



Victorian Commission for
Gambling and Liquor Regulation



Corporate Plan 2017–20

Victorian liquor licences ●

Victorian gaming licences ●



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Chair and CEO message

The gambling and liquor industries in Victoria are vibrant and include a diverse range of businesses. These industries deliver substantial social and economic benefits, but there can also be significant costs to the Victorian community from gambling and alcohol-related harm.

Our vision reflects community expectations that gambling and liquor should be available and regulated to minimise the harm.

The Victorian Commission for Gambling and Liquor Regulation (VCGLR) regulates to:

- minimise harm
- prevent criminal activity and ensure gaming is conducted honestly
- promote community benefit and fair dealings
- promote economic development.

Since its establishment in 2012, the VCGLR has undergone a significant journey to build an effective and integrated organisation while meeting our regulatory responsibilities.

We have had successes but we also know that we operate in an environment where Government and the community expects better outcomes.

The Corporate Plan 2017–20 provides a roadmap for the future, setting out the long-term direction of the organisation by focusing on three priorities:

- modernising regulatory tools and processes
- providing a collaborative and unified environment
- increasing strategic influence to improve outcomes.

Key to the Corporate Plan is building stronger partnerships with our stakeholders, working across our networks to achieve better results and increasing our influence as a regulator.

The plan focuses on strengthening the VCGLR's organisational culture. We know that we achieve better results when we have a unified purpose.

The VCGLR will use innovation and new ideas to improve our regulatory tools and processes to ensure we keep pace with international best practice. Improved performance will build confidence in the effectiveness of our regulatory activities.

Importantly, the Corporate Plan also includes measures of success so we can review and evaluate how we are performing over the three year period.

Vision

Victorians and visitors
enjoy safe and
responsible gambling
and liquor environments

Overview of the VCGLR

Purpose

The VCGLR regulates Victoria's gambling and liquor industries to ensure their integrity and to minimise harm.

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 regulate businesses focusing on the people, premises, products and promotions involved in the supply of gambling and liquor. We operate in a complex environment requiring a responsive regulatory framework to keep pace with industry trends. Our purpose reflects the objectives of Victoria's gambling and liquor laws to focus regulatory efforts on ensuring industry integrity while minimising harm.

The Corporate Plan sets the long-term direction of the organisation. It details the key priorities for the coming three years and the annual business plan will develop initiatives to deliver against each priority.

The VCGLR's long term direction is to operate in an environment that is innovative, creative and adaptive to emerging business models and products while recognising and responding to the social impacts of these products and services using evidence based decision-making.



Partners

The VCGLR partners with government agencies, co-regulators, industry and the community, leveraging collective knowledge and resources to achieve positive outcomes. These relationships strengthen our governance, leading to improved decision making, and allow us to better manage risk.

Partnerships are part of the VCGLR's approach to effect and sustain change.

Co-regulators

The VCGLR will always seek to collaborate to ensure the agency best placed to address a risk is able to do so, and has established principal relationships with Victoria Police, AUSTRAC and VicRoads. Preventing criminal activity and ensuring the integrity of gaming relies on close relationships with our enforcement partners.

Government

The VCGLR engages at Executive and working group level with other government partners including local government, service providers and policy makers.

In Victoria, we partner with the Office of Liquor, Gaming and Racing, Victorian Responsible Gambling Foundation and VicHealth to share insights, inform policy and to better understand best practice to minimise gambling and alcohol related harm.

Industry

We work closely with peak industry bodies to better understand how as the regulator we can support economic development and community benefit. These relationships allow us to tap into their membership to educate and communicate regulatory information.

We work with industry to achieve high levels of voluntary compliance with a robust engagement approach including regular meetings, education campaigns, attendance at Liquor Forums and the hosting of Knowledge Exchanges.

Community

Engaging with the community gives the VCGLR insight to the social and economic impacts of gambling and liquor. We engage community organisations through Knowledge Exchanges with industry and through dedicated liquor and gambling forums held twice a year. Membership brings together advocacy groups, church and multifaith representatives, academics and various bodies working closely with those affected by gambling and liquor related harms.

Overview of industry

The gambling and liquor industries in Victoria are vibrant and growing rapidly to include an increasingly diverse range of businesses and events. Diversity ranges from the Melbourne Casino, food trucks, festivals, pop-up bars and footpath dining, as well as more traditional venues such as pubs, clubs and restaurants. These industries deliver substantial social and economic benefits to the Victorian community, however they are also associated with potential harms that must be minimised.

