



Victorian Gambling
and Casino Control
Commission



Annual Report 2021–22

Victorian Gambling and Casino Control Commission



The Hon Melissa Horne

Minister for Consumer Affairs, Gaming and Liquor
Regulation

Level 22, 1 Spring Street

MELBOURNE VIC 3000

Dear Minister

I am pleased to submit the Victorian Gambling
and Casino Control Commission (VGCCC) annual
report for the year ending 30 June 2022 for you to
present to Parliament. This report has been prepared
in accordance with the *Financial Management Act
1994*, and the *Victorian Gambling and Casino Control
Commission Act 2011*

Yours sincerely



Fran Thorn

Chairperson, Victorian Gambling and Casino Control
Commission

8 September 2022

We acknowledge the Traditional Owners of the land on
which we work, and pay respect to their Elders past, present
and emerging.

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About this report

This is a comprehensive account of our progress over the past year in helping Victorians and visitors enjoy safe and responsible gambling and liquor environments.

It provides a complete picture of our challenges and achievements for our most important stakeholders: the Victorian Parliament, Victorian licensees, sector organisations, licensed staff and the broader community.

How to read this report

As a key accountability document and the main way we report to the Victorian Parliament, we have provided performance data and analysis in three main sections based on our key functions:

1. Licensing
2. Monitoring and enforcement
3. Information and education

Year in review

Message from the Chair

It has been a truly historic year for gambling regulation in Victoria. In October 2021, the Royal Commission into the Casino Operator and Licence delivered its final report, putting Crown Melbourne on notice to improve its practices significantly or lose its licence.

On 1 January 2022, the VGCCC was established, with new powers and a clear mandate to hold the gambling industry and the casino to account.

In our first six months, the Commission has shown that we will not shy away from using these stronger powers to achieve a better outcome for Victorians. In May 2022, we applied the most significant of these new powers – the increased maximum fine on the casino licence holder – when we fined Crown Melbourne \$80 million for its illegal China Union Pay process. This is understood to be the biggest fine ever imposed on a casino in the world.

Shortly after, we used the approval process for the Blackstone takeover of Crown Resorts to apply strict new conditions on the casino to ensure that the intentions of the Royal Commission recommendations are not avoided through new ownership and to significantly improve its oversight.

Driving a new regulatory approach

In 2022–23, we will share our new regulatory posture and set strong, clear expectations of industry. We will be making greater use of data and other intelligence to direct our work. And we'll be seeking ways to improve gambling regulation, collaborating with our interstate and national counterparts to combat some of these issues.

For example, there are clearly concerns being expressed in the community about the level of online gambling advertising and the ease of access to these online products, and of products that may be grooming younger people to gamble. The idea that seemingly innocuous products might begin inducing children and young people to participate in gambling-like activities is not something we believe our community will accept. We need to work with others to tackle these difficult and concerning trends and turn our attention to the parts of the industry that current laws do not reach.



Reducing the harm of gambling

As our state emerged from lockdown, month after month we recorded our highest ever player losses in venues outside the casino. While this may be explained by broader spending habits, this disturbingly high player loss brings to the fore the need for us to focus more than ever on harm minimisation.

Our new regulatory approach will take a broader view of the sector and its responsibility to operate safely and free from predatory behaviours – from the types of games and equipment, to where venues are located – to make sure the most vulnerable people are protected.

Thank you

I would like to thank the VGCCC staff, who – despite COVID-19 disruptions, the attention of the Royal Commission and additional work pressures – have worked with professionalism and dedication over the past year.

I also thank the Commissioners for their work. With fewer Commissioners than previously, they worked hard to reduce any handover to the new liquor regulator. Much of this can be credited to former Chairperson Ross Kennedy, who led by example in working diligently and relentlessly within a highly constrained resourcing and regulatory framework.

Lastly, I thank the Minister for her leadership, clear direction and support in transforming gambling regulation in Victoria.

A handwritten signature in black ink that reads "Fran Thorn". The signature is written in a cursive, flowing style.

Fran Thorn
Chairperson

Message from the CEO



With pandemic restrictions continuing in 2021, we know it's been yet another challenging year for many licensees. Not only did venues have to stay on top of rapidly changing COVID-19 guidance, but they also had to understand significant legislative changes impacting the gambling and liquor industries. We continued to support venues to operate on temporary liquor licences and to reduce and defer payments to ease financial difficulties. And we took more calls and enquiries to help people navigate our new and temporary processes.

It's also been a challenging year for our organisation. Much of our in-person work and engagement was put on hold, and we had to create workarounds to make sure our responses to stakeholders didn't suffer while staff worked from home.

You will see this in our performance data (page 14). For example, while inspection numbers were down because venues were closed for much of the year, our audit activities increased as we redirected the work of our inspectors. And while we still hit our target of processing applications within set times, our performance fell from previous years mostly due to the logistics of printing hard copy gaming employee licences when not in the office. One thing that was not impacted was our determination to take action on all breaches that posed high risk to the community.

Supporting the COVID-19 response

For much of the year, one of our chief responsibilities was to support the government's response to COVID-19. Our Public Health Enforcement Team conducted 4,728 activities to ensure compliance with the Chief Health Officer directions, and to protect the safety of those engaged in the hospitality industry, including patrons and the general community.

As restrictions eased, we focused on supporting the industry to get started again while maintaining an overt presence and a high level of oversight.

Looking ahead

On 1 July 2022, we formally transitioned liquor regulation to the Victorian Liquor Commission, supported by Liquor Control Victoria (LCV) in the Department of Justice and Community Safety. The transition has been smooth and for that I'd like to thank our staff, including those who moved across to LCV on 1 July, and our colleagues in the department.

We will continue to work closely with them on shared responsibilities and priorities, but will go forward with clearer purposes and mandates to deliver better regulation of these industries.

To deliver on what the government and community are expecting of its new gambling regulator, in April we commenced a refresh of the former Victorian Commission for Gambling and Liquor Regulation's overarching strategy. We revisited our purpose and had organisation-wide discussions on our culture and how to evolve it. We will shortly launch our Purpose and Strategic Ambitions 2025, focused on ensuring the integrity, fairness and safety of the gambling industry, becoming renowned for regulatory excellence, delivering an exceptional employee experience, and having a fit-for-purpose operating model.

Thank you

When I commenced as CEO in March this year, I joined an incredibly professional organisation. Our people showed real dedication and resilience after a challenging period. I'd like to thank all our staff for their ongoing commitment to ensuring integrity, fairness and safety for all.

I'd also like to thank and acknowledge the former CEO, Catherine Myers, for her work in building an enviable culture. Hers has been a lasting, deeply positive contribution to the organisation. I'd also like to thank and acknowledge our Deputy CEO, Scott May who, acting as CEO, supported me to transition in.

Thank you also to the many regulatory and law enforcement agencies we collaborate with – in particular, the Office of the Special Manager, who we have been working closely with to prepare for the Commission's decision in 2024 on whether Crown Melbourne is suitable to hold its licence.

Annette Kimmitt AM
Chief Executive Officer



About us

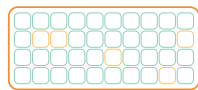
We are the independent regulator of Victoria's gambling and liquor industries.

People who choose to gamble or drink liquor have the right to do so in a safe environment. Our work is aimed at reducing the harms that gambling and liquor can cause.

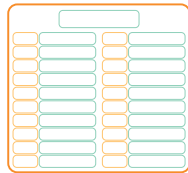
We oversee:



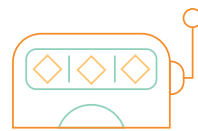
23,000
liquor
licences



600
Keno
outlets



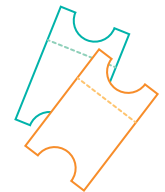
730
wagering/
betting
agents



500
gaming
venues



790
lottery
agents



6,000
gaming
activities
(e.g. raffles, bingo)

Our vision

Victorians and visitors enjoy safe and responsible gambling and liquor environments.

Our purpose

We regulate Victoria's gambling and liquor industries to ensure their integrity and to minimise harm.

We are working on a new purpose and value set to better reflect our revised functions, powers and operating environment from 1 July 2022.

What we do

Licensing We assess and determine a wide range of applications that facilitate the gambling and liquor industries.

Monitoring and enforcement We monitor gambling and liquor activities to ensure they are operating in accordance with their licence, legislation and more, and take action on breaches when necessary.

Information and education We educate the sector on compliance and harm prevention.

Our functions and powers are set out in the *Victorian Gambling and Casino Control Commission Act 2011*. But we also operate under and enforce the:

- *Gambling Regulation Act 2003*
- *Casino Control Act 1991*
- *Casino Management Agreement Act 1993*
- *Racing Act 1958*
- *Liquor Control Reform Act 1998*.

For more information on our agency functions and structure, go to page 46.

Our values



We work together, encourage and support each other.

We consult to achieve shared goals and keep people informed.

We develop and maintain positive working relationships, collaborate, and acknowledge and celebrate success.



We treat all people with respect, seek different perspectives and approaches, and value work/life balance.

We foster an environment where people give and receive constructive feedback and consider the ideas and contributions of others.



Be honest, open and transparent.

Use powers responsibly.

Report improper conduct.

Avoid real or apparent conflicts of interest.

Earn and sustain a high level of public trust.



We think and plan ahead, focus on agreed priorities, deliver on commitments and meet agreed timelines.

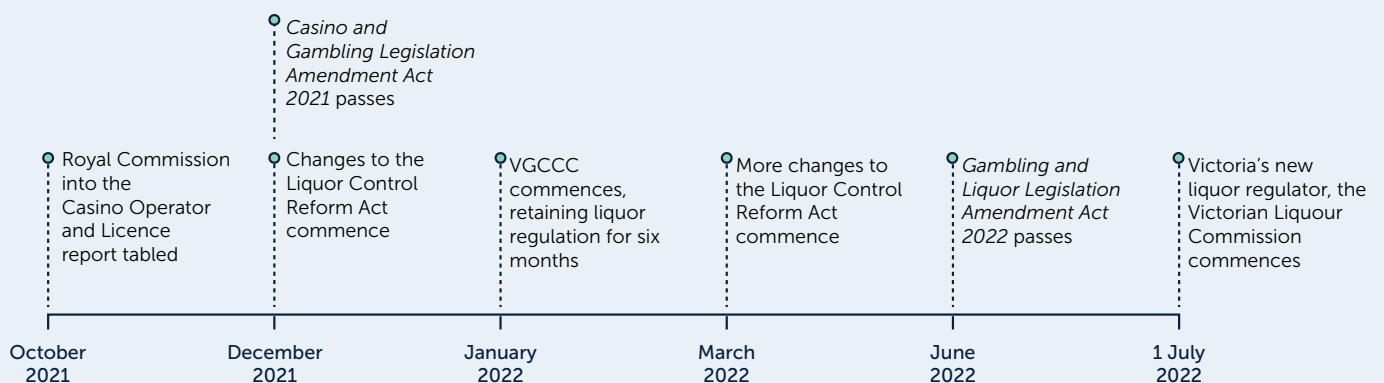
We are responsive and flexible, and strive for excellence.

A year of change and reform



During 2021–22, both gambling and liquor regulation in Victoria changed significantly. Formerly the Victorian Commission for Gambling and Liquor Regulation (VCGLR), we became the Victorian Gambling and Casino Control Commission (VGCCC) on 1 January 2022.

While established to exclusively focus on gambling, we continued to regulate the liquor industry to 30 June 2022 when a new liquor regulator was established.



“I welcome the legislative amendments which impose stronger regulatory obligations on Crown and provide the VGCCC with greater enforcement powers. These powers are needed to deter Crown from engaging in the conduct that was revealed during the Royal Commission.”

VGCCC Chairperson Fran Thorn

Introducing unprecedented oversight of the casino

In response to recommendations from the Royal Commission, the Victorian Government introduced new legislation to establish an unprecedented level of oversight for the Melbourne casino operator.

Amending four different pieces of legislation, the Casino and Gambling Legislation Amendment Act:

- strengthened the oversight and regulation of the casino operator, creating a new Special Manager with unprecedented powers to direct the casino’s board to take or refrain from certain actions, and unfettered access to the casino, its books and records
- established the VGCCC to replace the VCGLR, with a dedicated focus on the casino, and stronger, broader powers to hold the casino operator to account
- increased the maximum fine available from \$1 million to \$100 million.

In order to retain its licence, Crown Casino is undertaking significant reform over the next two years under growing scrutiny (see page 35.)

Transitioning to the VGCCC

We worked closely with the Department of Justice and Community Safety to separate gambling and liquor regulation on 1 July 2022.

Together we reviewed the current regulatory framework and, ensuring effective liquor and gambling regulation continued, we mapped out a transition plan to:

- allow us to focus solely on gambling regulation and the casino
- transfer our former VCGLR functions and responsibilities in liquor regulation to Liquor Control Victoria in the department
- establish a dedicated casino division.

Guiding licensees through liquor licensing reform

Changes to the Liquor Control Reform Act commenced in two stages in the past financial year.

We issued extensive communications to ensure licensees were prepared to comply with the new requirements, including key changes that:

- allowed restaurant and cafe licensees to supply limited amounts of packaged liquor alongside takeaway or home-delivered meals
- imposed new obligations on licensees in relation to the supply of liquor via online orders
- allowed club licensees to supply liquor to members of the public at a club event or function
- extended trading hours to 1am as a right for certain licence categories
- abolished dry area polls
- enabled producers of sake and mead to apply for a producers licence.

Further changes are scheduled to commence later this year. These will:

- create new offences in relation to the delivery of online liquor orders
- insert a definition for the term 'harm', which will include family violence
- introduce a high risk of harm application process for large packaged liquor outlets
- introduce a new category of licence for businesses that solely supply liquor via online orders.

Liquor Control Victoria will update industry on when these changes will come into effect, and help licensees understand how it may impact them.

Flagging future changes to gambling regulation

Parliament also passed the Gambling and Liquor Legislation Amendment Bill, which will amend various pieces of legislation we administer. Some of these changes will:

- increase the threshold for when a minor gaming permit is required to conduct a raffle, from \$5,000 to \$20,000
- prohibit online bingo, fundraising events and lucky envelopes
- amend provisions relating to the payment of unpaid jackpot funds by venue operators
- clarify how electronic gaming machine (EGM) winnings of \$2,000 or more may be paid via electronic funds transfer
- repeal provisions relating to interactive gaming.

Handing over to Victoria's new liquor regulator

With the Victorian Liquor Commission taking carriage of liquor regulation from 1 July 2022, we sought to ensure a smooth transition for liquor licensees by:

- introducing a shared client services model to triage enquiries between gambling and liquor regulators
- retaining liquor-related content and forms on our website
- supporting staff through an organisational transformation, ensuring no one lost their jobs.

How we work

We have robust frameworks in place to guide our work and the decisions we make, ensuring we model the same integrity we ask of the gambling and liquor industries.

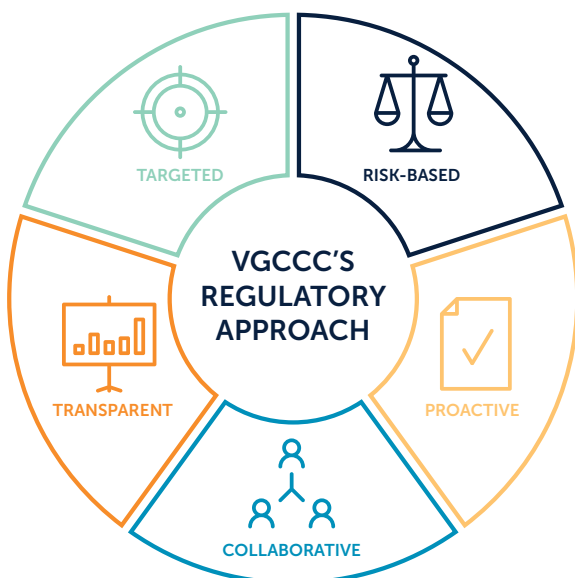
Oversight, roles and responsibilities

Victorian Parliament	Provides the legislative framework we operate under that governs our regulatory functions and powers.
Minister for Consumer Affairs, Gaming and Liquor Regulation	Provides a statement of expectations, including key initiatives to implement. Issues Ministerial Directions, determinations and approvals to establish rules or requirements that we must consider when making decisions.
VGCCC	Independently oversees and administers gambling and liquor regulation. Makes statutory decisions on licensing and enforcement. Implements government policy in relation to gambling and liquor. Informs and educates the public about compliance and harm minimisation.

For more information about our governance, go to page 46.

Our regulatory approach

While we are independent, we work closely with the sector, other government bodies and law enforcement agencies.



Risk-based

We use a consistent and risk-based approach to guide our activities and use of resources.

Proactive

We make independent decisions, identify emerging issues and respond before the community suffers from significant harm.

Collaborative

We work collaboratively with our regulatory partners, the gambling and liquor industries and the community.

Transparent

We are open about how we regulate.

Targeted

We choose the proportionate enforcement sanctions that target individual offenders to change their behaviour and secure compliance with gambling and liquor laws for the protection of the community.

Our priorities and progress

Our strategic priorities and outcomes are set out in our Corporate Plan 2020 to 2023. This maps out how we will achieve our vision of safe and responsible gambling and liquor environments for all.

Our strategic priorities and outcomes

Strategic priority	Outcome
Be an influential regulator	High levels of confidence in the VGCCC
Apply responsive regulatory practice	Improved industry compliance
Enhance the user experience	VGCCC is easy to access
Build and maintain a sustainable organisation	VGCCC is a sustainable organisation

We are working on a new corporate plan to better reflect our revised functions, powers and operating environment from 1 July 2022, given our role no longer includes liquor regulation.

Our priorities

Every year we plan and track our progress towards these priorities and outcomes through an annual business plan.

Our 2021–22 business plan was designed to be flexible and responsive to the significant legislative changes we were expecting, and to the state's ongoing response to the COVID-19 pandemic. We identified eight main priorities to deliver during the year.

Priorities from our 2021–22 business plan

Strategic priority	2021–22 business plan	Measure	Progress	Page
Be an influential regulator	Implement Royal Commission recommendations	Assist the Commission Respond to the recommendations	A key recommendation was for the VCGLR to focus solely on gambling regulation and casino control. We formally commenced as the VGCCC on 1 January 2022.	8
	Enhance compliance risk-based tools	Delivery of the approach and meeting the developed measures	Building on the recommendations of the Grosvenor review of our risk-based approach, we reviewed our risk prioritisation methodology for both gambling and liquor sectors.	28
Apply responsive regulatory practice	Support establishment of a new standalone independent casino regulator	Respond to the recommendations	We worked with the department to conduct an independent review of the current regulatory framework to establish a new, independent and standalone casino regulator.	8
	Assess suitability of applicants for Keno licence	Complete the assessment to quality standards and to the department's project timetable	We completed an assessment of the suitability of applicants for the new Keno licence, commencing April 2022. The Commission also conducted a probity investigation for the Department Secretary.	-
	Deploy public health enforcement team	Meet the requirements under the memorandum of understanding	We deployed a public health enforcement team in support of the state's response to COVID-19. This team targeted high-risk and at-risk premises to ensure they limited the spread of COVID-19.	30
Enhance the user experience	Implement legislative and regulatory change program	Implement within timeline	After phase 2 of the review of the Liquor Control Reform Act, the Victorian Parliament passed legislative amendments in stages. We implemented these changes in December 2021, January 2022 and March 2022.	9
Build and maintain a sustainable organisation	Develop and roll out service delivery reform	Meeting agreed budget and service delivery targets 2021–22 and beyond	We were provided supplementation in 2021–22 to ensure we were able to meet our obligations. Under the new VGCCC operating model, it is expected that adjustments to funding levels and the overall funding model will provide a stable funding base.	-
	Roll out information and communication technology strategy	Delivery of year 3 activities	In the past year, we expanded mobility solutions to support remote working and enhanced our cybersecurity posture by implementing mail online protection. We also signed a new support contract for our compliance database and retired/migrated legacy systems.	55

Statement of expectations

The Minister's statement of expectations sets out three performance improvements for us to deliver before June 2023.

