
- (f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 *Presentation of Financial Statements*

- (g) a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

### 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. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. 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 assets 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 income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows – other comprehensive income'.

### Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income 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'. They include building leasehold improvements office fit-out, EDP hardware, 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 included in net results

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

#### 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 VCGLR.

#### 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 2013–2014 *Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the VCGLR's annual reports.

## Accountable Officer's and Chief Accounting and Finance 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 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 2014 and financial position of the Victorian Commission for Gambling and Liquor Regulation at 30 June 2014.

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 25 August 2014.



**Bruce Thompson**  
Chairman



**Catherine Myers**  
Acting Chief Executive Officer



**Toniann Stitz**  
Chief Accounting and Finance Officer

Dated: 25 August 2014, Melbourne

# Auditor-General's report

## VCGLR financial year ended 30 June 2014



**VAGO**  
Victorian Auditor-General's Office

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**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 2014 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 controls 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 2014 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 2014 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  
8 September 2014

*for*   
John Doyle  
Auditor-General

*Auditing in the Public Interest*



Revive Laser Digital is Certified Carbon Neutral under the National Carbon Offset Standard (NCOS), an Australian Government Initiative. Revive Laser Digital 100–140gsm is 100% recycled and FSC Recycled Certified. Revive Laser Digital 300gsm is 70% recycled and is FSC Mix Certified. No bleaching occurs in the recycling process and Revive Laser Digital is manufactured in Australia by an ISO 14001 Certified mill. Sales of Revive supports Landcare Australia.