The VCGLR has regulatory oversight of the Melbourne Casino, the public lottery licence, approximately 22,000 liquor licences (of which 500 hold a gaming licence), more than 630 Keno outlets, almost 730 wagering and betting agents and manages the statewide cap of up to 30,000 electronic gaming machines.

Gambling Licences and Permits

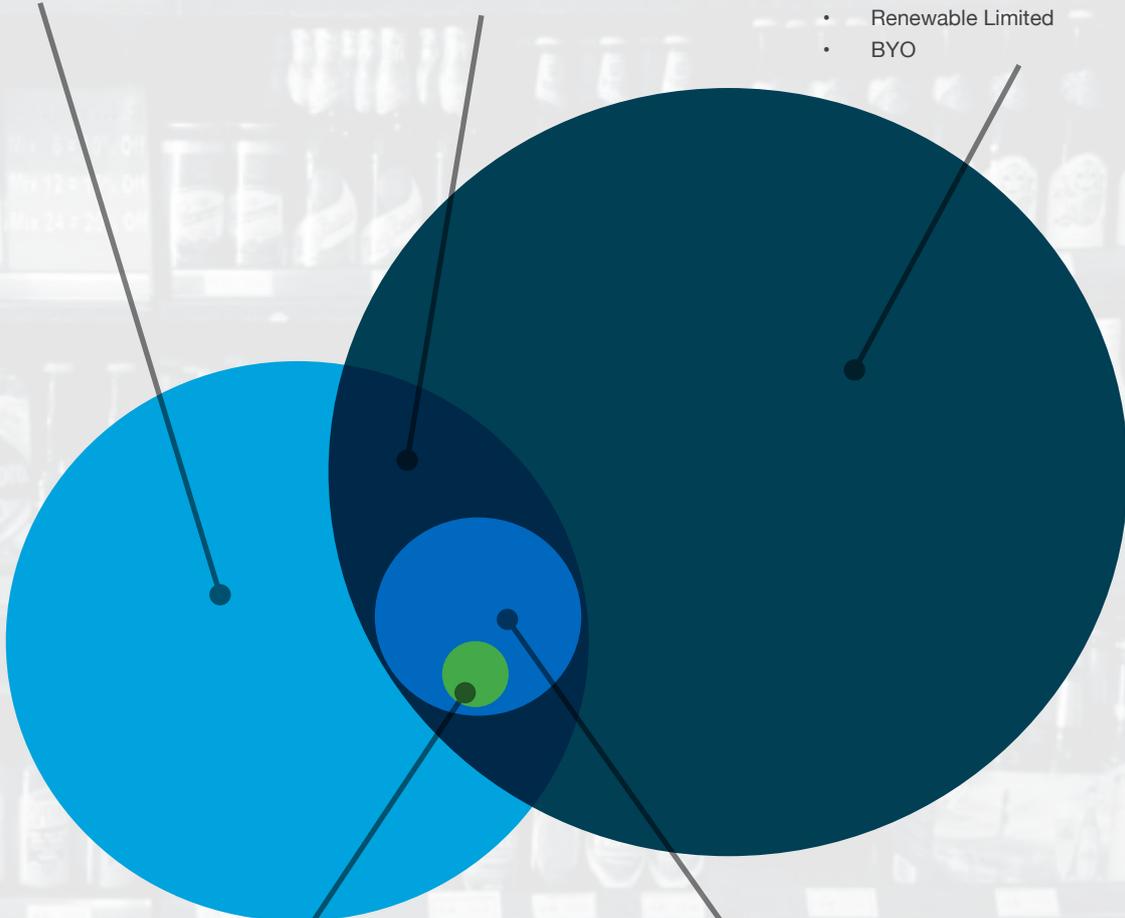
- Trade Promotion Lottery
- Lucky Envelope
- Raffles
- Casino Games - Charitable
- Lottery
- Keno
- Bookmakers
- Wagering

Gambling on Liquor Licensed Premises

- Trade Promotion Lottery
- Lucky Envelope
- Raffles
- Casino Games - Charitable
- Lottery
- Keno
- Bookmakers
- Wagering

Liquor Licences and Permits

- On-Premises
- General
- Restaurant and Cafe
- Packaged Liquor
- Wine and Beer producers
- Pre-retail
- Major Event
- Temporary Limited
- Renewable Limited
- BYO



Casino

- Liquor Licence
- Casino Games
- Electronic Gaming Machines
- Other forms of gambling

Gaming Venues

- Liquor Licence
- Electronic Gaming Machines
- Other forms of gambling

Figure 1 : VCGLR regulated industries

Towards an adaptive operating model

Our Regulatory Approach is a public statement about our framework for regulating the gambling and liquor industries.