Progress against Minister's statement of expectations, 2021–22

Expectation	Progress	Page
Make it easier for the Victorian Responsible Service of Alcohol (RSA) certification to be recognised outside of Victoria, and vice versa	The nationally accredited unit of competency (SITHFAB002) became the only recognised RSA course in Victoria from 1 July 2021. This makes it easier for hospitality staff to move between states and territories by completing a bridging course.	42
Improve the ability of people to access YourPlay by raising awareness of the obligation on venue operators to issue registered player cards on request	We worked with the department to develop reminders for venue operators to promote YourPlay.	45
Develop and implement new software to better triage incoming contacts with the Commission, enabling more efficient responses to requests for information	We upgraded and improved the functionality of our portal for venue operators. For general enquiries, we improved our triaging capability through auto-categorisation and comment fields for requests, and implemented a load balancing solution to reduce any downtime.	16

Our performance

Our performance measures are set out in 2021–22 State Budget Paper No. 3 (BP3) and outlined on the next page.

Our operational activities and performance continued to be impacted by the pandemic. Both the gambling and liquor industries were affected by restrictions in the first half of the financial year, which meant fewer:

- inspections of licensed premises
- joint operations targeting minors and intoxicated persons.

BP3 measures and performance, 2021–22

Performance measure	Unit of measure	2021–22 target	2021–22 actual	Variance		Notes (for +/- 5% variance)	Page
Quantity							
Gambling and liquor applications and licensee monitoring activities	number	50,000	49,877	-0.2%	○	-	16
Gambling and liquor information and advice	number	128,000	146,162	14.2%	✓	We received more enquiries due to the re-opening of the hospitality industry after COVID-19 restrictions, and the impact of changes to the Liquor Control Act.	16
Gambling inspections completed							29
Metropolitan	number	1,350	784	-41.9%	■	We conducted fewer inspections due to COVID-19 restrictions and the closure of licensed venues in 2021.	
Regional	number	250	133	-46.8%	■		
Liquor inspections completed							
Metropolitan	number	5,400	5,876	8.8%	✓	We conducted more inspections due to a new 'external observation' inspection type. These were conducted during COVID-19 restrictions, accounting for 2,520 of all liquor inspections.	
Regional	number	1,500	700	-53.3%	■	We conducted fewer inspections due to COVID-19 restrictions and regional staff shortages.	
Operations with co-regulators to identify licensees supplying alcohol to minors or persons who are intoxicated							29
Metropolitan	number	15	3	-80.0%	■	We conducted fewer joint operations due to the changed focus of co-regulators on COVID-19 compliance and enforcement.	
Regional	number	5	4	-20.0%	■		
Audits of casino operations undertaken	number	1,260	1,371	8.8%	✓	We conducted more audits as we directed additional resources from three different teams.	21
Timeliness							
Calls to client services answered within 60 seconds	per cent	80%	49%	-39.2%	■	Timeliness was impacted by a significant increase in calls and emails (as above), as well as the complexity of enquiries during COVID-19 restrictions and legislative change.	16
Gambling and liquor approvals, licence, permit applications and variations completed within set time	per cent	85%	88%	3.9%	✓	-	16
Quality							
Gambling and liquor licensing client satisfaction	per cent	85%	78%	-8.2%	■	Results from our stakeholder satisfaction survey showed dissatisfaction was generally due to regulation of Crown Casino, prevalence of gambling advertising and delayed response times. However, the response rate was low at 2.3%.	17
Gambling and liquor inspections conducted at high-risk times	per cent	12%	10%	-13%	■	We conducted fewer inspections due to COVID-19 restrictions and venue closures. Note that once high-risk inspections resumed, the 12% target was exceeded each month.	29
Proportion of high-harm breaches resulting in regulatory action	per cent	95%	100%	5.3%	✓	All high-harm breaches that were detected resulted in regulatory action being taken.	31

- ✓ Performance target achieved or exceeded
- Performance target not achieved – within five per cent variance
- Performance target not achieved – exceeds five per cent variance

1. Licensing

We assess and determine many types of liquor licences and permits, and gaming-related applications. We also monitor and audit gambling activities to ensure licensees adhere to their obligations and requirements, ensure revenue is distributed correctly and to assess the adequacy of gambling operations.

19,564
applications granted

88%
applications assessed
within set times

615
gaming revenue,
operational and
financial audits

Licensing highlights

Embedded new assessments for gaming machines (page 19)

Implemented significant changes to liquor control laws (page 25)

Supported liquor licensees through COVID-19 by granting temporary limited licences (page 25)

Licence applications

In the past year, we received 21,122 applications – 7,410 were gambling related and 13,712 were liquor. The majority of these were assessed and determined under delegation of the Commission.

Giving applicants a quick decision

We determined 88 per cent of licence, permit and variation applications within the set timelines.

Licensing outputs, 2018 to 2022

	Target	Target achieved 2018–19	Target achieved 2019–20	Target achieved 2020–21	Target achieved 2021–22
Gambling and liquor approvals, licence and permit applications and variations determined within set times	85%	94.9%	94.4%	85.8%	88.2%
Licensing activity	Set time (days)	Target achieved 2018–19	Target achieved 2019–20	Target achieved 2020–21	Target achieved 2021–22
Venue operators licence	115	98.3%	97.7%	45.9%*	98.3%
Minor gaming permit	5	73.5%	78.0%	83.7%	79.0%
Gaming industry employee and casino special employee licence	11	92.1%	90.8%	75.1%#	71.5%#
Declaration as community or charitable organisation	21	80.8%	82.9%	92.2%	94.6%
Application for liquor licence	77	97.0%	96.8%	94.1%	93.2%
Application for a BYO permit	46	93.5%	98.2%	94.8%	86.7%

* This target was not achieved as more than half of the applications determined beyond 115 days were from the same applicant. The applicant submitted numerous changes to its associates, which caused delays in processing their applications.

This target was not achieved as our staff were working from home during COVID-19 restrictions and were unable to regularly print licence cards. This led to a delay in determination times, but did not impact licensees as gaming venues were often closed at the same time.

Assessing the right amount of risk

We use a range of intelligence and data when determining gambling and liquor applications. This risk-based approach allows us to understand the risk profile of an application or a licensee and apply the right level of due diligence to assessing each.

It also helps us minimise turnaround time for applicants for low-risk applications. In 2021–22, the average time it took to process low-risk gaming applications was 39 per cent faster than medium- or high-risk applications, and 50 per cent faster for low-risk liquor applications.

Our approach is governed by three risk-based frameworks for gambling, electronic gaming machines (EGMs) and liquor.

Providing helpful advice to the sector

Over the past year, we received and responded to 146,162 enquiries from the gambling and liquor industries, 14 per cent above target.

In 2021–22 we improved our ability to triage enquiries through auto-categorisation and comment fields for requests, and implemented a load balancing solution to reduce any downtime for online contacts. We will build on this in the next year by introducing a cloud-based solution that will help us quickly triage and report on general phone enquiries.

“It was so easy to renew my licence online and I received the renewed licence within couple days.”
– Licensee

Stakeholder satisfaction

Every year we invite licensees and industry stakeholders to let us know what we're doing well and where we can improve. While the response rate was low (2.3 per cent), our stakeholder satisfaction survey showed:

- 78 per cent of respondents were satisfied or very satisfied with our service
- respondents were most satisfied with our quick and easy renewal processes, our response times and clear communications
- respondents were mostly dissatisfied about our regulation of Crown Casino, prevalence of gambling advertising and delayed processing times.

"I find all my interactions with VGCCC to be of a high standard and informative. The team is always looking how they can improve my licence. Always good, so thanks!" – Licensee

Gambling licence applications

Sports betting and other approved betting events

In the past year, we approved one new sports controlling body, Motorcycling Australia. There are now 13 approved sports controlling bodies.

We did not receive any requests to approve any new event for betting purposes. Tabcorp and bookmakers must only take bets on racing products or on betting events that have been approved by us.

Commercial licensing

We undertook 849 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 EGMs, organise commercial raffles or supply goods and services to the Melbourne casino.

Minor gaming

We declared 376 applicants as community and charitable organisations in 2021–22. We also confirmed 271 applications from organisations seeking to renew their status, enabling them to conduct community and charitable gaming fundraising activities.

We issued 569 permits for other minor gaming activities such as authorising raffles, fundraising events and lucky envelopes.

Gambling products

We determined 194 changes to the electronic systems and equipment that underpin lotteries, casino gaming, Keno, gaming machine monitoring, and wagering and betting. Some of these changes improved system efficiency, while others supported the introduction of new or amended gambling products.

We also determined applications from manufacturers and suppliers for 214 new games or gaming machines and 556 variations to existing games or gaming machines, to be supplied to both gaming venues and the casino.

Since December 2015, we have been responsible for assessing any changes to Intralot's electronic monitoring system to ensure it can facilitate the statewide pre-commitment system, YourPlay. We didn't approve any modifications to the YourPlay system in the past year.

"Submitting applications online saves me time and effort. Those reviewing applications have responded in a timely and efficient manner making the application process smooth and transparent."
– Licensee

Gambling licence applications finalised under delegation, 2021–22

Application type	Granted	Refused	Withdrawn	Total
New EGM and EGM game	214	0	21	235
Modification to EGM and EGM game	556	0	17	573
Linked jackpot arrangement installation approval	532	0	0	532
Linked jackpot arrangement at venue	11	0	0	11
Linked jackpot arrangement at casino	0	0	1	1
Wagering and betting system modification	81	0	9	90
Lottery system modification	43	0	11	54
Keno system modification	1	0	0	1
Gaming equipment at casino	10	0	0	10
Gaming industry employees (new)	1,585	63	23	1,671
Gaming industry employees (renewal)	334	1	0	335
Casino special employees (new)	846	0	14	860
Casino special employees (renewal)	375	1	6	382
Bookmaker key employee (new)	14	1	0	15
Venue operators licence (new)	5	0	0	5
Venue operators licence (renewal)	2	0	0	2
Inclusion/removal of premises with/from venue operator licence	24	0	0	24
Bingo centre operators licence (new)	2	0	0	2
Commercial raffle organisers licence (new)	7	0	0	7
Commercial raffle organisers licence (renewal)	1	0	0	1
Bookmaker sole trader (new)	11	0	1	12
Bookmaker sole trader (renewal)	6	0	0	6
Bookmaker partnership	9	0	0	9
Bookmaker corporate entity (new)	2	0	0	2
New associates	713	2	48	763
EGM entitlements (transfer, amendment and extension of time)	65	0	0	65
New nominees	67	0	2	69
Declaration of community and charitable organisation (new)	376	12	24	412
Declaration of community and charitable organisation (renewal)	271	1	0	272
New minor gaming permit (raffle)	452	1	11	464
New minor gaming permit (lucky envelope)	111	0	1	112
New minor gaming permit (fundraising)	6	0	1	7
Minor gaming permit (amendment)	149	0	1	150
Notification of intention to conduct bingo	18	0	1	19
Notification of specified changes to bingo	140	0	3	143
Modification to gaming machine areas	63	0	6	69
Authorisation of persons to be in possession of gaming machines	23	0	0	23
Waive penalty interest payable on gaming taxes	2	0	0	2
Total	7,127	82	201	7,410

Gaming machine entitlements

We manage the attachment, amendment, transfer, payment and extension of relevant holding periods relating to gaming machine entitlements.

We considered 41 applications for the transfer of gaming machine entitlements and amendments to gaming machine entitlement conditions.

In 2021–22, we determined and granted:

- two applications to amend geographic conditions attached to current entitlements relating to 56 hotel entitlements
- five applications to amend geographic conditions attached to post-2022 entitlements relating to 63 hotel entitlements and 22 club entitlements
- 17 applications to transfer current entitlements, relating to 639 hotel entitlements and 73 club entitlements
- 17 applications to transfer post-2022 entitlements, relating to 604 hotel entitlements and 93 club entitlements
- 21 applications to extend the entitlement holding period.

Considering more factors when assessing gaming machine applications

In December 2021 we implemented a new responsible gambling assessment tool to strengthen how we assess responsible gambling when considering new gambling products for approval.

This removes any potential subjectivity and introduces a consistent assessment of:

- accessibility and availability
- appeal to children and normalisation of gambling
- complexity, player understanding and misconceptions
- immersion and social engagement
- intensity
- player illusion of control
- tokenisation and access to cash or credit.

Helping us mitigate harm from new gambling products and initiatives, the new tool was informed by the Responsible Gambling Ministerial Advisory Council and stakeholder consultation.

Holding entitlements

Venue operators who acquire an entitlement must commence gaming in their venue within six months.

As of 30 June 2022, 250 entitlements, 181 club entitlements and 69 hotel entitlements were subject to holding period provisions. We have extended the holding periods for these entitlements on application.

In the past year, seven entitlements were forfeited. Since 16 February 2013 (when entitlements could first be forfeited), there have been a total of 487 forfeited entitlements.

EGM limits imposed by Ministerial direction and regulatory requirements at 30 June, 2019 to 2022

	Number				Percentage			
	2019	2020	2021	2022	2019	2020	2021	2022
Gaming machine entitlement limits imposed by the Gambling Regulation Act (section 3.4 A.5)	27,372	27,372	27,372	27,372	100.0	100.0	100.0	100.0
Allocated to venue operators	26,944	26,944	26,944	26,897	98.4	98.4	98.3	98.3
Number of gaming machine entitlements attached to an approved venue	26,600	26,579	26,560	26,611	97.2	97.1	97.0	97.2
Gaming machine entitlements inside/outside the Melbourne Statistical Division (MSD)								
Minimum outside MSD	5,474	5,474	5,474	5,474	20.0	20.0	20.0	20.0
Maximum inside MSD	21,898	21,898	21,898	21,898	80.0	80.0	80.0	80.0
Current outside	7,838	7,846	7,837	7,837	28.6	28.6	28.6	28.6
Current inside	19,396	19,388	19,397	19,397	70.9	70.9	70.9	70.9
	Number				Percentage			
	2019	2020	2021	2022	2019	2020	2021	2022
Number of gaming machine entitlements								
Venue condition 'Hotel'	13,686	13,686	13,686	13,686	50.0	50.0	50.0	50.0
Venue condition 'Club'	13,550	13,550	13,550	13,550	49.5	49.5	49.5	49.5
Number of gaming machine entitlements attached to an approved venue								
Venue condition 'Hotel'	13,650	13,609	13,580	13,651	49.9	49.7	49.6	49.9
Venue condition 'Club'	12,950	12,970	12,980	13,096	47.3	47.4	47.4	47.8

Trialling new electronic gaming machines

In July 2021 we approved a framework to support the trialled introduction of new and innovative EGM types and games to ensure they do not contribute to player harm.

This provides a defined and structured approach to testing EGM innovations in a live environment and enables us to gather intelligence to determine whether EGM types or games are suitable to approve.

Revised National Gaming Machine Standards

As chair of the National Standards Working Party (which includes representation from each gaming regulator in Australia and New Zealand), we sought to improve the EGM National Standards and address disparate requirements across jurisdictions. We also proposed improvements to help minimise harm, such as banning losses disguised as wins, and simultaneous multiple EGM games.

In February 2022, we implemented the revised Australian/New Zealand Gaming Machine National Standards Version 11.1. This changed existing technical standards and, among other things, requirements to assess skill-based elements in gaming machines.

The working party continues to work through proposed changes to minimise player harm.

Ongoing monitoring and oversight

To uphold the integrity of gambling operations throughout Victoria, we perform significant assurance functions in relation to gaming products, including gaming machines, casino operations, public lotteries, wagering and Keno.

Our audits check that key legislative obligations and requirements are adhered to, approved products and systems are appropriately operated and controlled. They also ensure that approved products are operated with integrity and that player fairness is maintained.

Major licensee oversight

We monitored all commercial licence holders to identify any changes in structure, addition of associates or any adverse probity or financial issues.

In Victoria, there are five major gambling licences:

- Gaming machine monitoring licence – Intralot
- Casino licence – Crown Melbourne
- Wagering and betting licence – Tabcorp
- Public lottery licence – The Lottery Corporation
- Keno licence – Tabcorp and Lottoland

Each licence has extensive regulatory requirements that we monitor, assess and enforce.

Gaming assurance functions undertaken, 2021–22

Function	Number
On-site gaming venue operational audits	189
On-site gaming venue financial and data verification audits	35
Gaming revenue assurance audits (non-casino)	218
Casino financial assurance audits	173
Total	615

Employee licensing

All employees working in certain capacities in the gaming industry and at the casino must be licensed. These licences must be approved by us and renewed every 10 years.

Active gaming employee licences and registrations at 30 June, 2017 to 2022

Category	2017–18	2018–19	2019–20	2020–21	2021–22
Casino special employees	4,556	4,603	4,663	4,310	4,335
Gaming industry employees	27,024	26,231	24,527	23,483	23,120
Bookmakers' key employees	234	246	240	117	115
Total	31,814	31,080	29,430	27,910	27,570

Revenue and community benefit

We monitor and audit gambling activities – by clubs, and bingo and raffle operators – to ensure revenue is distributed correctly.

Gambling player loss and taxes

At 30 June 2022, player loss in its various forms amounted to almost \$4.5 billion, and taxes and levies paid to the state of Victoria totalled \$1.7 billion.

Player loss and taxes (\$ million) paid by category activity, 2021–22

Source	Player loss (\$million)	Taxes and levies paid into the consolidated fund (\$million)
Gaming machines – hotels and clubs	2,237.2	846.2
Melbourne casino – gaming machines and table games*	644.6	114.4
Wagering – racing (totalisator), football, trackside and sports betting#	775.7	77.6
Lotteries (Victoria only)	788.3	626.3
Keno	16.5	4.0
Total	4,462.3	1,668.4

* No super tax was payable as the total gross gaming revenue was less than the base amount described in the Casino Management Agreement (section 22.2)

Player loss and tax relating to wagering and betting licensee in Victoria only

Applicable taxation rates, by venue type and gambling type, 2021–22

Venue or gambling type	Taxation rates (%)		
Gaming machines – clubs and hotels	Average monthly player loss in dollars per machine		
	< \$2,666	\$2,666 to \$12,499	> \$12,500
Clubs	0.00%	46.70%	54.20%
Hotels*	8.33%	55.03%	62.53%
Casino gaming machines and table games			
General player casino tax (tables only)			21.25%
General player casino tax (gaming machines only)			31.57%
Commission-based player tax (tables and gaming machines)			9.00%
Community benefit levy (all players)			1.00%
Wagering			
Totalisator (pari-mutuel) betting			10.00%
Approved betting competition			10.00%
Fixed odds			
Fixed odds sports betting			10.00%
Fixed odds trackside			10.00%
Lotteries			
Public lottery tax (Australian sales)			79.40%
Public lottery tax (overseas sales)			90.00%
Keno			
Gaming tax			24.24%

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

Tax collection analysis by month, 2021–22

Taxable month	Number of venues scheduled for collection*	Failed initial sweep	Tax subsequently collected	Venue/s with outstanding gaming tax at month end
July 2021	489	0	0	0
August	489	0	0	0
September	488	0	0	0
October	491	1	1	0
November	491	1	1	0
December	491	1	1	0
January 2022	488	0	0	0
February	488	0	0	0
March	488	0	0	0
April	488	1	0	1
May	488	3	2	2
June	490	0	1	1

\$64,729.31 outstanding gaming tax at year end relates to a single gaming venue and is expected to be remitted by the venue in coming months.

Community benefit statements

Club venue operators are required to prepare and lodge an audited community benefit statement with us for every financial year in which they receive gaming machine revenue.

This statement verifies whether the community benefit provided by the club is equal to at least 8.33 per cent of its net gaming machine revenue. Statements are due by 30 September and are published on our website. After auditing, we also publish combined summary tables.

In the past year 234 community benefit statements were lodged covering \$534,337,127 in net gaming revenue. Community claims (at 42.19 per cent of net gaming revenue) amounted to \$225,414,188.