Since its establishment in 2012, the VCGLR has been transforming its operations into a modern, risk-based regulator. Having integrated the responsibilities held by the previous liquor and gambling regulators, the VCGLR has continued to mature its regulatory approach – working toward the adoption of a sophisticated, whole-of-organisation, risk-based regulatory practice and ensuring that harm minimisation and an understanding of risk underpins our decision-making and resource allocation. This is a challenging, evolutionary and important journey. It is also essential if the VCGLR is to effectively meet community expectations, maintain the integrity of vibrant industries and, critically, minimise harm.

New business challenges continue to emerge as we strive for organisational maturity and a high standard of regulatory practice. The VCGLR has developed a number of business strategies to deal with this complex environment. We recognise that our operating model must continue to evolve to support the achievement of long-term business strategies. Uncertainty, disruption and risk driven by globalisation, new technologies and the demand for greater transparency and accountability is a constant challenge. We must manage our operations to bridge the gap between our Business Strategy and the deployment of capable resources to build an enduring and high performing regulator.

Over the planning period 2017–20, we will continue to build our organisational capacity through the implementation of a range of strategies.

Our early years were focussed internally on integrating our processes and systems and developing our people to operate across both gambling and liquor regulatory schemes. As an agency we are focussing on our external regulatory environment to more strategically engage and influence those who operate within the regulatory system.

The **Regulatory Approach** is designed to:

- achieve high levels of voluntary compliance with gambling and liquor laws by setting clear expectations, encouraging the right behaviour and taking strong enforcement action where required
- constrain the regulatory costs and restrictions we impose on the gambling and liquor industries to what is necessary to achieve regulatory objectives
- uphold a culture of integrity and harm minimisation in the gambling and liquor industries.

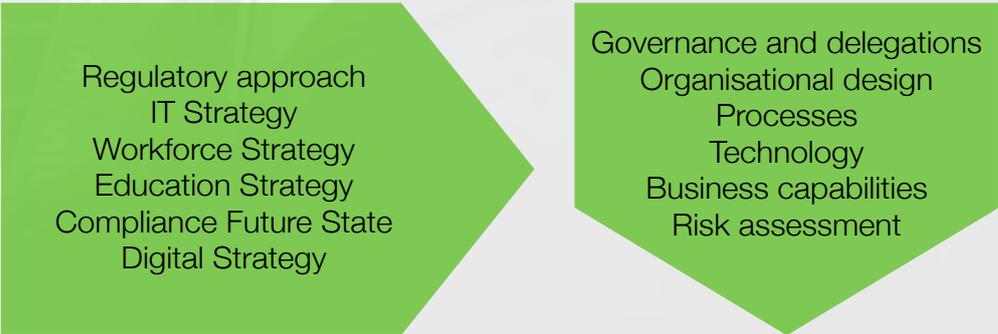


Direction

Commission
Corporate Plan
Priorities



Delivery



Outcome

Victorians and visitors enjoy
safe and responsible
gambling and liquor environments

Figure 2 : Delivering the vision

The **Workforce Strategy** is designed to attract, develop and retain staff while building a capable and motivated workforce who have a deep understanding of their regulatory role and are active in respect of their own professional development. We value diversity of thought and experience and believe that an inclusive and collaborative culture contributes to our success.

The Workforce Strategy aims to develop a collegial culture with effective leaders who model our values. It is designed to build capability to ensure we are able to achieve our legislative objectives and key priorities; and deliver our core functions and services at the highest standard.

The **Information Technology Strategy** (IT Strategy) is designed to respond to the innovation and advancement of technology, as well as meet the expectations of those we regulate and stakeholders.

The Information Technology Strategy outlines four key programs to enhance the capability of the VCGLR for the coming years:

- applications modernisation/ consolidation
- online/mobile services
- infrastructure/cloud
- business intelligence.

These areas of focus have been proposed as they are expected to play a key role in how the VGCLR operates into the future as an efficient and accessible regulator.

The IT Strategy aims to enable fit-for-purpose, secure, sustainable and adaptable applications that support key business processes now and into the future.

The **Compliance Division Future State** is a three year plan that has been developed to refresh the Compliance Division operating model in order to enhance performance, improve integrity and regulatory outcomes. The plan aims to improve staff engagement, equipping them with the necessary training and experience to undertake compliance and regulatory work, with the majority of inspectors working on roster and performing inspections.

The Compliance Division Future State plan supports a greater focus on operational management, staff training, quality assurance and establishing measures to ensure consistency across operational performance. Key to the operational performance is providing appropriate administrative and intelligence teams to support operational staff.

Development of a more flexible and accountable workforce places the VCGLR in the best possible position to prevent or reduce the harms associated with the irresponsible supply of gambling and liquor.

The **Digital Strategy** aims to maximise the opportunities to increase the number and quality of digital communication channels to more effectively inform and educate stakeholders.

The Digital Strategy will:

- engage licensees and assist them in understanding their obligations
- implement relevant elements of the VCGLR's regulatory approach and education strategy in regards to harm minimisation and efficiency
- encourage and assist with voluntary and proactive compliance.

There is capacity to broaden and improve the digital communication channels currently used by the VCGLR. We will strengthen the VCGLR's social media presence and develop additional digital resources. This includes videos, exploring webchat functionality and phone app technology.

Enhanced digital communication provides an opportunity to improve communication with stakeholders but also may assist in reducing demand on other communication channels such as phone and email.

The **Education Strategy** is designed to encourage voluntary and proactive compliance by licensees, and effect a shift from 'raising awareness' to long-term behavioural change.

The Education strategy will:

- implement elements of the VCGLR's regulatory approach in regards to harm minimisation and efficiency
- look to increase licensee's understanding of their obligations
- encourage voluntary and proactive compliance
- build and maintain effective partnerships
- build and maintain organisational capability.

The strategy will achieve this through a series of targeted campaigns driven by VCGLR intelligence, business requirements and stakeholder input. Campaigns will also address common queries to our client services team.

The strategy is cooperative in its engagement, and provides a cost-effective pathway for implementing the VCGLR's regulatory objectives. It is complimentary to inspection-based compliance activity, but with the potential benefit to reduce the breadth of compliance inspectors' focus on removing low-level, low-risk breach activity to a focus on higher-risk and higher-harm activities.

Our priorities

Our priorities have been developed to further our capacity to rigorously and efficiently regulate Victoria's gambling and liquor industries in a manner that balances industry and community needs.

These priorities recognise that we operate in an issues rich environment and our effectiveness is reliant on the relationships we foster with relevant partners and stakeholders.



Figure 3 : Key priorities

Modernising our regulatory practice

The VCGLR will actively work with internal and external stakeholders to develop detailed policies, guidelines and decision-making tools to mature our risk-based regulatory practice and measure the impact of our activities.

The VCGLR's focus continues to be on improving the efficiency of our services and being a technologically innovative organisation. This will ensure that we are a more responsive regulator by keeping pace with industry trends and leveraging both existing and emerging digital technologies and platforms. These endeavours aim to support the economic development of industry by making it easier to engage with the regulator.

The impetus for continued modernisation is also underpinned by the VCGLR's commitment to implement the outcomes of the 2017 VAGO performance audit which endorsed the good work that has already commenced and identified a number of areas for additional focus.

We will:

- build and strengthen our regulatory partnerships
- better inform government policy through our own regulatory data and insights
- enhance our education, compliance and licensing practice
- modernise technologies to support the delivery of current and future business models
- align and re-engineer processes to make them more efficient and effective
- develop and improve standards and processes to ensure service quality is embedded in the organisation
- measure and report on our regulatory activities.

Provide a collaborative and unified environment

Building a collaborative environment, in which staff are encouraged to develop their skills and knowledge of the broader organisation and industry, builds our capacity to problem-solve in a cohesive, cross functional and integrated manner. The VCGLR will continue to enhance integrated planning between operations, corporate projects, budget allocation, risk management and performance measurement.

We will continue to implement our Workforce Strategy to effectively create a flexible and high functioning workforce. Building a skilled and adaptable workforce will allow the VCGLR to respond to a range of internal and external factors and better anticipate changes in the broader regulatory landscape.