Community benefit statements, 2021–22

Class	Community claims
Class A	
a) Donations, gifts and sponsorships (including cash, goods and services)	\$9,548,647
b) Cost of providing and maintaining sporting activities for use by club members	\$24,332,514
c) Cost of any subsidy for the provision of goods and services but excluding alcohol	\$6,173,520
d) Voluntary services provided by members and/or staff of the club to another person in the community	\$2,634,762
e) Advice, support and services provided by the RSL (Victorian Branch) to ex-service personnel, their carers and families	\$315,131
<i>Subtotal</i>	<i>\$43,004,574</i>
Class B	
a) Capital expenditure	\$7,942,449
b) Financing costs (including principal and interest)	\$5,177,142
c) Retained earnings accumulated during the year	\$588,467
d) Provision of buildings, plant and equipment over \$10,000 per item excluding gaming equipment or the gaming machine area of the venue	\$2,595,268
e) Operating costs	\$165,764,234
<i>Subtotal</i>	<i>\$182,067,560</i>
Class C	
a) Provision of responsible gambling measures and activities but excluding those required by law	\$2,898
b) Reimbursement of expenses reasonably incurred by volunteers	\$63,114
c) Community benefit statement preparation and auditing expenses	\$276,043
<i>Subtotal</i>	<i>\$342,055</i>
Total	\$225,414,188

Liquor licence applications

There was a decrease in the number of liquor licence applications we determined and finalised due to a large drop in temporary limited licence applications during COVID-19.

Liquor licence applications, 2017 to 2022

	2017–18	2018–19	2019–20	2020–21	2021–22
Determined	16,434	16,227	15,718	15,172	12,973
Finalised, including withdrawn applications	16,822	16,626	16,293	15,897	13,712

“Great staff and well versed in requirements. They were polite, direct and knowledgeable in answering my questions. It was so easy to renew my licence online and I received the renewed licence within a couple of days.” – Licensee

Implementing liquor licensing reform

Significant amendments to the Liquor Control Reform Act (page 9) were rolled out over the past year, including changed requirements and conditions for some licensees.

Coming into effect in December 2021 and March 2022, changes included new businesses that could operate under a producers licence, an extension of trading hours for some licence categories, and new conditions around packaged liquor and online supply.

Additionally, in November 2021, we varied the licence conditions of 16,215 permanent liquor licences to remove reference to a now redundant noise standard. Prompted by changes to the *Environmental Protection Act 2017* in July 2021, this project was the largest variation project we (or our predecessors) have ever undertaken.

Supporting licensees through COVID-19

Throughout the COVID-19 pandemic, we supported industry to quickly pivot their business activities through temporary limited licences. These allowed licensees to supply liquor in outdoor areas, such as footpaths, parklets and carparks, and supply liquor for takeaway and delivery.

In 2021–22, we granted:

- 874 temporary licences for outdoor areas. This policy was due to expire in March 2022, but in recognition of the needs of industry, we extended it to December 2022.
- 227 temporary licences for takeaway and home delivery. This ended in March 2022 when COVID-19 restrictions eased.

Liquor licence applications finalised under delegation, 2021–22

Application type	Granted	Refused	Withdrawn	Total
Application for new permanent licence				
BYO permit	45	0	2	47
Full club licence	1	0	0	1
General licence	86	1	1	88
Late-night (general) licence	2	0	0	2
Late-night (on-premises) licence	2	0	0	2
On-premises licence	90	2	2	94
Packaged liquor licence	102	0	2	104
Pre-retail licence	186	2	6	194
Producers licence	41	0	4	45
Renewable limited licence	417	11	16	444
Restaurant and cafe licence	445	50	84	579
Restricted club licence	3	0	0	3
Application for new temporary licence				
Major event licence	559	0	48	607
Temporary limited licence	5,882	375	363	6,620
Application relating to an existing licence				
Approval of director	767	1	40	808
Approval of nominee	1,005	1	13	1,019
Endorsed person (s80/81)	46	0	2	48
Release from obligations (s64)	120	0	0	120
Relocation of BYO permit or licence	107	2	1	110
Surrender of BYO permit or licence	369	13	13	395
Transfer of BYO permit or licence	1,276	18	61	1,355
Variation of BYO permit or licence	823	33	78	934
Waive or reduce fees	8	24	0	32
Other (includes applications to sublet, exemptions from free water or RSA requirements)	55	3	3	61
Total	12,437	536	739	13,712

Active liquor licences at 30 June, 2018 to 2022

Licence type	2018–19	2019–20	2020–21	2021–22
BYO permit	1,173	1,108	1,037	1,023
Full club licence	740	738	728	726
General licence	1,672	1,705	1,833	1,946
Late-night (general) licence	475	473	474	472
Late-night (on-premises) licence	362	354	347	349
Late-night (packaged liquor) licence	3	3	3	3
On-premises licence	2,007	2,034	2,036	2,092
Packaged liquor licence	2,117	2,150	2,206	2,222
Pre-retail licence	1,017	1,124	1,329	1,425
Producers licence	895	923	972	1,005
Renewable limited licence	5,352	5,535	6,108	6,341
Restaurant and cafe licence	6,440	6,557	6,655	6,965
Restricted club licence	874	859	817	806
Total	23,127	23,563	24,545	25,375

Proof of age

During the year we issued 27,478 proof of age cards, which are used to verify that the holder is 18 years old or over when they try to enter licensed premises. This is 1.8 per cent less than last year.

Proof of age cards issued, 2018 to 2022

2018–19	2019–20	2020–21	2021–22
27,306	26,171	27,983	27,478

2. Monitoring and enforcement

We aim to achieve high levels of industry compliance with gambling and liquor laws to help reduce harm to Victorians. Using an evolving risk-based approach, we do this through routine monitoring and intelligence-led operations – focused always on activities that present the greatest risk of harm. When we identify breaches, we have a range of enforcement actions to choose from.

6,428
gambling and liquor
inspections

84%
breaches led to
enforcement

7
Crown disciplinary
actions

Monitoring and enforcement highlights

Acted on recommendations from the Royal Commission into the Casino Operator and Licence (page 35)

Established a compliance program for public health enforcement of licensed premises and gaming venues (page 30)

Implemented revised operating models to respond to the COVID-19 pandemic (page 29)

Identifying and targeting high-risk activities

We access information, intelligence, local knowledge and industry-related complaints to determine high-risk premises and activities. We use this to:

- identify and target high-harm offences, including the supply of liquor to minors and intoxicated patrons, and a multitude of licence condition breaches
- prioritise our regulatory work and allocate our resources in line with the risk posed to the community.

Our compliance model in action

In January 2022 we launched a joint operation with Victoria Police targeting licensed venues in the Shepparton region. We identified multiple breaches of the Liquor Control Reform Act at seven venues in one evening. Breaches ranged from failing to comply with licence conditions to administrative matters. Enforcement action was taken against all seven venues.

Improving our compliance model

We continued to develop our risk-based approach and intelligence capacity, driven by recommendations from the:

- 2019 audit report by the Victorian Auditor General's Office (VAGO)
- 2020 Grosvenor review of our risk-based approach
- 2021 Royal Commission into the Casino Operator and Licence (page 35).

VAGO recommendations

We continue to implement recommendations from this audit, adapting our response to our changing operating environment.

Recommendations 1 to 7 have been completed.

Recommendation 8: *Revise our risk-based approach to compliance, to ensure better targeting of compliance activities*

- Implemented the risk-based approach to monitoring compliance of gaming venues.
- Developed a draft Gaming venue prioritisation (risk) framework.
- Refined the risk-based approach to regulation, including a dedicated project to identify gambling harms through targeted gambling venue audits.
- Provided relevant and appropriate information to regulated entities to help them be compliant.

Recommendation 9: *Complete a quality assurance framework for compliance, ensuring it focused on key divisional processes that contribute to the targeting and quality of inspections.*

- Reviewed and updated all existing standard operating procedures.
- Established a new compliance program for public health enforcement of licensed premises and gaming venues.
- Developed revised operating models in response to the COVID-19 pandemic and varying restrictions related to it.

Recommendation 10: *Train compliance inspectors, ensuring that training is regular and ongoing.*

- Conducted inspector refresher training for gaming and gambling, including specific gaming audits, in March and April 2022.
- Seventeen inspectors attained a Certificate IV in Government Investigations (Regulatory Compliance) by the Australian Centre for Financial and Environmental Compliance.
- Staff attended gaming venues with the Australian Transaction Reports and Analysis Centre (AUSTRAC) to gain a better understanding of anti-money laundering requirements for venues.
- Five staff attended 'Leadership for regulators' course by Monash University in July and August 2021.

Recommendation 11: *Complete planned actions to improve the supervision of casino operations at the Melbourne casino.*

- Reviewed and updated all casino standard operating procedures.
- Developed the Casino audit plan.
- Participated in the internal control statements working group (page 35).

Grosvenor report recommendations

In February 2020 we engaged Grosvenor Performance Group to evaluate our risk-based approach. Key recommendations were to improve our data collection and review processes, internal communication and training.

In response to outstanding recommendations, we delivered a refreshed internal training program for our regulatory and compliance teams that included inspection, audit and investigation methodologies, gambling and liquor legislative updates, minor gaming training and complaint management practices.

We continue to refine our risk-based approach to regulation, including a project to identify gambling harms through targeted gambling venue audits. We suspended these audits to November 2021 due to public health restrictions closing the casino, gambling venues and retail gambling outlets.

With the separation of gambling and liquor regulation from 1 July 2022, we will develop risk-based tools to better identify, assess and target gambling harms. This will provide greater opportunities for macro-analysis of data, and better measurement of the outcome of regulatory actions on targeted harms.

Inspections

While operational activities continued to be impacted by the COVID-19 pandemic, we still conducted 917 gambling inspections and 6,576 liquor inspections across the state. We conducted 833 inspections outside metropolitan Melbourne. This was close to our total target of 8,500 total inspections.

We also undertook seven joint operations with co-regulators to identify licensees supplying alcohol to minors or persons who are intoxicated.

Our regional reach

In March 2022, our regional inspectors worked with Victoria Police at the Chill Out Festival in Daylesford. The liquor licence aspect of this event was held under four temporary limited licences. Through both inspections and discreet observations of licensed premises involved in the event, we identified several breaches of the Liquor Control Reform Act with liquor supplied not in accordance with the licence. The investigation into those breaches is ongoing.

Responding to COVID-19 restrictions

As we were unable to conduct internal inspections early in the year due to COVID-19 restrictions, we conducted external inspections. In the past year, we conducted 2,606 approved liquor external observations, including 86 in regional Victoria.

During this time, inspectors undertook other activities to maintain a regulatory presence, including investigating complaints made to us and other special projects. We undertook inquiries into commercial raffle organisers, club and community declared statuses, and raffles conducted. We also focused on auditing gaming venue codes of conduct, and pre-commitment (YourPlay) and self-exclusion programs.

As restrictions eased in the second half of the year, we returned to business-as-usual operations and targeted our efforts to maintain an overt presence.

Monitoring compliance at high-risk times

Under our risk-prioritisation tool, we know that risks are heightened between the hours of 10 pm and 7 am at licensed premises and gaming venues, and during designated events. So we conduct targeted inspections during these times to help minimise the harm on the Victorian community.

Over the past year, more than 10 per cent of our inspections were during high-risk times. This is lower than our target of 12 per cent due to COVID-19 restrictions. When restrictions on venues eased, 19 per cent of inspections were conducted at these times.

Monitoring public health compliance

We continued to support the state's response to the COVID-19 pandemic by conducting 4,728 activities to identify potential breaches under the *Public Health and Wellbeing Act 2008*.

To 30 June, we had three dedicated teams that conduct surveillance and inspections of licensed premises, to protect the safety of those engaged in the hospitality industry, including patrons and the general community.

Over the past year we identified a significant number of breaches that resulted in commensurate enforcement action, including high-level fines.

Complaints

Providing us with valuable information about potential breaches, we received a total of 1,614 complaints in the past year.

We investigate complaints within our remit to determine if a breach against liquor or gambling legislation has occurred. And we take enforcement action against the regulated entity when breaches are proven. Complaints outside our jurisdiction are referred to the relevant authority.

We received a complaint about an online advertisement by BetEasy which offered three months free Kayo to customers who were new to the sports streaming service.

We investigated and determined BetEasy had breached the Gambling Regulation Act (section 4.7.10), as it had offered an inducement to open a betting account. Charges were laid and the matter was heard at the Melbourne Magistrates' Court in February 2022. BetEasy was found guilty and subsequently fined \$3,304 (maximum \$3,698.40), ordered to undertake a 12-month good behaviour bond, pay \$5,000 to Gambler's Help and pay VGCCC costs of \$4,400.

Of the complaints received:

- 60 were linked to the casino
- 610 were gambling related
- 941 were liquor related (including public health matters)
- three were a combination of gambling and liquor.

In January 2022, we received a complaint about an employee of a gaming venue providing credit to a customer, which is a breach of the Gambling Regulation Act (section 3.5.31(a)). We investigated and obtained relevant evidence to prove the offence.

We determined the employee had provided credit to a customer to play on an EGM. The venue operator informed inspectors it would educate staff as to their obligations. As a result, we issued a non-compliance notification to the regulated entity.

Outcomes

Of the 1,359 matters finalised:

- 83 were substantiated
- 498 were unsubstantiated, nine were unfounded and 268 required no further action
- 39 were withdrawn and 31 were administratively closed
- 312 were outside of jurisdiction and 119 were unable to be determined.

We formally investigated 938 complaints and found 466 to be unsubstantiated. These investigations resulted in a range of outcomes from education to prosecution.

In January 2022, we received a complaint about the delivery of liquor to a residence where it was left behind bins and not delivered to a person aged 18 years or over, as required by the liquor licence conditions.

Through our investigation, the licensee confirmed that the liquor had been left without any evidence of age documents being checked. And we found the delivery person had marked the order as delivered and signed on behalf of the customer. As a result we issued a non-compliance notification to the licensee.

Our complaints process

We handle all complaints in a systematic manner to ensure we follow our investigative policies and procedures.



Enforcement

We have a range of sanctions available to us including education, non-compliance notifications, official warning notices, infringement notices, undertakings, disciplinary action, criminal prosecution and court injunctions.

When determining action against a regulated entity, we consider a range of factors including the severity of the breach, the harm it presents to the community and any history of non-compliance. When the required standards are not met, we escalate the severity of the sanctions taken.

In 2021–22, we:

- issued 1,005 warning letters, six official warnings and 76 infringement notices for gambling and liquor-related matters. Of these, 941 were liquor-related warnings
- took disciplinary action against eight gaming venue operators and 64 gaming industry/casino special employees
- successfully prosecuted six licensees for breaching gambling and liquor legislation (a further two are before the courts)
- did not enter any enforceable undertakings.

For details of disciplinary action against Crown Casino, go to page 35.

Breaches to enforcement

The proportion of breaches resulting in enforcement action was 92 per cent, with some matters still being finalised. We took action on 100 per cent of identified breaches designated as high harm.

Details of all disciplinary actions taken are available on our website.

Determining an enforcement action

A venue in the Maryborough region breached its liquor licence conditions and failed to comply with certain administrative requirements under the Liquor Control Reform Act.

As the venue had previously breached its licence conditions and had received a warning, we issued an infringement notice as appropriate for the subsequent offence.

Enforcement actions, 2021–22

Month	Type	Grounds and outcome
August 2021	Warning/infringement	We issued a penalty infringement notice to late-night venue Rococo for breaching the Liquor Control Reform Act (section 108(4)(a)) in supplying liquor to an intoxicated person.
October	Warning/infringement	We issued a penalty infringement notice of \$10,904 to Thirsty Weather Pty Ltd for breaching the Public Health and Wellbeing Act (section 203(1)) for failing to comply with a direction or other requirement under section 199.
	Prosecution	We successfully prosecuted karaoke venue Space KTV for breaching the Liquor Control Reform Act (section 107(1)) for unlicensed sale of liquor. The licensee was fined \$5,000 and ordered to pay VGCCC costs of \$400.
December	Prosecution	We successfully prosecuted bingo centre operators Phoenix 21 Pty Ltd and Bingo Prospect Pty Ltd for breaching the Gambling Regulation Act (sections 8.5.1 and 8.2.2) by conducting bingo without a licence and not in accordance with regulatory obligations. Both matters were heard together as they had the same sole director. The operator was placed on a 12-month good behaviour bond and ordered to pay \$600 per company to the court and VGCCC costs of \$200 per matter.
January 2022	Warning/infringement	We issued a non-compliance notification to WinnersBet for breaching the Gambling Regulation Act (section 4.8A.6) by failing to comply with harm minimisation directions.
February	Prosecution	We successfully prosecuted Captain Obvious Pty Ltd for two breaches of the Liquor Control Reform Act (section 108(1)) regarding the supply of liquor not in accordance with the liquor licence, as the licence was not in effect. The licensee was fined \$1,000 and ordered to pay VGCCC costs of \$5,990.
	Prosecution	We successfully prosecuted BetEasy for breaching the Gambling Regulation Act (section 4.7.10) by offering an inducement to open a betting account. BetEasy was fined \$3,304, ordered to undertake a 12-month good behaviour bond, pay \$5,000 to Gambler's Help and pay VGCCC costs of \$4,400.
May	Prosecution	We successfully prosecuted Linden Mitchell Pty Ltd for breaching the Liquor Control Reform Act (section 107(1)) regarding unlicensed sale of liquor. The licensee was fined \$1,000 without conviction and ordered to pay VGCCC costs of \$300, plus statutory costs of \$85.70 to be collected by Fines Victoria.

Criminal background checks for gaming employees

As a condition of their licence, gaming employees must tell us if they have been found guilty of an offence or been involved in proceedings leading to a diversion. This helps ensure only suitable people continue to be licensed.

In May 2020, we signed a three-year agreement with Victoria Police for continual criminal background checking of licensed gaming employees and applicants. Victoria Police now carries out almost 30,000 checks each week.

In 2021–22, we took disciplinary action against 64 gaming employees, and a further eight surrendered their licences before disciplinary action could be started. We also suspended the licences of 16 gaming employees until their charges were dealt with by the relevant court.

Responding to the risk of serious crime

We strengthened our relationships with AUSTRAC in the fight against serious financial crime, signing an updated memorandum of understanding in April 2022. This gives us access to AUSTRAC's financial intelligence database, including financial transaction information and suspicious matter reports from businesses. And it allows us to better identify and investigate threats facing the Victorian gambling sector and help law enforcement agencies investigate criminal activity.

"The impact on the community of criminals exploiting the gambling industry to launder the proceeds of serious crime cannot be underestimated. It is critical for AUSTRAC and its state and territory-based regulatory and government partners to work together to ensure the gambling industry is hardened against misuse by criminals." – AUSTRAC CEO Nicole Rose

Gaming industry and casino special employee disciplinary action, 2021–22

Month	Licences cancelled	Letters of censure issued	Licences suspended	Licences cancelled and licensees disqualified	Total
July 2021	1	4	4	0	9
August	4	2	2	0	8
September	3	0	2	0	5
October	3	2	1	0	6
November	8	0	1	3	12
December	3	1	1	0	5
January 2022	7	1	6	0	14
February	2	2	0	0	4
March	2	5	2	0	9
April	0	2	0	0	2
May	0	0	3	0	3
June	3	3	0	0	6
Total	36	22	22	3	83

Demerit points

Licensees incur demerit points on their liquor licence if there has been a non-compliance incident in relation to that licence, and each demerit point is attached to the licence for a period of three years.

At 30 June 2022, 34 liquor licences were recorded in the demerit points register.

Star rating discount

The star rating scheme is an incentive to reward licensees who have recorded two or more consecutive relevant periods without a non-compliance incident. Non-compliance incidents include offences such as unlawful supply of alcohol to underage or intoxicated persons on licensed premises.

In the past year:

- 80.2 per cent of packaged liquor licensees received a 10 per cent discount on their annual liquor licence renewal fee as a result of holding a five-star rating
- 5.5 per cent received a five per cent discount due to their four-star rating.

Demerit points at 30 June, 2019 to 2022

	2019	2020	2021	2022
Demerit points	76	54	45	51
Number of venues	57	35	26	34

We publish the demerits point register on our website.

Commission hearings and inquiries

The Commission may, by law, convene a meeting or an inquiry into matters such as:

- applications for approval of a new gaming premises
- applications to increase the number of gaming machines permitted in an approved venue
- contested liquor applications
- disciplinary action
- internal reviews and appeals of decisions made by delegates of the Commission or a single Commissioner.