We will:

- invest in, align and allocate resources to achieve organisational priorities
- develop and implement integrated corporate, business and operational plans
- communicate a consistent message to industry participants, stakeholders and staff
- improve clarity, alignment and focus with increased engagement and synergies.

Increasing strategic influence to improve outcomes

The reputation of the VCGLR is underpinned by the relationships we develop and maintain with a wide variety of stakeholders to achieve positive outcomes. These partnerships are formed on the basis of shared understandings and mutual working relationships. In the 2017–20 business cycle, the VCGLR will turn its attention outward and focus greater effort on working strategically and effectively with its external stakeholders.

Just as we work hard to build effective relationships with our VCGLR colleagues, connecting with our external stakeholders – building relationships and using our knowledge of the regulatory landscape and our role within it – is the job of everyone at the VCGLR. Whether through daily interactions with licensees, community agencies or our governmental colleagues, we all have the capacity to strengthen relationships and ultimately influence our broader regulatory environment.

While much of our focus is on harm minimisation, we know a collaborative approach will provide better outcomes to prevent criminal activity, maintain the integrity of gaming and support community benefit and economic development of the gambling and liquor industries.

We will:

- proactively engage with our jurisdictional peers to collaborate on common industry risks and issues
- consult with industry, community and policy makers to inform our regulatory policies and practice
- work collaboratively with regulators and other enforcement agencies to build capability by leveraging and sharing training and resources
- continue to champion a problem solving approach to managing risks and issues
- develop processes to ensure the VCGLR remains abreast of research and emerging issues in the broader landscape
- refine our approach to formal engagement with key stakeholders by attending and contributing to a range of meetings, forums and conferences.



Measures of success

Key performance indicators

The three years covered in this Corporate Plan will be marked by a maturity of our regulatory approach, a growth in organisational capability and leadership, and a safer and more dynamic liquor and gambling environment.

Our regulatory approach will continue to mature as we seek to reduce alcohol and gambling related harm. We will do this through:

- higher rate of voluntary compliance by licensees
- improved intelligence
- a focus on high-harm, high-risk activity.

The actions of annual business plans will be targeted against the identified priorities which are intended to achieve the following outcomes.

The Key Performance Indicators have been developed to provide tangible measures by which the influence of our regulatory activities may be gauged.

The VCGLR will monitor and report against these key performance indicators to measure the success of the strategies outlined in the plan.

While we continue to mature our risk-based approach and operate more efficiently we will continue to assess and develop these measures to ensure their relevance as indicators of meeting our vision and purpose.

Table 1: Key performance indicators

Priority	Outcome	KPI	Basis for comparison
Modernising regulatory tools and processes	Industry compliant with regulatory requirements	Increase joint operations with co-regulators by 30%	Trends over time
		Decrease administrative non-compliance by 5%	Trends over time
		Increase the number of inspections at high-risk, high harm times	Trends over time
		Decrease complaints against industry by 5%	Compliance
		Increase inspections at high-risk times to 18%	Compliance
		Increase detection of high-risk breaches by 10%	Compliance
	Easy access to VCGLR services	Move all applications online by 2020*	Target: <5% paper based applications
		Increase % of calls answered within 60 seconds	Trends over time

* This measure relates to all frequently used application forms

Achievement of these KPIs are intended to contribute to the following outcomes:

- risk and intelligence regulatory approaches is embedded in Licensing and Compliance processes and procedures
- risk-based decision making is skilfully applied through the licensing and compliance life-cycle
- collaborative and highly professional work disciplines are actively practiced in all aspects of the business.

The VCGLR will foster a collaborative environment to build capacity and capability focussed on achieving regulatory outcomes.

Table 2: Providing a collaborative unified environment

Priority	Outcome	KPI	Basis for comparison
Providing a collaborative and unified environment	Staff are meeting annual performance outcomes	% staff with an integrated performance development plan	Target: 96%
	Staff are engaged and have a positive work environment	Increase staff satisfaction	Trends over time

Achievement of these KPIs are intended to contribute to the following outcomes:

- high performance is being actively nurtured, expected and supported
- the workforce is engaged and motivated
- a culture of outcome focused is encouraged
- integrated work practices.

The VCGLR will focus greater effort on working strategically and effectively with its external stakeholders.

Table 3: Increasing strategic influence to improve outcomes

Priority	Outcome	KPI	Basis for comparison
Increasing strategic influence to improve outcomes.	High stakeholder confidence in VCGLR's ability to deliver its regulatory obligations	Qualitative evaluation using stakeholder feedback. % and number of stakeholders surveyed with a high level of confidence in VCGLR	Reported in the 2019-20 annual report
		% industry perceiving the VCGLR to be satisfactorily regulating the gambling and liquor industries	Reported in the 2019-20 annual report

Achievement of these KPIs are intended to contribute to the following outcomes:

- the VCGLR is a highly respected regulator within the regulated sector
- collaborative and highly professional work disciplines are actively promoted.

Appendix one- Operating model

The Commission is a body corporate established by the *Victorian Commission for Gambling and Liquor Regulation Act 2011 (VCGLR Act)*¹. It consists of a Chairperson and one or more commissioners appointed as deputy chairpersons and as many additional and sessional commissioners as necessary.

The Commission performs the administrative decision-making functions under the gambling, liquor and casino legislation for which it is responsible directly and by delegation. It also conducts public enquiries and disciplinary inquiries as part of the decision making process.

In addition, under the *Public Administration Act 2004 (PA Act)* the Commission is a Public Entity². The commissioners are considered as 'directors' under the terms of the PA Act³ and are subject to the requirements of the PA Act including specific government policies (in particular the Code of Conduct for Directors of Victorian Public Entities)⁴ and governance requirements.

In regard to business practices, governance and risk management, the VCGLR maintains regular, detailed reporting at Board level. The Commission operates with three committees:

- Audit and risk management
- People and culture
- Legislation, regulation and policy.

The Commission has appointed a Chief Executive Officer to manage the organisation which is structured by functions including two primary operational divisions (Compliance and Licensing) supported by a Legal Services Division, Corporate Services Division, Research and Engagement Division and an Information and Communication Technology Reform Division (ICT).

1. s 6 VCGLR Act

2. s 5 PA Act

3. s 4 PA Act definitions of *director* and *board*

4. s 92 PA Act

Governance system and processes summary

The VCGLR has a Corporate Governance Framework which details the principles and practices that enable the Commission to achieve good governance. The framework is being progressively implemented through a set of specific strategies under the six categories of potential risk of non-compliance: Health and Safety, Governance [Board], Finance, Integrity, Information Management and Workforce.

To achieve its outcomes the VCGLR must make decisions that involve some degree of risk. The VCGLR has implemented an organisation specific Risk Management Framework consistent with the Australian Standard AS/NZS ISO 31000:2009 – Risk Management – Principles and Guidelines and the Victorian Government Risk Management Framework (VGRMF), Department of Treasury & Finance 2011.

The annual VCGLR Risk Management Plan is an organisation-wide plan outlining the road map for the progressive design, implementation and the enhancement of the Risk Management Framework. Its annual evaluation forms an integral part of the annual risk management attestation in the annual report for adherence to the mandatory requirements of the VGRMF.