This year the Commission held 29 hearings and received 64 new matters. The Commission determined or concluded 83 matters, including matters carried over from the previous year. Seven decisions were also made by single Commissioner under delegation.

Commission inquiries and hearings, 2021–22

	Received	Hearings*	Matters determined [#]	Matters otherwise concluded [^]	Outstanding at 30 June
Casino – appeal against self-exclusion order	10	1	1	3	5
Gambling – internal appeal	2	1	1	0	2
Gambling – disciplinary action (major licences)	4	0	3	0	1
Gaming – new premises	1	1	1	0	0
Gaming – EGM increase	2	2	3	1	0
Gaming – variation to venue operator licence condition	5	0	3	0	3
Liquor – contested application	0	2	1	5	0
Liquor – internal review	38	20	42	18	9
Liquor – disciplinary or amenity inquiry	1	2	1	0	1
Liquor – application to revoke barring order	1	0	0	0	1
Total 2021–22	64	29	56	27	22
Total 2020–21	68	34	51	24	40

* Private and public hearings, direction hearings and preliminary conferences

[#] Not all matters are necessarily determined or concluded in the same financial year as they are received

[^] Matters concluded without a decision, withdrawn by applicant or cancelled if found to be invalid

These are published on our website and the Australasian Legal Information Institute website, unless confidentiality considerations apply. For more information on the Commission and its powers, go to page 46.

Crown Casino



Following the Royal Commission, Crown has two years to undertake significant reform to retain its licence. Under a new and robust oversight framework, we have taken many actions in the past year and more are pending.

Actions taken

August 2021	We issued a non-compliance notification regarding a breach of the restricted activity directions in relation to the Public Health and Wellbeing Act.
October 2021	The Commission issued a new direction for Crown to inform the VGCCC when minors are detected on the casino floor and provide a quarterly report with full details regarding same. An audit was developed by the casino team to address this requirement and monitor Crown's compliance with the direction.
December 2021	The Commission fined Crown \$1 million for disobeying a direction and failing to comply with regulatory requirements in relation to particular junket operations. This fine was the maximum available and reflected the serious nature of Crown's direct disobedience following a direction by the Commission to cease its relationship with an unsuitable junket entity.
February 2022	We issued a non-compliance notification for a breach of the Casino Control Act (section 121(4)) regarding the failure to ensure the implementation of approved system of controls and procedures in relation to their Internal Control Statement (ICS) for Controlled Contracts.
March 2022	We issued a non-compliance notification for a breach of the Casino Control Act (section 121(4)) regarding the failure to ensure the implementation of approved systems relating to clause 5.8 of their Cage Operations ICS.
April 2022	We issued a non-compliance notification for a breach of the Casino Control Act (section 121(4)) regarding the failure to ensure the implementation of approved systems relating to clause 4.3 of their Gaming Equipment ICS.
May 2022	<p>We issued a non-compliance notification for a breach of the Gambling Regulation Act (section 3.5.5) regarding varying EGMs without approval.</p> <p>We changed the rules for EGMs at the casino, meaning players:</p> <ul style="list-style-type: none"> • will no longer be able to play more than one machine at a time • cannot use any item to hold down the buttons on unrestricted machines to facilitate continuous play. <p>The Commission fined Crown \$80 million for illegally enabling patrons to breach China's foreign currency exchange restrictions and access nearly \$164 million (known as the 'China Union Pay process') between 2012 and 2016. This was the first time we used our stronger enforcement powers under changes to the Casino Control Act, which increased the maximum fine from \$1 million to \$100 million.</p>
June 2022	After comprehensive probity investigations, the Commission approved the Blackstone Group as a suitable associate of Melbourne's casino operator. The approval came with an extensive list of accompanying conditions and protections, including that Crown Melbourne has a majority independent board of directors, enhanced reporting of anti-money laundering and improved information sharing with law enforcement agencies. All conditions are legally enforceable by the VGCCC.

Improving our oversight

In addition to the Royal Commission recommendations and sector reform, we continue to implement recommendations from a 2019 VAGO report to improve the supervision of casino operations. In the past year, we have:

- continued to review and update dedicated casino-related internal control statements
- produced a Casino audit plan detailing a 12-month audit schedule of casino operations
- developed a Premium Player Probity Audit (rebranded to the Commission Based Player Audit) to determine the casino's compliance with its legislative obligations regarding premium players, and include increased checks and compliance
- broadened existing code of conduct and self-exclusion audits to increase the focus on responsible gambling.

Scrutinising Crown's tax remittance

The Royal Commission found that Crown Resorts had underpaid \$61 million in casino taxes due to the incorrect deduction of category 8 bonus jackpots. We audited the accuracy and completeness of Crown's submission of gambling tax to the state and as a result, Crown has additionally paid almost \$800,000 to the state in the past year.

We also conducted a thorough reassessment of our audit processes applicable to Crown taxable revenue and gaming tax calculations, and improved our processes to mitigate risk of future tax issues.

Summary of audit findings, 2021–22

Summary	Additional tax remitted by Crown
Variance in Crown's calculation of penalty interest from the underpayment	\$94,915.96 on 27 August 2021
Variance in Crown's calculation of 'start-out jackpots' that contributed to the underpayment	\$484,447 on 13 January 2022
Omission of six ineligible non-cash jackpots from Crown's calculation of the underpayment	\$219,102.75 on 26 April 2022

In 2015, amendments were made to the casino licence that allowed it to operate new gaming products, with a guaranteed \$35 million of casino tax generated every year to 2021. As a result of the findings from the Royal Commission, we reassessed tax paid under this 'new product tax guarantee' due to the reversal of ineligible bonus jackpots and ineligible startouts.

We determined more than \$7 million in additional gambling tax was required from the casino operator.

New product tax guarantee (NPTG), 2021–22

Summary	Additional tax remitted by Crown
Reassessment of NPTG calculation since 2017–18	\$7,001,102 on 15 December 2021
Incorrect inclusion of fixed/variable cash jackpot paid adjustments as non-cash fixed jackpot paid in the revised NPTG calculation	\$8,734.15 on 13 January 2022
Incorrect bonus jackpot adjustments to the NPTG calculation that included EGMs that were not 'new products'	\$57,852.75 on 22 April 2022

Following up on our sixth review

Every five years, we review the casino operator's suitability and compliance with gambling laws. In July 2018, we made 20 recommendations – each with due dates – to ensure Crown adheres to best practice in areas including corporate governance and risk, regulatory compliance, responsible gambling and anti-money laundering.

Two recommendations are not yet due to be implemented:

- Commencement of a real-time player data analytics tool for un-carded play, due on 1 July 2022.
- A review of the above, due 12 months after commencement.

Payment of late gaming tax by Crown regarding Poker Entry Fees

Since approximately 2005, the tax treatment of tournament entry fees collected by Crown from players engaging in poker tournaments has been the subject of a dispute and ongoing discussions between Crown, the gambling regulator and the State. The State and the regulator has consistently held the view that tournament entry fees are derived from the conduct of gaming at Crown, and therefore should be subject to gaming tax. Crown have consistently challenged this position and poker entry fees have not historically been subject to gaming tax.

On 15 December 2021, Crown agreed to remit the outstanding casino tax of \$7,561,827 in relation to all historical tournament entry fees it had collected since the introduction of poker tournaments in 2004. However, Crown held the view that penalty interest was not payable on the late payment of tournament tax.

We challenged Crown and sought that penalty interest must be remitted in relation to the late payment of poker tournament tax. On 6 May 2022, Crown remitted an additional \$12,689,303.30 in penalty interest for the late payment of poker tournament tax. The delay in Crown's acceptance of the position held by the gambling regulator regarding the tax treatment of such fees contributed to the excessive penalty interest calculation, which far outweighed the tax paid.

3. Information and education

Developing relationships and expanding our networks helps us inform industry, encourage feedback and support voluntary compliance. To this end, we host a range of sector and community information sessions, administer training, run educational campaigns, and develop clear and engaging resources for the sector to use.

17

online information sessions delivered

67

liquor forums attended

16

liquor accords approved

Information and education highlights

Engaged with industry and stakeholders to provide information during COVID-19 restrictions (page 41)

Accredited 12 registered training organisations to deliver new RSA training (page 42)

Delivered educational campaigns to both the gambling and liquor sector (page 43)

Engaging with the sector

We effectively collaborate and engage with licensees and our partner agencies, including co-regulators, law enforcement agencies and peak bodies. This continued to be challenging due to the pandemic and the many competing priorities of those we work with.

In March 2022, our regional inspectors attended the Port Fairy Folk Festival with Victoria Police members to ensure compliance of licensed activities. Both discreet and overt inspections were conducted at a number of bars located throughout the event. While generally well conducted, we identified several licence breaches in relation to crowd controllers, free water provision and staff RSA certificates.

Considering all factors, we decided that education was the most appropriate action to take in response to the breaches. We provided information to event management and staff on their obligations for future events.

Gambling sector information sessions

We held eight online information sessions to engage with licensees and stakeholders on various topics. Sessions included:

- **Gambling venue operators, managers and staff**
Continuing on from their success in 2020–21, we held six online information sessions to help gaming venues understand their obligations and ensure compliance. They focused on the Responsible Gambling Code of Conduct, YourPlay, our complaints handling process and how to prepare for inspections.
- **Community and charitable organisations**
We held two online information sessions for declared community and charitable organisations. The sessions focused on their obligations when running raffles, holding fundraising events, selling lucky envelopes and conducting bingo.

Evaluation of the online information sessions indicated that attendees were more aware of their obligations and checked that they were compliant after attending the sessions. Attendees also shared the information from the sessions with staff.

Liquor forums

Aimed at minimising alcohol-related harm, liquor forums are regularly chaired by Victoria Police and attended by local licensees and councils. These meetings create an opportunity for licensees to exchange ideas and share experiences.

Due to COVID-19 restrictions, many venues were not operating for substantial periods and forum meetings were suspended. However, we continued to support liquor forums by engaging with forum chairpersons to gain an understanding of local issues and challenges. We also held two online events for liquor forum chairs to update them on the changes to the Liquor Control Reform Act.

Once regular meetings resumed in August 2021, we attended 67 forums across the state.

Liquor accords

Forums may be formalised with the establishment of a liquor accord, a written document that sets out specific aims, actions, objectives and strategies addressing local alcohol-related problems. There are 62 accords approved by Victoria Police and the VGCCC.

Members of the accord may ban patrons for up to 12 months from all of their venues. This is a particularly effective harm minimisation tool in regional areas. Sixteen accords were revised and re-submitted to us for approval in the past year.

As required under the amended Liquor Control Reform Act, we now publish accord documents on our website. These changes also required us to update the Accords Approval Pack and the Banning Policy to reflect a banning period of no more than 12 months.

“The Liquor Accord is a vital part of maintaining community safety, particularly in country/rural areas where the misuse and abuse of alcohol within the younger age groups at times can have tragic consequences that have a ripple effect across the community. Without [the VGCCC’s support] the establishment of such an important tool as the Liquor Accord would have been almost impossible, our community will definitely benefit from your assistance, and we cannot express our thanks enough.” – Victoria Police Inspector

Community stakeholder forums

More than 25 community organisations attended our biannual community stakeholder forums in the past year.

Chaired by Deputy Chairs of the Commission, the forums are an opportunity for stakeholders to share information about projects and initiatives and learn from each other. Guest speakers at the forums included representatives from The Orange Door (located in Loddon Mallee), the department and the Alcohol and Drug Foundation.

Educating the sector

In 2021–22, we delivered multiple educational campaigns (see page 43) as part of the continued roll out of our education strategy.

Our strategy aims to promote voluntary compliance in the gambling and liquor sectors by:

- building the capability and knowledge base of community groups, licensees and stakeholders
- changing non-compliant licensee behaviour, reducing harms and increasing compliance.

Our campaigns are informed by sector consultation, as well as intelligence and data on where licensees and gambling entities are getting it wrong – with the aim of helping them get it right. They're accompanied with new resources like checklists and videos, making it easier for licensees, managers and staff to understand what they need to do to be compliant.

In response to feedback from licensees that they were confused by the ever-changing landscape of COVID-19 rules and regulations, we worked with the Department of Jobs, Precincts and Regions to better inform and educate our licensees. We sent all licensees and Liquor Forum chairs a quick guide to COVID-19 information updates, developed a checklist for licensees to help them stay on top of the requirements and hosted two COVID-19 information sessions.

Enhancing regulation through education

In the past year, we delivered two major campaigns focused on minors and intoxication in high-harm areas – issues that industry told us they needed support with.

Part of our two-year 'Enhance Regulation Through Education' project, the 'Minors and alcohol don't mix' and 'Zero in on intoxication' campaigns delivered new resources including videos and checklists to help licensees, staff and managers understand their obligations. We also reminded gaming venues of their obligations during the minors campaign.

We then consulted further with industry stakeholders including Community Clubs Victoria, RSL Victoria, Australian Hotels Association and Master Grocers Association, who informed us about the need to develop new resources for new and often inexperienced staff which Liquor Control Victoria will include in its education program next year.

Providing accessible and clear information

We continued to ensure our information is accessible to licensees and people from all backgrounds. In the past year, we:

- uplifted our website to make information easy to find and understand, and prepared for the transition to two separate gambling and liquor regulators
- streamlined our two newsletters to provide one key source of information for all licensees and stakeholders.

Training

One of the ways we encourage compliance and promote harm reduction in the liquor sector is through compulsory training for those who work in the industry. Training also helps us determine if a new licensee has adequate knowledge of the law.

We accredit registered training organisations (RTOs) to deliver the training to agreed high standards in Victoria.

Training participant numbers, 2021–22

Course		Number of participants
RSA – face-to-face	Initial training for anyone who wants to work in a licensed venue in Victoria	38,776
RSA – online	Initial training for anyone who wants to work in a licensed venue in Victoria	14,562
RSA – online refresher	Free refresher for licensed venue workers every three years	48,112
RSA – online bridging	Free for licensed venue workers from other states/territories wanting to work in Victoria	8,721
Clubs Seminar program	Licensed sporting clubs to understand their liquor and fundraising obligations Acts as New Entrant Training for licensees and nominees of sporting clubs	10
Advanced RSA program	Licensees, managers and staff of late-night venues	20

Changes to the RSA qualification

We continue to approve RTOs to deliver this course face-to-face and online, after the nationally accredited unit of competency SITHFAB002 became the only recognised RSA course in Victoria from 1 July 2021. This makes it easier for industry employees to move between states and territories. We approved four online RSA courses and accredited 12 RTOs in the past year.

There are 108 accredited RTOs delivering RSA training and providing the recognised VGCCC certificate, a requirement for staff working in licensed venues in Victoria. Having engaged with the Australian Skills Quality Authority on both content and assessment criteria, we can ensure the RTOs we approve are meeting the Authority's requirements.

Updated guides for new entrants

We updated the self-paced guides for New Entrant Training to include tailored information to minimise harm, specific to eight different licence types. These are available on our website and can be completed online. Outside of the training program, the guides are also now appropriate for licensees and managers who would like to refresh their knowledge.

New Entrant Training teaches liquor licence applicants and transferees about their legal obligations, which they need to demonstrate before being granted a licence or becoming a nominee. We currently recognise eight providers to deliver this training.

Education campaigns



Liquor

New licensees

Our ongoing campaign to support new licensees and managers includes:

- targeted information on liquor licence conditions, and ensuring staff and volunteers understand their obligations, including the latest COVID-19 restrictions
- engaging content including a licensee Q&A, a minors quiz, and resources to download for use in venues
- regular online information sessions on industry issues, updates and using the liquor portal.

We held five information sessions over the past year for new licensees, with 88 per cent of attendees saying they would make changes in how they operate their business as a result.

Party boats

As COVID-19 restrictions lifted and summer outdoor activities began, we contacted all party boat operators on the Yarra to remind them of their liquor licence obligations.

We also reminded the 25 licensed boat companies about the risk of having minors on their boats, their obligations around intoxicated passengers, keeping passengers safe during COVID-19, and respecting the amenity of the area. This elicited further queries from the Boat Association of Victoria, which demonstrated the effectiveness of targeting our education to specific industry groups.

School leavers

As part of our school leavers campaign in November 2021, we visited 67 licensed venues across the Mornington Peninsula, Bass Coast and Surf Coast shires to remind them to be extra vigilant about underage drinking.

As part of our educative campaign, Street Talk, we met with licensees face-to-face and talked about a range of issues including redline plans, minors, RSA obligations, licence conditions, self audits and voluntary best-practice measures. This helped them prepare for compliance inspections, which can occur at any time.

Sporting clubs

We worked with Victoria Police in Ararat to deliver a new poster tailored to local clubs in the region. The poster outlined what licensees and club volunteers can and can't do at their club, with reference to liquor and fundraising.

We also worked closely with Good Sports, an Alcohol and Drug Foundation program, on the changes to the Liquor Control Reform Act that commenced in March 2022 and how these changes affected club licensees. Together we updated the Club Seminar presentation, which is widely used by Good Sports to educate licensed sporting clubs about their liquor and fundraising obligations. It also acts as New Entrant Training for licensees of sporting clubs.

Sealed containers

During this financial year, many licensees held a COVID-19 temporary limited licence to enable them to supply takeaway liquor during COVID-19 restrictions. There was some confusion about what type of takeaway container was suitable, as licensees got creative and began to offer cocktails and other mixed drinks for their customers to take away.

We consulted with Victoria Police to agree on a definition and subsequently issued advice to licensees to make it easier for them to comply and to help prevent people drinking on the streets.

We worked collaboratively with Victoria Police, Mildura City Council and Mildura Regional Development on a campaign targeting packaged liquor, restaurants, cafes and gaming venues. In March 2022, we visited 56 venues in Mildura to prepare them for compliance inspections – ensuring gaming and liquor licences and other signage were on display, their RSA certificates were current, and their 'redline' and 'greenline' plans were ready for inspection.

A Sunraysia Liquor Forum was held in Mildura to coincide with our visits, and we provided licensees with information about our transition to the VGCCC, upcoming legislative changes and the expiry of COVID-19 temporary licences for takeaway and home delivery. As a result, only two breaches were identified by inspectors in follow-up visits – for liquor consumption outside of the approved red line plan and failure to produce a copy of the plan for inspection.

Taking an education-first approach meant that compliance inspectors could focus on targeting late-night, higher-risk venues, including gaming venues. Feedback from the visits showed licensees were appreciative of the face-to-face, educative approach to regulation.



Gambling

Responsible Gambling Codes of Conduct

We continued to remind venue operators of their responsibilities under the Responsible Gambling Code of Conduct. This year we specifically focused on:

- obligations for responsible gambling officers to be available in the gaming machine area at all times
- requirements regarding food and beverages being served away from the gaming machines to encourage a break in play, and to reduce the risk of gambling-related harm.

YourPlay

We worked with the department to develop reminders for venue operators to promote YourPlay, Victoria's voluntary pre-commitment system. Venue operators have an obligation to help customers to participate in the YourPlay program.

These reminders included:

- checking if casual cards have expired
- checking that YourPlay posters were repositioned when gaming machines were moved due to social distancing requirements
- promoting participation in scheduled YourPlay days.

Venue manual

We reviewed and promoted our updated Venue manual, designed to help gaming venue operators, managers, staff, and community or charitable organisations understand and meet their regulatory obligations. It covers a range of important areas including responsible gambling, financial requirements, fundraising, compliance and enforcement.

Anti-money laundering

Ensuring gaming venues are resilient to money laundering protects the community from serious criminal activity. So we:

- partnered with AUSTRAC to remind pubs and clubs of their anti-money laundering obligations
- attended AUSTRAC education training sessions at 20 venues across Victoria
- promoted other obligations, such as reporting suspicious matters, through our regular stakeholder communications.



Our organisation

As an independent regulator, our internal governance ensures we have clear lines of accountability, make consistent decisions and manage our risks and finances responsibly. This ensures we deliver on what we promise and make good decisions. We provide a supportive work environment for our staff and give them the tools and information they need to deliver the Commission's vision and strategy.

The Commission

The Commission is tasked with statutory decision making under liquor and gambling legislation.