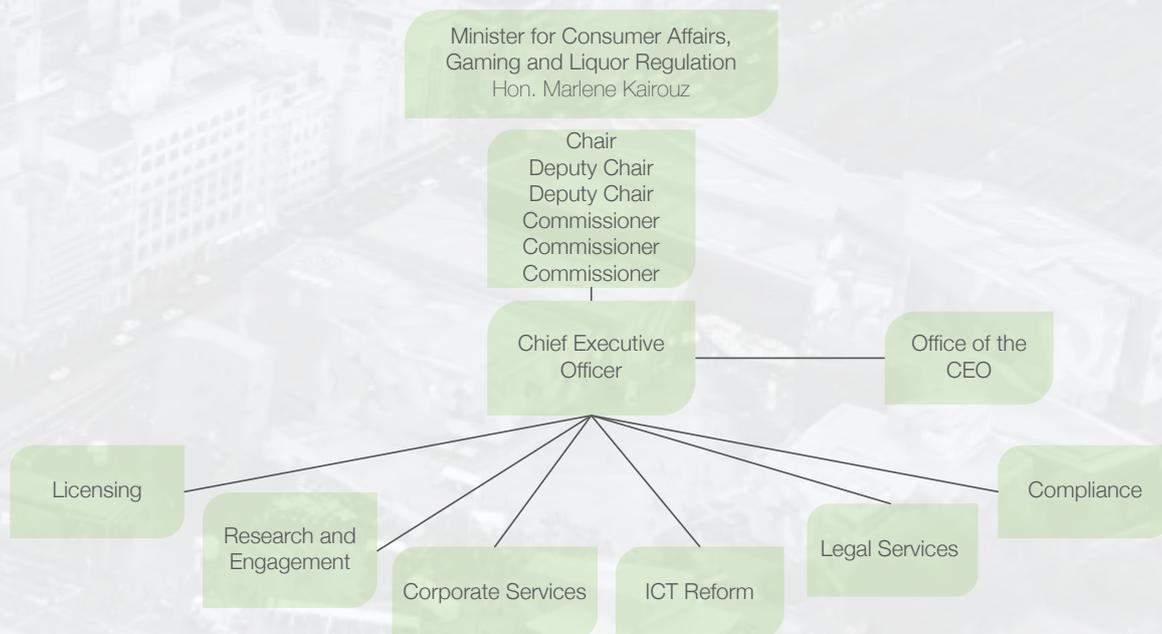


Figure 4 : VCGLR organisational structure

Appendix two- Strategic risks

Strategic risks are those risks whose impacts are organisation wide, involve significant change or service delivery complexity, involve long term impacts or have major external consequences.

The following strategic risks were identified in the context of the VCGLR and related Acts, and our legislative objectives which can be broadly summarised as:

- harm minimisation
- preventing criminal influence and ensuring gaming is conducted honestly
- promoting community benefit and fair dealings
- promoting economic development.

The strategic risks below have been considered in the context of budget and resources and balanced against other initiatives. As in past years, priority has been given to those activities that best mitigate the organisation's identified strategic risks.

Strategic risk	Description
The funding model is incompatible with operational requirements and stakeholder expectations of the VCGLR.	The risk relates to the current funding model requiring an ongoing and unsustainable contraction of activities. This is a core strategic risk and has implications for all of the current strategic risks and restricts the ability of the VCGLR to achieve current goals. It provides an environment where medium and long term planning is not possible.
The VCGLR is unable to demonstrate effective harm minimisation.	The risk relates to harm minimisation as a base or core objective of the VCGLR and the historical difficulty in producing evidence that our actions directly or indirectly lead to harm minimisation (and the corollary that stopping some or all core activities would lead directly or indirectly to harm).
The VCGLR fails to deliver on the principles and intent of its Regulatory Approach and its legislative remit.	The nature of the risk is whether the VCGLR has developed all of the tools and rolled out all of the capability (policy, process, training, and reporting) and appropriately applies the resources to enact the intent of the regulatory approach and then whether what is being done is having the desired outcome impacts. The risk encompasses all of the activities of the Compliance and Licensing divisions and the other areas that contribute to their inputs and outcomes.
Inadequate governance results in material breach of statutory obligations.	The risk relates to ongoing management of the general statutory obligations placed on the VCGLR under a wide range of acts. It encompasses decision making, delegated authorities, Board obligations, statutory reporting, annual attestations and the overall system of internal controls that maintain good governance.
Stakeholder services and engagement fail to meet the needs of government, industry or the community.	The risk relates to the positive interaction of VCGLR with a wide ranging group including government, the community, licensees and industry groups. It encompasses all of the activities of the VCGLR that directly engage with (or impact/influence) those outside of the VCGLR.
Insecure information as VCGLR information is inappropriately accessed, released or interfered with either internally or externally.	This risk has been broadened to include external as well as internal interference with VCGLR data. Treatments have been restated to now reflect the major compliance requirements of the Victorian Protective Data Security Standards (VPDSS).

Appendix three- Budget

The VCGLR financial resources are provided through the Government's budgeting and related processes governed by The Standing Directions of the Minister for Finance under the *Financial Management Act 1994 (FMA)*.

The VCGLR receives annual grant funding by the Department of Justice and Regulation. The VCGLR has also received non-recurring funding for projects. The forward estimates are as set out in the table below.

Table 4: VCGLR budget (based on most recent Grant Advice)

	2017/18 Forward estimate \$'000	2018/19 Forward estimate \$'000	2019/20 Forward estimate \$'000
Output funding			
Annual grant	32,437	32,185	32,000
Project	2,700	3,600	2,200
	35,137	35,785	34,203
Capital Funding			
Annual asset	650	650	650
Project	600	600	400
	1,250	1,250	1,050

In general terms, approximately 70 per cent of VCGLR's cost base is attributable to employee costs, approximately 20 per cent to supplier costs and rent, and the balance is depreciation and amortisation.