It makes these decisions by convening meetings or conducting inquiries. It also sets our strategic vision and provides oversight of the organisation.

Appointment

On the recommendation of the Minister for Consumer Affairs, Gaming and Liquor Regulation, the Governor in Council appoints Commissioners.

Chairperson

The Chairperson convenes and presides at Commission meetings and is also the public service body head under the *Public Administration Act 2004*.

Fran Thorn was appointed our inaugural Chairperson in November 2021 for a term of three years.

We thank Ross Kennedy, Chairperson of the VCGLR for his years of service and contribution to the regulation of gambling and liquor in Victoria.



Fran Thorn, Chairperson VGCCC

From 1 January 2022

Fran Thorn is a former senior public servant with the Victorian Government and a former partner of Deloitte Consulting Australia. She has worked extensively as a consultant to governments around Australia (Victoria, New South Wales, South Australia and Western Australia), as well as in Hong Kong and New Zealand, in areas of social service delivery (education, health and human services) and central policy making.

Fran's 27-year career with the Victorian public sector included three roles as Secretary (Department of Innovation, Industry and Regional Development, Department of Human Services and Department of Health), and four years as Deputy Secretary, Policy in the Department of Premier and Cabinet, where she was responsible for policy and governance.



Ross Kennedy PSM, Chairperson VCGLR

To 31 December 2022

Ross has an extensive background working at senior executive levels serving the Victorian Government and community.

Before joining the VCGLR, he was the Executive Director responsible for liquor, gaming and racing at the then Department of Justice – a role he had performed for more than 10 years and where he led significant change in the regulation of Victoria's gambling and liquor industries.

Between 1994 and 2003, he was the Executive Director of Sport and Recreation Victoria, during which time he was awarded an Australian Public Service Medal for outstanding service, most notably in the development of Victoria's sport and recreation infrastructure.

Commissioners



Andrew Scott, Commissioner

Andrew has practised as a lawyer in the private sector for more than 40 years as a business law specialist and a sports law expert.

He is a past president of the Law Institute of Victoria and has served as a member of the Victorian Legal Services Board and Chairperson of the Liquor Licensing Panel. He is currently a director of Swimming Victoria and YMCA Victoria, where he has chaired various sub-committees. Andrew was appointed to the Commission in December 2019.

Over the past year, we farewelled four Commissioners. We thank each for their service, guidance and leadership.



Deirdre O'Donnell PSM, Deputy Chairperson

To 30 June 2022

Deirdre has broad experience in executive roles in the public and not-for-profit sectors.

She has qualifications in arts and education, with a Master of Business Administration and a Master of Commercial Law from the University of Melbourne. She was State Ombudsman in Western Australia, Ombudsman for the Telecommunications Industry and the inaugural New South Wales Information Commissioner. In 2008, she was awarded the Public Service Medal for outstanding public service as the State Ombudsman for Western Australia. Deirdre was appointed to the Commission in 2015.



Danielle Huntersmith, Commissioner

To 30 June 2022

Danielle has over 25 years' experience as a barrister.

She is a member of the National Sports Tribunal and a nationally accredited and advanced mediator at the Victorian Bar and a director of Australasian Society of Cosmetic Dermatologists. She has also been a director of the Skin Health Institute and chairperson of its governance committee. Prior to this she was a panel member of the Liquor Licence Panel, sat on the Federal Government's National Alternative Dispute Resolution (ADR) Advisory Council, was the vice-chairperson of the Institute of Arbitrators and Mediators Australia (Vic) and the Deputy Chairperson of the ADR Committee of the Victorian Bar. Danielle was appointed to the Commission in December 2019.



Helen Versey, Deputy Chairperson

To July 2021

Helen has significant experience at senior executive and CEO levels in the public service sector.

She holds a combined honours degree in law and sociology from Exeter University (United Kingdom). She worked in private practice as a litigation lawyer and advocate prior to joining the Western Australia Equal Opportunity Commission. She was a member of the Commission's Corporate Executive and acted as Commissioner during the substantive Commissioner's periods of absence. Helen served as the Victorian Privacy Commissioner from 2006 to 2012.



Des Powell AM, Sessional Commissioner

To December 2021

Des is an experienced senior executive and director within both the private and public sectors.

He is Chairperson of TAFE Gippsland, Director of the Victorian Regional Channels Authority, a Director of Barwon Water and a Director of Mercy Education.

Commission meetings

The Commission met 17 times in the past year, including:

- 13 regular meetings
- four additional special meetings.

For Commission hearings and inquiries, see page 34.

Our leadership

Our organisation is led by a Chief Executive Officer, who is responsible for the general conduct and the effective, efficient and economical management of our functions and activities.

Joined by divisional directors, our executive management team meets every fortnight to monitor and report on the delivery of our commitments, and align resources with organisational priorities. It reports to the Commission on our performance and progress.

Annette Kimmitt AM was appointed our inaugural Chief Executive Officer in March 2022. We thank VCGLR CEO Catherine Myers, who stood down in November last year after seven years in the role.



Annette Kimmitt AM

From 21 March 2022

With more than 37 years' experience in both the public and private sectors, Annette's career has included a range of senior leadership and regulatory roles in Australia and internationally, including with MinterEllison, Ernst & Young, the International Accounting Standards Board and the Australian Accounting Standards Board.

Annette has significant public and private sector board, advisory and committee-level experience, spanning a range of highly regulated industries such as aviation, financial services and education. She was appointed 'Pay Equity Ambassador' by the Australian Government's Workplace Gender Equality Agency, and in 2020 was awarded an Order of Australia for her significant service to business and to gender equality and inclusion.

Annette is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, a Monash University Fellow and has attended executive leadership programs at a range of prestigious business schools including Harvard, INSEAD and Kellogg.



Catherine Myers

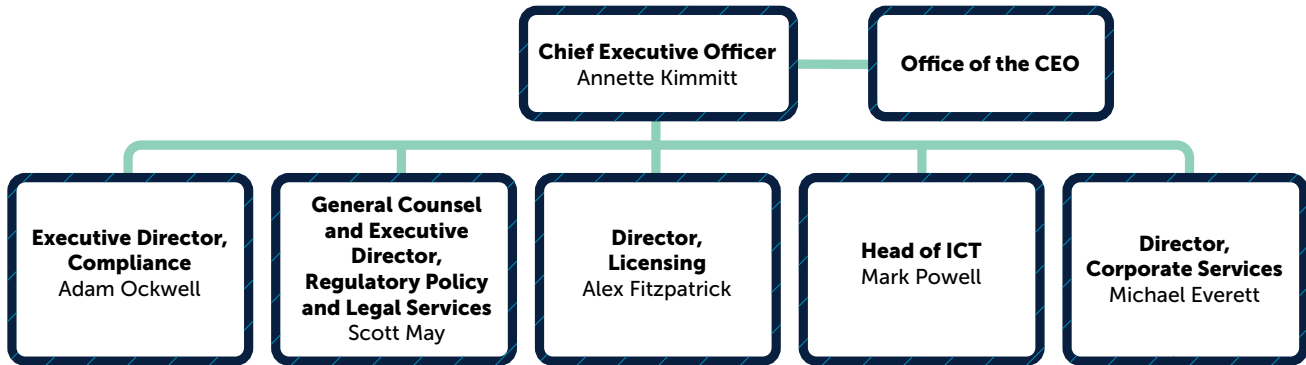
To 19 November 2021

Catherine has an extensive background in communication, regulation, education, strategic planning and client services within both the public and private sectors.

She holds a Bachelor of Education and a Master of Business Administration from La Trobe University. Catherine led extensive operational reform including the development of risk-based tools and decision-making frameworks in gambling, licensing and compliance monitoring since starting at the VCGLR when it was established in 2012.

She holds the position of Trustee of the International Association of Gaming Regulators for the Asia/Oceania region.

Our structure



Licensing

- Assesses and oversees gambling and liquor licensing
- Monitors club, bingo and raffle returns
- Conducts audits of gambling operations and how revenue is distributed

Compliance

- Manages complaints against regulated entities
- Conducts compliance inspections and investigations
- Monitors the Melbourne casino
- Performs system audits on major licensees
- Leads outreach activities to industry through targeted campaigns, training programs and events

Regulatory Policy and Legal Services

- Provides legal advice and acts as Counsel Assisting the Commission in inquiries
- Prosecutes offences under gambling and liquor legislation
- Operationalises any legislative and regulatory reforms
- Manages secretariat functions to support Commission meetings and hearings

Information and Communication Technology

- Manages a broad suite of digital applications and infrastructure
- Protects the organisation’s systems against security threats and ensures accurate, safe and accessible data
- Provides day-to-day support services, and drives long-term projects to improve technological capabilities and innovation

Corporate Services

- Manages and reports on our financial performance
- Leads business planning, risk management and performance reporting and ensures compliance with government frameworks and policies
- Manages procurement, records management, facilities and strategic communications
- Drives staff development, industrial and employee relations, and occupational health and safety

Office of the CEO

- Provides advice and operational support to the CEO
- Supports implementation of our strategic direction
- Liaises with the Minister’s office, the department and other government agencies

Our staff

At 30 June 2022, our staffing numbers were consistent with the previous year, at 202.1 full-time equivalent (FTE).

Details of employment levels at 30 June 2022

			June 2022				
	All employees		Ongoing			Fixed term/casual	
	Headcount	FTE	Full time (headcount)	Part time (headcount)	FTE	Headcount	FTE
Gender							
Women	105	98.31	79	21	93.91	5	4.4
Men	103	102.8	98	1	98.8	4	4
Self-described	1	1	1	0	1	0	0
Age							
15-24	7	7	6	0	6	1	1
25-34	42	41.07	38	3	40.07	1	1
35-44	61	57.85	48	11	56.05	2	1.8
45-54	43	41.79	36	4	38.79	3	3
55-64	49	47.8	44	3	46.2	2	1.6
65+	7	6.6	6	1	6.6	0	0
VPS1-4 grades							
VPS1	0	0	0	0	0	0	0
VPS2	16	15	13	2	14.4	1	0.6
VPS3	55	53.78	49	3	50.78	3	3
VPS4	60	57.35	51	9	57.35	0	0
VPS5	44	42.6	37	6	41.6	1	1
VPS6	28	27.38	24	2	25.58	2	1.8
Senior employees							
STS	1	1	1	0	1	0	0
Executives	5	5	3	0	3	2	2
Total	209	202.11	178	22	193.71	9	8.4

Employees have been correctly classified in workforce data collections.

Annualised total salary (by \$20,000 bands) for executives and other senior non-executives, 2021–22

Income band (salary)	Executives	STS	Other
\$180,000–\$199,999	0	0	0
\$200,000–\$219,999	0	0	0
\$220,000–\$239,999	2	1	0
\$240,000–\$259,999	2	0	0
\$260,000–\$279,999	0	0	0
\$280,000–\$299,999	0	0	0
\$300,000–\$319,999	0	0	0
\$320,000–\$339,999	0	0	0
\$340,000–\$359,999	0	0	0
\$360,000–\$379,999	0	0	0
\$380,000–\$399,999	0	0	0
\$400,000–\$419,999	0	0	0
\$420,000–\$439,999	0	0	0
\$440,000–\$459,999	1	0	0
Total	5	1	0

Note: The salaries reported above are as at June 2022, at a 1 FTE rate and exclude superannuation.

Executive data at 30 June 2022*

Class	All		Women		Men		Self-described	
	Number	FTE	Number	FTE	Number	FTE	Number	FTE
SES-3	0	0	0	0	0	0	0	0
SES-2	2	2	0	0	2	2	0	0
SES-1	2	2	1	1	1	1	0	0
Total	4	4	1	1	3	3	0	0

*For a public body, a senior executive service (SES) is defined as a person, other than a statutory office holder or an accountable officer, who is employed as an executive under Part Three of the PA Act or is a person to whom the Victorian Government's Policy on Executive Remuneration in Public Entities applies. As our CEO is an accountable officer, figures do not include CEO. All figures reflect employment levels at the last full pay in June of the current year.

Employment conduct and principles

We continue to promote public administration values and adhere to open and transparent employment principles. There are Victorian Public Service (VPS) common policies and our own comprehensive policies and practices in place that are consistent with the Victorian Public Sector Commission's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. Policies and processes are periodically reviewed.

Our recruitment processes ensure that applicants are assessed and evaluated fairly and equitably based on the key selection criteria and other accountable indicators without discrimination. Selection processes are conducted in accordance with the VPS Jobs and Skills Exchange policy.

Our four values are aligned with the public sector values of integrity, responsiveness, accountability, human rights, leadership, impartiality and respect.

Workforce strategy

Over the past year, we continued to roll out our Workforce Strategy 2020–23, which aims to develop a flexible, capable, talented and highly functioning workforce, ready to adapt to current and future challenges.

This included:

- creating a talent management framework
- embedding succession planning
- promoting flexibility in the workplace.

As the VCGLR would cease to operate, the Commission for Gender Equality in the Public Service granted a six-month extension for us to create a VGCCC-specific Gender Equality Action Plan.

Disability Act 2006

The Disability Act reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community. Working to the Victorian Government's framework 'Absolutely everyone: State disability plan for 2017–2020', we are:

- **reducing barriers to accessing goods, services and facilities** We continued to improve the accessibility of our website and digital content so that people with a disability can access the information they need. This includes our online licensing and contact forms.
- **reducing barriers to persons with a disability obtaining and maintaining employment** We have established policy and processes to reduce barriers to persons with a disability and actively promote them. We are committed to making reasonable adjustments throughout the employment lifecycle, including recruitment and selection practices along with individually assessed aspects of employees' roles as they are performed. This includes both physical and mental health aspects.
- **promoting inclusion and participation in the community** Through our Workforce Strategy we are aiming to 'build a resilient, diverse and inclusive workforce that is committed to our values'. In the past year we sought to:
 - embed inclusive language across all internal communication
 - ensure that flexible work opportunities are promoted and available
 - build a safe working environment that does not tolerate bullying, harassment, vilification or discrimination
 - develop and implement diversity and inclusion plans.
- **achieving tangible changes in attitudes and practices that discriminate against people with a disability** We used the results of the annual People Matter survey to measure equal opportunity employment, and act on identified diversity and inclusion issues.

Carers Recognition Act 2012

We have taken all practical measures to comply with our obligations under the Carers Recognition Act, including considering the care relationship principles it sets out when creating policies and providing services.

Occupational health and safety

Our continuing focus and commitment to maintain a safe and healthy workplace is reflected in very low numbers of incidents and claims.

Incidents, claims, fatalities and claim costs per 100 FTE, 2017 to 2022

Measure	KPI	2017–18	2018–19	2019–20	2020–21	2021–22
Incidents	Number of incidents ^(a)	12	16	8	5	8
	Rate per 100 FTE	5.7	7.61	3.7	2.4	3.96
Claims	Number of standard claims ^(b)	3	4	1	0	1
	Rate per 100 FTE	1.43	1.9	0.5	0	0.49
	Number of lost time claims ^(b)	3	4	1	0	1
	Rate per 100 FTE	1.43	1.9	0.5	0	0.49
Fatalities	Fatality claims	0	0	0	0	0
Claim costs	Average cost per standard claim ^(b)	\$34,388	\$130,908	\$102,072	\$91,129	\$3,354

^(a) Includes all incidents reported by employees via the VCGLR's incident reporting process. An incident is reported if there is any event resulting in, or with the potential for, injury, ill health, damage or other loss.

^(b) Victorian WorkCover Authority (VWA) data supplied by agent as at July 2022. Total standard claims and time lost claims includes accepted and rejected claims. Average cost per standard claim is calculated using the total incurred claim costs. Total incurred claim costs is a total of claims costs paid and VWA statistical case estimates

Our COVIDSafe plan

We continued to update our COVIDSafe plan to help protect the health and safety of our staff. Our staff returned to the office only in alignment with health directions.

The plan details:

- how we manage COVID-19 cases in the workplace and maintain a record of vaccinated staff
- requirements (as and when required) for face masks, checking in and physical distancing.

We also continued to support and encourage working from home arrangements and provided access to leave if a staff member or a close contact became ill. We ensured that staff had 24/7 access to our employee assistance provider and our internal mental health officers.

Equipping our staff

We continued to roll out our Information and Communication Technology Strategy 2019–2023, this year focusing on:

- improving the work-from-home experience – we upgraded our digital platform to make it easier to work remotely
- developing an application management plan to deliver mobility outcomes
- implementing legislative and business requirements that impact our corporate applications
- continuing to strengthen cybersecurity
- evolving our business intelligence capability.

Office-based environmental impact

We seek to reduce our impact on the environment, through both our use of resources and choice of suppliers. However, as our Richmond, Ararat, Sale and casino offices are in multi-tenanted buildings, we are unable to report on our specific waste production, recycling and water usage.

Information and communication technology (ICT) expenditure, 2021–22

All operational ICT expenditure		ICT expenditure related to projects to create or enhance ICT capabilities	
Business as usual (BAU) ICT expenditure	Non-BAU ICT expenditure	Operational expenditure	Capital expenditure
\$7,707,560 (ex GST)	\$990,617 (ex GST)	\$797,201 (ex GST)	\$193,417 (ex GST)

Total = operational expenditure and capital expenditure

	Use			Initiatives to reduce our environmental impact
	2019–20	2020–21	2021–22	
Waste	Not available	Not available	Not available	Separate waste, recyclables and compost Recycle waste toner cartridges
Paper	3,250 reams used This equates to 13.2 per FTE	2,400 reams used This equates to 11.2 per FTE	2,400 reams used This equates to 11.2 per FTE	Use only 100 per cent recycled paper Use FollowMe printing to reduce uncollected printing and other costs
Energy*	1,532.8 gigajoules power consumed This equates to greenhouse gas emissions of 455.6 tonnes of CO ₂ -e	1,517.5 gigajoules power consumed This equates to greenhouse gas emissions of 451.0 tonnes of CO ₂ -e	1,571.3 gigajoules power consumed This equates to greenhouse gas emissions of 467.0 tonnes of CO ₂ -e	Use timers to control lighting, hot and cold filtered water and internal management of heating and cooling
Water	Not available	Not available	Not available	Use waterless urinals Harvest rainwater to flush toilets

* Only measurable for our Richmond office.

Transport

In 2021–22, we maintained a fleet of 12 operational vehicles and five executive vehicles leased from the Department of Treasury and Finance VicFleet. An additional eight vehicles were added to accommodate activities of our public health enforcement team. These vehicles will gradually be subsumed into the operational fleet as those current vehicles become due for replacement early in the 2022–23 financial year.

Two fleet vehicles are assigned to our regional offices in Ararat and Sale.

Due to our staff working from home for much of the year, our overall fuel consumption was low.

Petrol use, 2021–22

All vehicles	2019–20	2020–21	2021–22
Litres of petrol used	30,072.08	28,942.36	25,819.2
Litres per vehicle (average)	1,768.95	1,702.42	1,122.6

We also hold 29 Myki cards so staff can travel by public transport to meetings and other work-related duties.

Procurement

In 2021–22 we purchased only 100 per cent recycled paper and operated multi-function devices that are environmentally endorsed. We purchase energy-efficient equipment wherever it is cost effective to do so.

Other disclosures

Building Act 1993

We do not own or control any government buildings and consequently are exempt from notifying compliance with the building and maintenance provisions of the Building Act.

Freedom of information (FOI)

The *Freedom of Information Act 1982* gives members of the public the right to apply to access information we (and our predecessor organisations) hold. It applies to our documents as well as those created by other organisations that are in our possession.

In 2021–22 we received 18 requests and determined 12 applications. Two applications were transferred to another agency, two were withdrawn and two are currently in process. One of the requests resulted in the requested information being released outside of the Freedom of Information Act. No decisions were reviewed by the Office of the Victorian Information Commissioner.

FOI requests received, 2021–22

Initial decision	Requests
Granted in full	2
Partially granted	7
Denied	1
Previously released	0
In process	2
Non-existent document requested	1
Not proceeded with	0
Withdrawn	2
Transferred to another agency	2
Outside the FOI Act	1
Total	18

We processed requests within an average of 38.6 days. This is longer than the statutory requirement of 30 days. However, we requested and were granted time extensions (10 or more days) in 11 of these requests. These 11 requests were then processed within the extended time period.

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.

Requests can be lodged online at www.foi.vic.gov.au or in writing to our Freedom of Information Officer. When making a request, applicants should ensure requests are in writing, and clearly identify what types of material and documents are being sought.

Address requests for documents to:

Freedom of Information Officer
VGCCC
GPO Box 1988 Melbourne Victoria 3001

An application fee of \$30.10 applies. Access charges may also be payable if the document pool is large, and the search for material is time consuming. More information can be found at ovic.vic.gov.au

DataVic Access Policy

The Victorian Government's DataVic Access Policy enables the sharing of government data at no, or minimal, cost to users. The policy intent is to support research and education, promote innovation, support improvements in productivity and stimulate growth in the Victorian economy. It also promotes the sharing of, and access to, resources with the right to information in order to support evidence-based decision-making in the public sector.

In addition to publishing on our website, material is also published in machine readable formats on data.vic.gov.au, with 12 datasets and data tools available on the Victorian Government Data Directory.

Public interest disclosures

The *Public Interest Disclosures Act 2012* encourages and helps people to make disclosures of improper conduct by public officers and public bodies. It provides protection to people who make disclosures, and ensures disclosures are investigated and rectifying action taken.

Our established processes require that disclosures of improper conduct or corruption by the VGCCC, its members or staff be made directly to the Independent Broad-based Anticorruption Commission (IBAC).

Disclosures may be made by staff members or the public. Where we become aware that a disclosure has been made to IBAC, we will take reasonable steps to protect the welfare of relevant individuals.

Major contracts and projects

We did not:

- enter into any contracts with a value greater than \$10 million in the past year (summary details of contracts with a commitment greater than \$100,000 are published at tenders.vic.gov.au)
- have any projects that required application of the *Local Jobs First Act 2003*, which brings together the Victorian Industry Participation Policy and Major Project Skills Guarantee policy.

We comply with the National Competition Policy.

Audit and Risk Management Committee

Our independent Audit and Risk Management Committee reports directly to the Commission and is established in accordance with the *Financial Management Act 1994*. Over the past year it met five times and:

- reviewed and assessed the effectiveness of our systems and controls for financial management, performance and sustainability, including risk management
- oversaw the effectiveness and efficiency of our internal audit function
- reviewed and monitored compliance with the Financial Management Act, the associated Standing Directions and Instructions, monitored remedial action to address non-compliance, and reported on the level of compliance
- maintained effective communication with external auditors and considered their views on issues that impact the financial management, compliance and risks of our finances
- considered recommendations made by internal and external auditors that impacted financial management, performance and sustainability and reviewed the implementation of actions to resolve issues raised.

2021–22 membership

- Mr David Boymal AM
- Commissioner Danielle Huntersmith
- Commissioner Andrew Scott

Expenditure disclosures

We have not undertaken any advertising campaign with a total media buy of \$100,000 or greater.

In 2021–22, we contracted eight consultancies where the total fees payable to the consultant were \$10,000 or greater.

These contracts totalled \$550,795 (excluding GST).

We didn't contract any consultancies where the total fees payable to the individual consultancy was less than \$10,000.

Details of consultancies valued at \$10,000 or greater, 2021–22

Consultancy	Purpose	Start date	End date	Total approved project fee (ex GST)	Expenditure 2021–22	Future expenditure (ex GST)
D.W.Bowe & Associates Pty Ltd	Expert Advice and provision of comprehensive report	July 2021	August 2021	\$24,446	\$24,446	\$0
Intrepid Technologies Pty Ltd t/a Purpose-led Transformation	VGCCC Strategy Reset	April 2022	June 2022	\$117,000	\$117,000	\$0
Telstra	Teams Calling functionality enablement and implementation	May 2022	June 2022	\$120,768	\$120,768	\$0
Telstra	Certificate Authority review and implementation	April 2022	June 2022	\$49,920	\$49,920	\$0
Telstra	Review and document the current AD environment in readiness to migrate it to new domain i.e. VGCCC	April 2022	June 2022	\$76,160	\$76,160	\$0
Telstra	Review of current Mail platform/s and submit report on implementation of moving from VCGLR to VGCCC	February 2022	June 2022	\$95,472	\$95,472	\$0
The Shannon Company Pty Ltd	Advisory services related to analysis and advice on communication strategy	October 2020	October 2021	\$99,703	\$22,481	\$0
Worklogic Pty Ltd	Expert Advice and provision of comprehensive report	September 2021	May 2022	\$44,548	\$44,548	\$0

Financial management compliance

To ensure a high standard of public financial management and accountability, public sector entities are required to attest in annual reports that they have complied with the applicable Standing Directions and Instructions under the Financial Management Act.

We reviewed our financial management processes and determined we are compliant with the mandatory financial management requirements. Our Audit and Risk Management Committee verified this view.

Financial Management Compliance Attestation Statement

I, Fran Thorn, on behalf of the Commission certify that the Victorian Gambling and Casino Control Commission (VGCCC) (previously the Victorian Commission for Gambling and Liquor Regulation (VCGLR)) has complied with the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Fran Thorn

Chairperson, Victorian Gambling and Casino Control Commission

8 September 2022

Additional information

Information available on our website includes:

- bingo centres and commercial raffle organisers
- codes of conduct
- Commission decisions and reasons following hearings and inquiries
- community benefit statements
- demerits register
- enforceable undertakings
- gaming machine expenditure data broken down by local government area (monthly) and venue (six-monthly)
- fees and penalties
- gaming machine entitlements
- gaming signage
- 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, Keno and wagering outlets and gaming venues
- liquor licences
- liquor signage
- laws and regulations
- Ministerial Directions
- RSA and New Entrant Training course providers
- roll of manufacturers, suppliers and testers
- self-exclusion programs
- VGCCC directions and guidelines.

Disclosure index

Our annual report is prepared in accordance with all relevant Victorian legislation and pronouncements. This index provides an indication of the VGCCC's compliance with statutory disclosure requirements.

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Financial statements

For the financial year ended 30 June 2022



How this report is structured

The Victorian Gambling and Casino Control Commission (VGCCC) has presented its audited general-purpose financial statements for the financial year ended 30 June 2022 in the following structure to provide users with information about the VGCCC's stewardship of resources entrusted to it.

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Certifications

Declaration on the financial statements

The attached financial statements for the VGCCC have been prepared in accordance with Directions 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, cash flow statement, statement of changes in equity and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and financial position of the VGCCC at 30 June 2022.

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 15 September 2022.



Fran Thorn
Chairperson



Annette Kimmitt AM
Chief Executive Officer



Michael Everett
Director Corporate Services

Melbourne

15 September 2022

Independent Auditor's Report



Independent Auditor's Report

To the Commissioners of Victorian Gambling and Casino Control Commission

Opinion	<p>I have audited the financial report of Victorian Gambling and Casino Control Commission (the Commission) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2022• comprehensive operating statement for the year then ended• cash flow statement for the year then ended• statement of changes in equity for the year then ended• notes to the financial statements, including significant accounting policies• declaration in the financial statements. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the Commission as at 30 June 2022 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Commission in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Emphasis of matter	<p>I draw attention to Note 4.1.4 <i>Royal Commission into the Casino Operator and Licence</i> of the financial report, which describes the State's ongoing engagement with Crown after the final report from the Victorian Royal Commission into Crown's suitability to hold its Victorian casino license. In particular, it makes reference to 'other tax issues under consideration' that may lead to future payments of tax with penalty interest.</p> <p>My audit opinion has not been modified with respect to these matters.</p>
The Commissioners' responsibilities for the financial report	<p>The Commissioners are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Commissioners determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Commissioners are responsible for assessing the commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

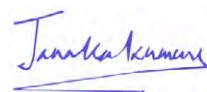
As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit 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 commission's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioners
- conclude on the appropriateness of the Commissioners' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the commission to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commissioners regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
9 September 2022



Janaka Kumara
as delegate for the Auditor-General of Victoria

Financial Statements

Comprehensive operating statement

For the financial year ended 30 June 2022

	Notes	2022	2021
		\$	\$
Income from transactions			
Grants	2.1	46,810,107	41,056,327
Total income from transactions		46,810,107	41,056,327
Expenses from transactions			
Employee expenses	3.1.1	(32,173,218)	(27,627,762)
Depreciation and amortisation expense	5.1.1	(1,563,228)	(1,667,664)
Other operating expenses	3.3	(13,120,468)	(11,093,531)
Total expenses from transactions		(46,856,913)	(40,388,958)
Net result from transactions (net operating balance)		(46,806)	667,369
Other economic flows included in net result			
Net gains/(losses) on non-financial assets ⁽ⁱ⁾		(14)	0
Other gains/(losses) from other economic flows ⁽ⁱⁱ⁾		286,444	487,774
Total other economic flows included in net result		286,430	487,774
Net result		239,624	1,155,143
Comprehensive result		239,624	1,155,143

The accompanying notes form part of these financial statements.

Notes:

⁽ⁱ⁾ Net gain/(loss) on non-financial assets' includes gains/(losses) from disposals of assets.

⁽ⁱⁱ⁾ Net gain/(loss) other economic flows' includes gains/(losses) due to changes in bond rates.

Balance sheet

As at 30 June 2022

	Notes	2022	2021
		\$	\$
Assets			
Financial assets			
Cash and cash equivalents	7.2	1,448,356	1,683,330
Receivables	6.1	17,134,461	14,337,688
Total financial assets		18,582,815	16,021,019
Non-financial assets			
Property, plant and equipment	5.1	1,011,993	1,108,319
Intangible assets	5.2	3,044,476	3,657,858
Prepayments	6.3	784,836	1,143,116
Total non-financial assets		4,841,305	5,909,293
Total assets		23,424,120	21,930,312
Liabilities			
Payables	6.2	1,967,330	2,859,342
Leases	7.1	495,904	411,778
Provisions	3.1.2	10,145,522	8,083,451
Total liabilities		12,608,755	11,354,571
Net assets		10,815,365	10,575,740
Equity			
Accumulated surplus/(deficit)		2,913,701	2,674,076
Contributed capital		7,901,664	7,901,664
Net worth		10,815,365	10,575,740

The accompanying notes form part of these financial statements.

Cash flow statement

For the financial year ended 30 June 2022

	Notes	2022	2021
		\$	\$
Cash flows from operating activities			
Receipts			
Receipts from government		43,849,654	40,405,026
Goods and services tax recovered from the Australian Taxation Office (ATO) ⁽ⁱ⁾		1,487,481	1,035,087
Total receipts		45,337,135	41,440,113
Payments			
Payments to suppliers and employees		(44,802,701)	(40,265,334)
Total payments		(44,802,701)	(40,265,334)
Net cash flows from/(used in) operating activities	7.2.1	534,434	1,174,779
Cash flows from investing activities			
Purchases of non-financial assets		(598,895)	(215,157)
Net cash flows from/(used in) investing activities		(598,895)	(215,157)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities ⁽ⁱⁱ⁾		(170,513)	(93,097)
Net cash flows from/(used in) financing activities		(170,513)	(93,097)
Net increase/(decrease) in cash and cash equivalents		(234,974)	866,525
Cash and cash equivalents at the beginning of the year		1,683,330	816,805
Cash and cash equivalents at the end of the year	7.2	1,448,356	1,683,330

The accompanying notes form part of these financial statements.

Notes:

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

⁽ⁱⁱ⁾ The VGCCC has recognised cash payments for the principal portion of lease payments as financing activities; cash payments for the interest portion as operating activities consistent with the presentation of interest payments and short-term lease payments for leases and low-value assets as operating activities.

Statement of changes in equity

For the financial year ended 30 June 2022

	Notes	Accumulated surplus	Contributed capital	Total
		\$	\$	\$
Balance at 1 July 2020		1,518,932	7,901,664	9,420,596
Net result for the year		1,155,144	0	1,155,144
Equity transfer within government		0	0	0
Balance at 30 June 2021		2,674,076	7,901,664	10,575,740
Net result for the year		239,624	0	239,624
Balance at 30 June 2022		2,913,701	7,901,664	10,815,365

The accompanying notes form part of these financial statements.

1. About this report

The financial statements include the controlled and administrative activities of the VGCCC. Formerly the Victorian Commission for Gambling and Liquor Regulation (VCGLR), we became the VGCCC on 1 January 2022. These changes were pursuant to the *Casino and Gambling Legislation Amendment Act 2021*, which was passed in December 2021. While established to exclusively focus on gambling, we continued to regulate the liquor industry to 30 June 2022 when a new liquor regulator was established. As VGCCC continued to regulate the liquor industry to 30 June 2022, there have not been any significant changes in financial transactions of funding arrangements during 2021–22 arising from these changes.

Its principal address is:
Level 4, 12 Shelley Street
Richmond, Victoria 3121.

1.1 Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing 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 financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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.

All amounts in the financial statements have been rounded to the nearest dollar unless otherwise stated.

1.1.1 Machinery of Government Change

During 2021–22, the government announced the establishment of the VGCCC as the new casino and gambling regulator. The government announcement declared that there would be no disruption to regulatory activity, and the VCGLR will continue its work while the new regulator is established.

On 26 October, as a part of the State Government's response to the Royal Commission, a bill was introduced into Parliament which included provisions to establish the Victorian Gambling and Casino Control Commission (VGCCC). In December 2021, the *Casino and Gambling Legislation Amendment Act 2021* passed, whereby the VCGLR became known as the VGCCC from 1 January 2022, with the accountabilities of the VCGLR wholly transferring to the VGCCC. While the VGCCC was established to exclusively focus on gambling, it continued to regulate the liquor industry up to 30 June 2022, with a new liquor regulator being established on 1 July 2022. There was no significant change to the responsibilities and structure of the entity now known as the VGCCC in the 2021–22 reporting period, resulting from these machineries of government changes.

Management has prepared these financial statements on a going concern basis on the assumption there will be an orderly separation of assets and liabilities between VGCCC and Liquor Control Victoria (office regulating the liquor industry from 1 July 2022) under ordinary machinery of government changes. Further information about this change is provided in note 9.7 Subsequent events.

1.2 Compliance information

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

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure 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.

2. Funding delivery of our services

Introduction

The overall objectives of the VGCCC remain set out in section 9 of the *Victorian Commission for Gambling and Liquor Regulation Act 2011*.

The VGCCC operates within the scope of gambling legislation (*Gambling Regulation Act 2003*, *Casino Control Act 1991*, *Racing Act 1958*, *Casino (Management Agreement) Act 1993*, and liquor legislation (*Liquor Control Reform Act 1998*). The VGCCC's functions are, broadly, to:

- perform regulatory, investigative and disciplinary functions
- undertake licensing, approval, authorisation and registration activities
- promote and monitor compliance
- detect and respond to contraventions
- advise the Minister in relation to the exercise of functions
- ensure government policy in relation to gambling and liquor is implemented
- inform and educate the public about the regulatory practices and requirements of the VGCCC.

The VGCCC receives grant funding from the Department of Justice and Community Safety (DJCS) to be applied for the purposes of delivering outputs associated with the regulation of gambling and liquor industries in Victoria to ensure the ongoing integrity and probity of these industries.

2.1 Summary of income that funds the delivery of our services

	2022	2021
	\$	\$
Income recognised under AASB 1058 Income of Not-for-Profit Entities (AASB 1058)		
Grants	42,421,620	38,342,264
Specific purpose grants-Other ⁽ⁱ⁾	2,002,500	1,667,000
Revenue recognised under AASB 15		
Specific purpose grants-HRIEEO trust account ⁽ⁱⁱ⁾	2,385,987	1,047,063
Total income from transactions	46,810,107	41,056,327

Notes:

⁽ⁱ⁾ In 2021–22, the VGCCC received specific grants of \$1.183m to support the Royal Commission into the Casino Operator and licence and \$0.820m to support the transition of liquor regulation to DJCS

⁽ⁱⁱ⁾ During 2021–22, the VGCCC received \$2.386m from the DJCS for High-Risk Industries Engagement and Enforcement Operation (HRIEEO). The HRIEEO funds are specifically allocated to meet the cost of the VGCCC's enforcement operational project cost. The VGCCC has no discretion to apply this balance to any alternate purpose.

Income that funds the delivery of the VGCCC's services is accounted for consistently with the requirements of the relevant accounting standards, as disclosed in the following notes. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes. All amounts of income over which the VGCCC does not have control are disclosed as administered items (see Note 4.1).

2.2 Grants

Grants recognised under AASB 1058

The VGCCC has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations. These latter grants are accounted for as revenue from contracts with customers in accordance with AASB 15 *Revenue from Contracts with Customers* (AASB 15).

Income from grants without sufficiently specific performance obligations, or with performance obligations that are not enforceable, is recognised when the VGCCC has an unconditional right to receive cash, which usually coincides with receipt of cash. On initial recognition of the asset, the VGCCC recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other AASs. Related amounts may take the form of:

- a. contributions by owners, in accordance with AASB 1004 *Contributions* (AASB 1004)
- b. revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15
- c. a lease liability in accordance with AASB 16 *Leases* (AASB 16)
- d. a financial instrument, in accordance with AASB 9 *Financial Instruments* (AASB 9) or
- e. a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (AASB 137).

Income received for specific purpose grants for on-passing is recognised simultaneously as the funds are immediately on passed to the relevant recipient entities.

Grants recognised under AASB 15

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers under AASB 15. These grants relate to the provision of public health compliance services. Revenue is recognised when the VGCCC satisfies the performance obligation by providing the relevant services. This is recognised based on the actual expenses specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance.

Annotated income agreement

Under section 29 of the FMA, the DJCS has certain state income which is collected by the VGCCC and annotated to its annual appropriation. At the point when the income is recognised by the state, section 29 provides for an equivalent amount to be added to the annual appropriation of the DJCS, which then passes this on to VGCCC as a grant. This in effect allows the VGCCC to keep these funds collected on behalf of the state as grant income. Examples of receipts that can form a part of the section 29 agreement include proof of age cards, supply of responsible service of alcohol printed materials to the registered training organisations in Victoria and the Keno licence project. During the reporting period, the VGCCC received (\$0.768m) in annual grant under section 29 of the FMA agreement (2021: \$0.056m). The increase to the annual grant under section 29 of the FMA agreement is as a result of cost recovery associated with the investigations, prosecutions and actions against Crown, and costs associated with the assessment of Keno licences application.

3. The cost of delivering services

Introduction

This section provides an account of the expenses incurred by the VGCCC in delivering services and outputs. In section 2, the funds that enable the provision of services were disclosed and, in this note, the expenses associated with the provision of services are disclosed.

3.1 Expenses incurred in the delivery of services

		2022	2021
	Notes	\$	\$
Employee expenses	3.1.1	32,173,218	27,627,762
Other operating expenses	3.3	13,120,468	11,093,531
Total expenses incurred in delivery of services		45,293,685	38,721,294

3.1.1 Employee benefits in the comprehensive operating statement

	2022	2021
	\$	\$
Employee expenses		
Salaries and wages, annual leave and long service leave	25,289,462	24,188,656
Other on-costs (payroll tax, workcover levy and fringe benefits tax)	1,529,580	1,280,586
Superannuation	2,372,816	2,158,520
Termination benefits	2,981,360	0
Total employee expenses	32,173,218	27,627,762

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments, workcover premiums and mental health levy.

The amount recognised in the comprehensive operating statement includes employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable to these plans during the reporting period. The VGCCC does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees.

The Department of Treasury and Finance (DTF) in its financial statements discloses 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 financial statements for more detailed disclosures in relation to these plans.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the VGCCC is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

The termination benefits above include expenses associated with the Early Retirement Packages (ERP). The application of ERP is an approach taken to manage workforce transitions as part of the Victorian Public Services Workforce Transition Policy.

3.1.2 Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2022	2021
	\$	\$
Current provisions		
Employee benefits—annual leave ⁽ⁱ⁾		
Unconditional and expected to settle within 12 months	2,265,708	2,186,347
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	377,801	348,450
Employee benefits—long service leave ⁽ⁱ⁾		
Unconditional and expected to settle within 12 months	492,140	513,998
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	2,765,731	3,016,658
Provisions relating to employee benefit on-costs		
Unconditional and expected to settle within 12 months	424,394	394,581
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	526,528	547,655
Early retirement scheme		
Unconditional and expected to settle within 12 months	2,442,606	0
Total current provisions	9,294,909	7,007,689
Non-current provisions		
Employee benefits - long service leave ⁽ⁱ⁾	727,467	923,973
Employee benefit on-costs	123,146	151,789
Total non-current provisions	850,613	1,075,762
Total provisions	10,145,522	8,083,451

Notes:

⁽ⁱ⁾ 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.

⁽ⁱⁱ⁾ Amounts are measured at present values.

Reconciliation of movement in employee benefit on-costs provision

	2022	2021
	\$	\$
Opening balance	1,094,026	1,033,755
Additional provisions recognised	321,080	332,073
Reductions arising from payments/other sacrifices of future economic benefits	(341,037)	(271,802)
Closing balance	1,074,068	1,094,026
Current	950,922	942,237
Non-current	123,146	151,789
Total employee benefits on-costs provision	1,074,068	1,094,026

Wages and salaries, annual leave and

sick leave: Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefits provision as current liabilities because the VGCCC does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages is recognised in the balance sheet at remuneration rates which are current at the reporting date. As the VGCCC expects the liabilities to be wholly settled within 12 months of the reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the VGCCC does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the comprehensive operating statement as it is taken.

Employment on-costs such as payroll tax and workers compensation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Unconditional LSL is disclosed as a current liability, even where the VGCCC does not expect to settle the liability within 12 months. This is 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 either:

- undiscounted value – if the VGCCC expects to wholly settle within 12 months
- present value – if the VGCCC 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 the present value.

Any gain or loss following a 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 interest rates, in which case it is then recognised as an 'other economic flow' in the net result.

3.1.3 Superannuation contributions

Employees of the VGCCC are entitled to receive superannuation benefits and the VGCCC contributes to both defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

	Paid contribution for year end		Contribution outstanding at year end	
	2022	2021	2022	2021
	\$	\$	\$	\$
Defined benefit plans⁽ⁱ⁾:				
Emergency Services and State Super	174,903	197,286	0	0
Defined contribution plans:				
VicSuper	1,250,380	1,044,174	0	0
Various other	1,016,565	851,788	0	0
Total	2,441,848	2,093,248	0	0

Notes:

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

3.2 Capital asset charge

A capital asset charge (CAC) was a charge levied on the budgeted written-down value of controlled non-current physical assets in VGCCC's balance sheet. In previous years, CAC had been used to demonstrate the opportunity cost of utilising government assets.

It should be noted that the capital asset charge policy was discontinued in 2021–22. While the inclusion of CAC was previously reflected in output cost, it did not reflect a net distribution of funds from the VGCCC. This is because the VGCCC was funded from the budget for its CAC expense, and would immediately pay the same amount back into the Consolidated Fund.

3.3 Other operating expenses

	2022	2021
	\$	\$
Supplies and services		
IT licence and maintenance	2,828,417	2,734,584
Contractors and professional services ⁽ⁱ⁾	5,689,298	3,997,093
Occupancy costs ⁽ⁱⁱ⁾	2,266,054	2,189,485
Other occupancy related costs	1,067,744	1,038,477
Low-value lease expenses	8,996	8,903
Postage and advertising	87,267	87,407
Printing, stationery and office requisites	188,715	184,665
Training and development	177,202	109,470
Motor vehicle running costs	183,006	110,586
Telephone and other communication expenses	115,447	158,065
Travel and related expenses	68,843	30,252
Interest expense	13,010	13,689
Other	426,468	254,856
Ex-gratia payments/refunds against specific purpose grants	0	175,999
Total other operating expenses	13,120,468	11,093,531

Notes:

⁽ⁱ⁾ The professional services includes expense against the specific purpose grants to support Royal Commission into the Casino Operator and Licence.

⁽ⁱⁱ⁾ The occupancy costs include service agreement for office occupancy services with the DTF as part of the government's Centralised Accommodation Management (CAM) strategy. The agreement has been evaluated against the lease evaluation criteria and management assessment concluded that it does not form a lease.

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and payments against specific purpose grants received from the DJCS. Supplies and services include VGCCC's office occupancy and related cost.

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

The following lease payments are recognised as expenses as incurred:

- short-term leases – leases with a term less than 12 months
- low-value leases – leases for which the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

4. Financial information administered items

4.1 Administered Items

On behalf of the government, the VGCCC collects revenue amounts which are paid directly into the Consolidated Fund. The VGCCC does not gain control over these resources and accordingly, they are not recognised as income in the comprehensive operating statement. 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 VGCCC items. Both controlled and administered items of the VGCCC are consolidated into the financial statements of the state.

The VGCCC is accountable for the transactions involving these resources but does not have the discretion to deploy the resources for the achievement of its objectives.

The cost relating to the collection and accounting for the administered revenue is met via the annual grant funding provided by the DJCS.

4.1.1 Collection of revenue on behalf of the government

Revenue collected on behalf of the government includes taxes, fees and fines and the proceeds from the sale of non-current assets.

The VGCCC 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.

4.1.2 Performance obligations and revenue recognition policies

Licence revenue

Revenue is measured based on the consideration specified in the contract with the licensee. The VGCCC recognises revenue according to when the licensee obtains control of the benefits of the licence.

Where licence conditions permit the VGCCC to amend or cancel those licences unilaterally, the licensee obtains control of the benefits of the licence over the licence period. In such circumstances, the VGCCC recognises licence fees received in advance as a contract liability and recognises the amounts as revenue over the licence period, as the performance obligation is satisfied.

Where licence conditions do not permit VGCCC to amend or cancel those licences unilaterally, the licensee obtains control of the benefits of the licence when the licence is issued. In such circumstances, VGCCC recognises revenue at the point in time when the licence is issued.

Taxation revenue

Administered items also include gambling taxes, fees and fines. Taxes are accounted for under AASB 1058 as the tax is considered a statutory levy. Gambling revenue where the revenue relates to licences are accounted for under AASB 15, while the tax component is accounted for under AASB 1058 and the revenue is recognised on the earlier of receipt of a taxpayer's self-assessment or the time the taxpayer's obligation to pay arises pursuant to the issue of an assessment.

4.1.3 Major licences

The following is a list of the major licences. The total licence income recognised for these major licences excluding the casino during the year is \$145.9m (2021: \$145.8m).

Public lottery

The premium payment of \$120m for the public lottery licence was received on 29 June 2018 and is to be recognised over 10 years unless surrendered or cancelled earlier in accordance with the Gambling Regulation Act 2003. The licence became operational on 1 July 2018. \$72m is recognised as a contract liability as at 30 June 2022 (2021: \$84m).

Keno

The previous \$60m from Keno licence received on 19 April 2011 expired on 14 April 2022. All revenue from this contract has been fully recognised. A new 20-year licence has been issued to two licensees with an effective commencement date of 15 April 2022.

A total of \$100m for the Keno licences was received upfront, \$25m from Tabcorp on 18 March 2022 and \$75m from Lotto land on 21 March 2022. \$99m has been recognised as a contract liability as at 30 June 2022.

Wagering and betting licences

An amount of \$410m which was received on 19 January 2012 for a wagering and betting licence is to be recognised over 12 years. The licence became operational on 16 August 2012 and \$71.2m is recognised as contract liability as at 30 June 2022 (2021: \$105.3m).

Electronic gaming machine licences

Existing electronic gaming machine (EGM) entitlements (licences) were allocated during 2010, becoming operational on 16 August 2012 for a period of 10 years. The VGCCC receives the licence fee in instalments agreed between the Minister for Consumer Affairs, Gaming and Liquor Regulation (Minister) and the licensees. The contract liability recognised in relation to this initial allocation is \$11.5m as at 30 June 2022 (2021: \$105.2m).

In October 2018, the Minister issued each participating venue operator with a Final Allocation letter confirming the number of post-2022 gaming machine entitlements they have been allocated. The licence period for the final allocation commences on 16 August 2022 and is valid for a period of 10 years. The first and second instalments totalling \$106m have been received in relation to the final allocation. These instalments will remain as a contract liability until August 2022. The present value accounting treatment for the new EGM entitlements, including the future quarterly instalment payments, will start in August 2022.

Casino licence

Crown Melbourne Ltd ('Crown') paid \$250m based on approved amendments to the casino licence that became operational on 3 November 2014. Under the agreement, Crown also paid the State:

- Guaranteed payments of at least \$35m per annum over six years till 30 June 2021 in respects of tax on Gross Gaming Revenue and Commission Based Players' Gaming Revenue from new gaming products.
 - Under the terms of the contract, if the actual casino tax (tax guarantee) from new gaming product referable to any financial year during the guarantee period is less than the guaranteed sum, Crown will pay the difference to the State. On 15 December 2021, Crown paid VGCCC (then VCGLR) the new gaming products (NGP) tax shortfall of \$31.73m, which related to the recalculation of annual NGP tax for the years 1 July 2015 to 30 June 2021. These payments excluded 2019–20, as the Minister for Gaming and Liquor Regulation waived the additional payment required to meet the minimum tax guarantee, as part of government assistance for businesses in response to coronavirus (COVID-19). There was an additional shortfall payment made of \$0.066m (the total of two payments made on 13 January 2022 and 22 April 2022), which was the difference of the final recalculation of the New Product Tax Guarantee (NPTG), which reconciled with the VGCCC calculation of \$31.792m.
 - The contingent payment linked to the \$35m minimum tax guarantee, should the increase in taxation not be achieved in the period, had been included in the initial calculation of total transaction price. It was reviewed and adjusted annually depending on total tax guarantee received for that year.

- The following additional amounts on 1 September 2022:
 - if the Compound Annual Growth Rate of Normalised Gaming Revenue from the Financial Year ended 30 June 2014 to the financial year ending 30 June 2022 exceeds 4.0 per cent, then Crown will pay to the State an amount of \$100m, and
 - if the Compound Annual Growth Rate of Normalised Gaming Revenue from the Financial Year ended 30 June 2014 to the Financial Year ended 30 June 2022 exceeds 4.7 per cent, then Crown will pay to the State, in addition to the amount above, a further amount of \$100m, and
- A further \$250m payable on 1 July 2033.

As the Compound Annual Growth Rate of Normalised Gaming Revenue conditions has not been met, no revenue was received and there was no provision made in the licence revenue projections. Under the casino licence agreement an amount of \$250m is payable on 1 July 2033.

Casino receivables consist of deferred lease income from the casino peppercorn lease, as well as taxes and penalty interest receivable as discussed in Note 4.1.4 under the subsection 'Bonus Jackpots'. The deferred lease income recognised for the casino lease is \$126.7m as at 30 June 2022. (2021: \$138.2m). The lease revenue recognised for the casino during the year is \$11.5m.

All receivables are assessed annually for impairment. For the 2021–22 annual assessment, Management has concluded that there are no indicators of impairment for the period ended 30 June 2022.

As at 30 June 2022, for all major licences including casino a total of \$486.4m is recognised as contract liabilities and deferred lease income by the VGCCC (2021: \$543.7m).

4.1.4 Royal Commission into the Casino Operator and Licence

On 22 February 2021, the Victorian Government announced the establishment of a Victorian Royal Commission into Crown Melbourne Ltd's ('Crown') suitability to hold its Victorian casino licence, as well as the suitability of its associates, including Crown Resorts Ltd. During hearings and in the final report, it was revealed that Crown may have potentially underpaid casino tax to the State. The Royal Commission Report, its findings and recommendations and the government's initial response were tabled in the Victorian Parliament on 26 October 2021. As each of the matters have impacted the revenues for the 2021–22 statements, Management considered it appropriate to make disclosures on the treatment of each of the taxation issues arising.

Bonus Jackpots

Bonus Jackpots refer to deductions of certain amounts made by Crown associated with dining rewards, free hotel accommodation and free parking which were gifted to loyalty members who played on electronic gaming machines. Crown formerly treated these amounts as 'sums paid out as winnings' to players and deducted them from Crown's assessment of Gross Gaming Revenue (GGR), thereby reducing its own assessment of its casino tax liability. Under the *Casino (Management Agreement) Act 1993*, casino tax is levied on the amount of GGR.

On 27 July 2021, Crown notified the VCGLR that it had completed its review of potential casino tax underpayments by Crown referred to in the Victorian Royal Commission hearings regarding the alleged incorrect deduction of certain bonus rewards provided to patrons in connection with play on Crown Melbourne's electronic gaming machines. It conceded that the deductions of the above bonus jackpots were not correct and then made a payment of \$61.5m, representing an underpayment of casino tax of approximately \$37.4m over the period commencing in the 2012 financial year to July 2021., and penalty interest of \$24.1m. This amount was brought to account in the 30 June 2021 financial statements and resulted in a restatement of prior periods.

Subsequent investigations and reconciliations of the source data identified a number of non-material adjustments (approximately \$1.3m) which have been accounted for in the 2021–22 statements.

Poker tournament entry fees

Since approximately 2008, there had been disagreement between the State and Crown regarding the correct tax treatment of entry fees paid to enter gaming tournaments (for example, poker tournaments) at the Melbourne Casino, in particular, whether those entry fees should be included in GGR. Crown had disputed the inclusion of entry fees and thus had not included those amounts in the calculation of its tax liability.

In August 2021, Crown conceded to the State that tournament entry fees should have been included in GGR and casino tax was payable. Crown agreed to complete full disclosure of all tournament entry fees in the relevant period. During 2021/22 Crown has settled the Poker Tax debt to the amount of \$22.15m for the period from 2004 to 2020. This amount is fully recognised in the 2021–22 financial statements with no prior year restatement or adjustments.

Other tax issues under consideration

The Victorian Royal Commission final report found that other loyalty benefits provided to members may also form part of GGR. One such benefit is called 'Matchplay' which occurs where a loyalty program member uses an EGM to convert loyalty points into a credit to be gambled on an EGM.

The State is currently assessing any potential tax liability that may arise from its consideration of Matchplay and other loyalty benefits. For any shortfall of casino taxes identified from this process, the State will seek to secure any required payment along with penalty interest. As the State is yet to determine the status of Matchplay in relation to the assessment of GGR, no further amounts have been recognised as at the date of the 2021–22 Financial Report.

Material fine revenue

On 23 June 2022, Crown Melbourne paid an \$80m fine due to a breach of the *Casino Control Act 1991 (Vic)*, subsection 20(1)(dc) for the 'China Union Pay process'. Between 2012 and 2016, Crown Melbourne allowed patrons to use a China Union Pay or other bank card to access funds to gamble at the Melbourne Casino. This illegal conduct facilitated access to nearly \$164 million, from which Crown derived an estimated revenue of more than \$32 million.

There was a further \$1m fine paid by Crown Melbourne for disobeying a direction of VGCCC (then VCGLR) and failing to comply with other regulatory requirements in relation to historical junket operations. As a result, the Commission imposed a fine of \$1 million, which was the maximum fine available at the time.

The VGCCC is continuing to investigate other matters brought to light by the Royal Commission, including other loyalty benefits provided to members of Crown which may also form part of the GGR.

4.1.5 Transactions on behalf of the government

	2022	2021
	\$'000	\$'000
Administered income		
Appropriations - Payments on behalf of the State	44,956	41,150
Gaming Taxation	846,078	570,989
Gambling licence and application fees	407	365
Minor gaming	31	24
Keno	8,911	9,267
Casino taxation	130,387	97,893
Casino lease income	11,517	11,517
Public lotteries	671,259	615,453
Tabcorp supervision fee	2,480	3,120
Tattersall's supervision fee	528	842
Venue operators supervision fees	5,091	3,738
Lottery premium payment	12,000	12,000
Liquor licence and application fees	2,219	1,037
Gambling venue licence fees	93,655	93,657
Wagering and betting taxation and licence fees	34,167	34,167
Casino Statutory Fines ⁽ⁱ⁾	81,000	0
Miscellaneous	30,906	14,428
Total administered income	1,975,590	1,509,644
Administered expenses		
Payments made to other jurisdictions	(44,956)	(41,150)
Payments to consolidated fund	(1,896,909)	(1,249,171)
Bad and doubtful debts	(11)	(76)
Total administered expenses	(1,941,876)	(1,290,397)
Administered other economic flows		
Net gain/(loss) on financial assets	(20)	1
Total administered other economic flows	(20)	1
Total administered expenses including economic flows	(1,941,896)	(1,290,396)
Administered net result from transactions (net operating balance)	33,694	219,249
Administered assets		
Administered current assets		
Receivables and contract assets	145,680	176,443
Total current assets	145,680	176,443
Non-current Assets		
Receivables and contract assets	145,393	137,805
Total non-current assets	145,393	137,805
Total assets	291,073	314,248
Liabilities		
Current liabilities		
Contract liability and deferred lease income	74,208	156,346
Payables	3,554	3,042
Total current liabilities	77,762	159,387
Non-current liabilities		
Contract liability and deferred lease income	412,158	387,400
Total non-current liabilities	412,158	387,400
Total liabilities	489,920	546,788
Net assets	(198,847)	(232,540)
Equity balance at 30 June	(198,847)	(232,540)

Notes:

⁽ⁱ⁾ Relates to fine paid by Crown Melbourne due to breaches of the *Casino Control Act 1991*.

4.1.6 Impact of coronavirus (COVID-19)

The impact of coronavirus (COVID-19) on the Australian economy including liquor and gambling industries in Victoria has continued throughout the 2021–22 financial year. The administered income collected by the VGCCC includes both licence fees and taxes on behalf of the government. As the gambling licence fees are mostly received in advance and recognised systematically over the term of the licence, except for the casino licence fee, the licence revenue has not been impacted by COVID-19.

However temporary closures and restrictions have continued to have a significant impact on Victoria's pubs, clubs and gaming venues. As a response to the impact of COVID-19, the Treasurer has allowed venue operators to request for an extension of supervision charge payments for those who can prove their significant financial hardship.

5. Key assets available to support output delivery

Introduction

The VGCCC controls assets that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the VGCCC to be utilised for the delivery of those outputs.

5.1 Total property, plant and equipment⁽ⁱ⁾

	2022	2021
	\$	\$
Leasehold improvements		
At fair value	6,520,522	6,520,522
Less: Accumulated depreciation	(6,520,522)	(6,520,522)
	0	0
Computer and communication equipment		
At fair value	1,876,957	1,920,976
Less: Accumulated depreciation	(1,456,939)	(1,250,308)
	420,018	670,668
Plant, equipment and vehicles		
At fair value	183,409	129,345
Less: Accumulated depreciation	(108,966)	(101,525)
	74,443	27,820
Leased vehicles ⁽ⁱⁱ⁾		
At fair value	770,367	585,033
Less: Accumulated amortisation	(274,145)	(175,202)
	496,223	409,831
Capital work in progress		
At Cost	21,305	0
	21,305	0
Total property, plant and equipment		
Gross carrying amount	9,372,560	9,155,876
Less: Accumulated depreciation	(8,360,572)	(8,047,557)
Net carrying amount of property, plant and equipment	1,011,989	1,108,319

Notes:

⁽ⁱ⁾ AASB 16 Leases has been applied for the first time from 1 July 2019.

⁽ⁱⁱ⁾ This balance represents the initial recognition of right-of-use assets on the balance sheet on 1 July 2019 along with the transfer from finance lease assets (recognised under AASB 117 at 30 June 2019) to right-of-use assets (recognised under AASB 16 at 1 July 2019).

Initial recognition

Items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

The cost of leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

Right-of-use asset acquired by lessees – Initial measurement

The VGCCC recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at a cost that comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date
- any initial direct costs incurred, plus
- an estimate of costs to dismantle and remove the underlying asset or the site on which it is located.

Right-of-use asset – Subsequent measurement

The VGCCC depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Building leasehold improvements and plant and equipment are valued using the depreciated replacement cost method.

Leased vehicles are valued using the depreciated cost method. The VGCCC acquires the right-of-use new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in DTF who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Fair value for plant and equipment that are specialised in use (such that it is rarely sold other than as part of a going concern) is determined using the depreciated replacement cost method.

Refer to Note 8.3 for additional information on fair value determination of property, plant and equipment.

5.1.1 Depreciation and amortisation

Charge for the period

	2022	2021
	\$	\$
Depreciation of property, plant and equipment		
Computer and communication equipment	269,626	235,893
Plant, equipment and motor vehicles	7,441	6,719
Leasehold improvements-office fit-out	0	163,712
Amortisation expense		
Right-of-use vehicles	168,231	92,202
Internally developed software	1,117,929	1,169,138
Total depreciation and amortisation expense	1,563,228	1,667,665

All assets that have finite useful lives are depreciated or amortised. The exceptions to this rule include items under low-value leases, assets held for sale, and capital work in progress.

Depreciation and amortisation are generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset class	Useful life (in years)
Leasehold improvements-office fit-out	7.6
Computer and communication equipment	4
Plant, equipment and vehicles:	
Office equipment	8
Vehicles	3
Leased property and vehicles:	
Right-of-use vehicles	3
Intangibles	8

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments are made where appropriate.

Right-of-use assets are generally amortised over the shorter of the asset's useful life and the lease term. The VGCCC right-of-use property lease was transferred to the DTF on 1 November 2020.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

In the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced (unless a specific decision to the contrary has been made).

5.1.2 Carrying values by 'purpose' groups

Classification by Purpose Group 'Recreation, culture and religion'^(b) - Movements in carrying amounts:

	Leasehold improvements at fair value		Computer and communication equipment at fair value		Plant, equipment and vehicles at fair value		Leased property and vehicles at fair value		Capital work in progress at cost		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	0	163,713	670,667	379,264	27,820	34,539	409,833	459,110	0	0	1,108,321	1,036,627
Additions	0	0	18,977	221,370	54,064	0	327,302	101,847	21,305	0	421,649	323,216
Transfer from intangibles	0	0	0	0	0	0	0	0	0	305,926	0	305,926
Capitalisation from capital work in progress	0	0	0	305,926	0	0	0	0	0	(305,926)	0	0
Disposals	0	0	0	0	0	0	(47,615)	(58,923)	0	0	(47,615)	(58,923)
Transfer to another government entity	0	0	0	0	0	0	(25,065)	0	0	0	(25,065)	0
Depreciation and amortisation expense	0	(163,713)	(269,626)	(235,893)	(7,441)	(6,719)	(168,231)	(92,202)	0	0	(445,298)	(498,527)
Closing balance	0	0	420,018	670,667	74,443	27,820	496,224	409,833	21,305	0	1,011,989	1,108,319

Notes:

^(b) Leasehold improvements, computer and communication equipment, plant, equipment and vehicles are classified primarily by the 'purpose' for which the assets are used according to one of ten 'Classification of the Functions of Government' (COFOG). Assets within a purpose group are further sub categorised according to the asset's 'nature' (i.e. Leasehold improvements, computer and communication equipment, plant, equipment and vehicles, etc.), with each sub category being classified as a separate class of asset for financial reporting purposes.

5.2 Intangible assets

	Intangibles		Capital work in progress		Total	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Opening balance	3,657,859	4,599,264	0	539,874	3,657,859	5,139,138
Additions	0	0	517,191	48,295	590,232	48,295
Capitalisation from capital work in progress	176,675	227,732	(176,675)	(227,732)	0	0
Transfer to PPE	0	0	0	(305,926)	0	(305,926)
Transfers out of CWIP	0	0	0	(54,511)	(73,041)	(54,511)
Disposals	(12,644)	0	0	0	(12,644)	0
Amortisation expense ⁽ⁱ⁾	(1,117,929)	(1,169,138)	0	0	(1,117,929)	(1,169,138)
Net book value at end of financial year	2,703,959	3,657,859	340,517	0	3,044,476	3,657,859

Notes:

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

⁽ⁱⁱ⁾ The VGCCC intangible assets include purchased and internally-generated computer software.

Initial recognition

Purchased intangible assets are all computer software assets and are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. 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.

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.

Subsequent measurement

Intangible assets with finite useful lives, are amortised as an 'expense from transactions' on a straight-line basis over their useful lives. Refer to note 5.1.1 for information on amortisation.

Impairment of intangible assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment whenever there is an indication that the asset may be impaired.

There were no indications of impairment of intangible assets during 2021–22.

6. Other assets and liabilities

Introduction

This section sets out those assets and liabilities that arose from the VGCCC's operations.

6.1 Receivables

	2022	2021
	\$	\$
Current receivables		
Contractual		
Receivables	314,422	70,972
Statutory		
Amounts owing from the DJCS ⁽ⁱ⁾	15,872,839	12,930,686
GST Input tax credits recoverable	96,587	260,268
Total current receivables	16,283,848	13,261,926
Non-current receivables		
Statutory		
Amounts owing from the DJCS ⁽ⁱ⁾	850,613	1,075,762
Total non-current receivables	850,613	1,075,762
Total receivables	17,134,461	14,337,688

Notes:

⁽ⁱ⁾ The amounts recognised from the DJCS represent funding for all commitments incurred through the grant and are drawn down from the Consolidated Fund as the commitments fall due.

Contractual receivables are classified as financial instruments and categorised as 'receivables'. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The VGCCC applies AASB 9 for initial measurement of the statutory receivable and, as a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due. Details about the VGCCC's impairment policies, exposure to credit risk and the calculation of the loss allowance are set out in Note 8.1.3.

6.2 Payable

	2022	2021
	\$	\$
Contractual		
Creditors	27,721	1,758,559
Accrued wages and salaries	2,666	5,471
Accrued expenses	1,936,942	1,095,312
Total payables	1,967,330	2,859,341

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost.

Payables consist predominantly of creditors and accruals on wages and salaries and expenses and are recognised at amortised cost. Payables represent liabilities for goods and services provided to the VGCCC prior to the end of a period that are unpaid and arise when the VGCCC becomes obliged to make future payments in respect of the purchase of these goods and services.

Payables for supplies and services have an average credit period of 30 days and are paid within credit terms. There are no material payables that are determined to be impaired.

6.3 Prepayments

Prepayments 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.

7. How we financed our operations

Introduction

This section provides information on the sources of finance utilised by the VGCCC during its operations, along with interest expenses (the cost of borrowings) and other information related to the financing activities of the VGCCC.

This section includes disclosures of balances that are financial instruments (such as leases and cash balances). Notes 8.1 and 8.3 provide additional, specific financial instrument disclosures.

7.1 Leases

Information about leases for which the VGCCC is a lessee is presented below.

Leasing activities

The VGCCC leases properties and motor vehicles. The lease contracts are typically made for fixed periods of one to three years.

Interest expense refers to the interest component of lease repayments. Interest expense is recognised in the period in which it is incurred.

For the year ending 30 June 2022, the VGCCC was committed to a low-value lease and the total commitment at the date was \$9,486 (2021: \$8,996).

7.1.1 (a) Right-of-use Assets

Right-of-use Assets are presented in note 5.1.

7.1.1 (b) Amounts recognised in the comprehensive operating statement

For the year ending 30 June 2022, a total of \$13,010 as interest expense on lease liabilities is recognised in the comprehensive operating statement (2021: \$13,689). The lease interest expense is included in note 3.3.

7.1.1 (c) Amounts recognised in the statement of cashflow

For the year ending 30 June 2022, the total cash outflow for leases recognised in the cash flow statement is \$0.171m (2021: \$0.093m).

For any new contracts entered into, the VGCCC considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the VGCCC assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the VGCCC and for which the supplier does not have substantive substitution rights
- the VGCCC has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the VGCCC has the right to direct the use of the identified asset throughout the period of use
- the VGCCC has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Recognition and measurement of leases as a lessee

Lease liability - initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the VGCCC's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments)
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- payments arising from purchase and termination options reasonably certain to be exercised.

Lease liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short-term leases and leases of low-value assets

The VGCCC has elected to account for short-term leases and leases of low-value assets using the following practical expedient. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Presentation of right-of-use assets and lease liabilities

The VGCCC presents right-of-use assets as 'property, plant and equipment'. Lease liabilities are presented as 'leases' in the balance sheet.

Maturity analysis of leases

	Maturity dates					
	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
	\$	\$	\$	\$	\$	\$
2022						
Lease liabilities	495,904	500,152	147,758	166,534	105,448	80,412
Total	495,904	500,152	147,758	166,534	105,448	80,412
2021						
Lease liabilities	411,778	421,999	33,605	16,962	138,451	232,981
Total	411,778	421,999	33,605	16,962	138,451	232,981

Notes:

⁽ⁱ⁾ The carrying amounts disclosed exclude statutory amounts (e.g. GST payables).

⁽ⁱⁱ⁾ Maturity analysis is presented using the contractual undiscounted cash flows.

7.2 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand and in banks, as indicated in the reconciliation below.

	2022	2021
	\$	\$
Cash and cash equivalents	815,472	1,016,256
Trust funds ⁽ⁱ⁾	632,884	667,074
Balance as per cash flow statement	1,448,356	1,683,330

Notes:

⁽ⁱ⁾Trust fund balances relate to the HRIEEO grants as highlighted in Note 2.1. The HRIEEO funds are specifically allocated to meet the cost of the VGCCC's enforcement operational project cost. The VGCCC has no discretion to apply this balance to any alternate purpose

Due to the State's investment policy and funding arrangements, the VGCCC does not hold a large cash reserve in its bank accounts. Cash received by the generation of income is generally paid into the State's bank account, known as the public account. Similarly, the VGCCC expenditure, including those in the form of payments drawn to its suppliers' or creditors are made via the public account. The process is such that the public account would remit the cash required for the payment to the VGCCC's suppliers or creditors.

7.2.1 Reconciliation of net result for the period

	2022	2021
	\$	\$
Net result for the period	239,624	1,155,144
Non-cash movements:		
Depreciation and amortisation of non-current assets	1,563,228	1,667,664
(Gain)/loss on sale or disposal of non-current assets	14	0
Movements in assets and liabilities		
(Increase)/decrease in receivables	(2,796,772)	(651,300)
(Increase)/decrease in prepayments	358,281	(341,529)
Increase/(decrease) in payables	(892,012)	(914,209)
Increase/(decrease) in provisions	2,062,071	259,009
Net cash flows from/(used in) operating activities	534,434	1,174,780

7.2.2 Non-cash financing and investing activities

During the reporting period, the VGCCC acquired right-to-use to the value of \$0.302m (2021: \$0.102m).

7.3 Trust account balances

	Opening Balance 1 July 2021	Total Receipts	Total Payments	Closing Balance 30 June 2022
	\$	\$	\$	\$
2022				
Controlled trusts	667,074	2,385,987	2,420,177	632,884
Total	667,074	2,385,987	2,420,177	632,884
2021				
Controlled trusts	0	1,047,063	379,989	667,074
Total	0	1,047,063	379,989	667,074

Notes:

(i) During 2021–22, the VGCCC received \$2.386m from the DJCS for High-Risk Industries Engagement and Enforcement Operation (HRIEEO). The HRIEEO funds are specifically allocated to meet the cost of the VGCCC's enforcement operational project cost. The VGCCC has no discretion to apply this balance to any alternate purpose.

7.4 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST.

These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

7.4.1 Total commitments payable

	Operating Commitments		Capital		Total	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Operating and capital commitments						
Payable ⁽ⁱ⁾						
Less than one year	4,400,409	4,862,478	52,639	0	4,453,048	4,862,478
Longer than one year and not longer than five years	21,457	773,915	0	0	21,457	773,915
Five years or more	0	0	0	0	0	0
Total operating and capital commitments	4,421,866	5,636,393	52,639	0	4,474,505	5,636,393

Notes:

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

(i) Operating and capital commitments relate to accommodation service contract, and other operating commitments.

8. Risks, contingencies and valuation judgements

Introduction

The VGCCC is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with the recognition and measurement of items in the financial statements. This section sets out financial instrument-specific information (including exposures to financial risks), as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the VGCCC related mainly to fair value determination.

8.1 Financial instruments specific disclosures

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 VGCCC's activities, certain financial assets and financial liabilities arise under statute rather than contract (for example taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation* (AASB 132).

Guarantees issued on behalf of the VGCCC are financial instruments because, although authorised under the statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

Categories of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net results:

- the assets are held by the VGCCC to collect the contractual cash flows
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The VGCCC recognises the following assets in this category: cash and deposits, trade receivables, loans and other receivables (excluding statutory receivables).

Categories of financial liabilities

Financial liabilities at amortised cost 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 initially 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.

The VGCCC recognises the following liabilities in this category:

- contractual payables (excluding statutory payables)
- lease liabilities.

Reclassification of financial instruments: Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the VGCCC's business model for managing its financial assets changes such that its previous model would no longer apply. If under rare circumstances an asset is reclassified, the reclassification is applied prospectively from the reclassification date and previously recognised gains, losses or interest should not be restated. If the asset is reclassified to fair value, the fair value should be determined at the reclassification date and any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in the net result.

8.1.1 Financial instruments: Categorisation

	Cash and cash equivalents	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	\$	\$	\$	\$
2022				
Contractual financial assets				
Cash and cash equivalents	815,472	0	0	815,472
Funds held in trust (controlled) ⁽ⁱ⁾	632,884	0	0	632,884
Receivables ⁽ⁱⁱ⁾	0	314,422	0	314,422
Total contractual financial assets	1,448,356	314,422	0	1,762,778
Contractual financial liabilities				
Payables ⁽ⁱⁱ⁾	0	0	1,967,330	1,967,330
Lease liabilities	0	0	495,904	495,904
Total contractual financial liabilities	0	0	2,463,233	2,463,233
2021				
Contractual financial assets				
Cash and cash equivalents	1,016,256	0	0	1,016,256
Funds held in trust (controlled) ⁽ⁱ⁾	667,074	0	0	667,074
Receivables ⁽ⁱⁱ⁾	0	70,972	0	70,972
Total contractual financial assets	1,683,330	70,972	0	1,754,302
Contractual financial liabilities				
Payables ⁽ⁱⁱ⁾	0	0	2,859,342	2,859,342
Lease liabilities	0	0	411,778	411,778
Total contractual financial liabilities	0	0	3,271,120	3,271,120

Notes:

(i) During 2021–22, the VGCCC received \$2.386m from the DJCS for High-Risk Industries Engagement and Enforcement Operation (HRIEEO). The HRIEEO funds are specifically allocated to meet the cost of the VGCCC's enforcement operational project cost. The VGCCC has no discretion to apply this balance to any alternate purpose.

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

8.1.2 Financial instruments – Net holding gain/(loss) on financial instruments by category

	Net holding gain/(loss)	Total interest income/(expense)	Fees income/(expense)	Total
	\$	\$	\$	\$
2022				
Contractual financial liabilities				
Financial liabilities at amortised cost	0	13,010	0	13,010
Total contractual financial liabilities	0	13,010	0	13,010
2021				
Contractual financial liabilities				
Financial liabilities at amortised cost	0	13,689	0	13,689
Total contractual financial liabilities	0	13,689	0	13,689

The net holding gains or losses disclosed above are determined as follows:

- for financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus losses arising from the revaluation of the financial assets, and minus any impairment recognised in the net result
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus losses arising from the revaluation of financial liabilities measured at amortised cost.

8.1.3 Credit quality of contractual financial assets that are neither past due nor impaired

As a whole, VGCCC's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

The main purpose of holding financial instruments is to prudentially manage the VGCCC's financial risks within the government policy parameters.

Financial instruments: Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Credit risk arises from the financial assets of the VGCCC, which comprise cash and deposit and receivables. The VGCCC's exposure to credit risk arises from the potential default of a counterparty on their

contractual obligations resulting in a financial loss to the VGCCC. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the VGCCC's financial assets is minimal because the VGCCC only deals with financial institutions with higher credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the VGCCC will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more than 60 days overdue, and changes in debtor credit ratings. There has been no material change to the VGCCC's credit risk profile in 2021–22.

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

	Financial institutions (AA- credit rating)	Government agencies (Triple A credit rating)	Other	Total
	\$	\$	\$	\$
2022				
Contractual financial assets				
Cash and cash equivalents	815,472	0	0	815,472
Funds held in trust (controlled)	0	632,884	0	632,884
Receivables ⁽ⁱ⁾	0	0	314,422	314,422
Total contractual financial assets	815,472	632,884	314,422	1,762,778
2021				
Contractual financial assets				
Cash and cash equivalents	1,016,256	0	0	1,016,256
Funds held in trust (controlled)		667,074		667,074
Receivables ⁽ⁱ⁾	0	0	70,972	70,972
Total contractual financial assets	1,016,256	667,074	70,972	1,754,302

Notes:

⁽ⁱ⁾The total amount disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable)

Impairment of financial assets

The VGCCC records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss (ECL) approach. Subject to AASB 9 *impairment assessment* are VGCCC's contractual receivables and statutory receivables. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

The VGCCC applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about the risk of default and expected loss rates. The VGCCC has grouped contractual receivables on shared credit risk characteristics and days past due and selects the expected credit loss rate based on the VGCCC's history,

existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, the VGCCC determines the opening loss allowance on the initial application date of AASB 9 and the closing loss allowance at the end of the financial year. In 2021–22, no ECL was recognised as the assessment indicates zero per cent probability of default for the VGCCC contractual financial assets.

Currently, the VGCCC 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.

Financial instruments: Liquidity risk

Liquidity risk is the risk that the VGCCC would be unable to meet its financial obligations as they fall due. The VGCCC operates under the government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution.

The VGCCC's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet.

The VGCCC's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Financial instruments: Market risk

The VGCCC's exposure to market risk is considered to be insignificant. The VGCCC 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 a standardised form.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The VGCCC does not hold any interest-bearing financial instruments that are measured at fair value and therefore has no exposure to fair value interest rate risk.

8.1.4 Interest rate exposure of financial instruments

	Weighted average effective interest rate	Carrying amount	Interest rate risk exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
	%	\$	\$	\$	\$
2022					
Financial assets					
Cash and cash equivalents	0.2	815,472	0	815,472	0
Funds held in trust	N/A	632,884	0	0	632,884
Receivables ⁽ⁱ⁾	N/A	314,422	0	0	314,422
Total financial assets		1,762,778	0	815,472	947,306
Financial liabilities					
Payables ⁽ⁱ⁾	N/A	1,967,330	0	0	1,967,330
Borrowings					
Lease liabilities	2.5	495,904	495,904	0	0
Total financial liabilities		2,463,233	495,904	0	1,967,330
2021					
Financial assets					
Cash and cash equivalents	0.3	1,016,256	0	1,016,256	0
Funds held in trust	N/A	667,074	0	0	667,074
Receivables ⁽ⁱ⁾	N/A	70,972	0	0	70,972
Total financial assets		1,754,302	0	1,016,256	738,046
Financial liabilities					
Payables ⁽ⁱ⁾	N/A	2,859,342	0	0	2,859,342
Borrowings					
Finance lease liabilities	3.1	411,778	411,778	0	0
Total financial liabilities		3,271,120	411,778	0	2,859,342

Notes:

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

8.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity
- or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations
- or
- the amount of obligations cannot be measured with sufficient reliability.

	2022	2021
	\$	\$
Contingent liabilities		
Make good ⁽ⁱ⁾	408,091	418,216
Total contingent liabilities	408,091	418,216

Notes:

⁽ⁱ⁾ VGCCC has signed a two year agreement with DTF in December 2021, with the contract period from 1 July 21 to 30 June 23. Under the lease terms of this arrangement, the VGCCC would be liable to make good the premises. The VGCCC had no contingent assets for the years covered by this report

8.3 Fair value determination

This section sets out information on how the VGCCC determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Consistent with AASB 13 *Fair Value Measurement* (AASB 13), the VGCCC determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, 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.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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 VGCCC 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.

How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value)
- which level of the fair value hierarchy was used to determine the fair value
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
 - a reconciliation of the movements in fair values from the beginning of the year to the end
 - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to Note 8.3.1) and non-financial physical assets (refer to Note 8.3.2).

8.3.1 Fair value determination of financial assets and liabilities

The fair values of financial assets and liabilities are determined as follows:

Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.

Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly.

Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The VGCCC currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2021–22 reporting period.

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 VGCCC 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.

8.3.2 Fair value determination: Non-financial physical assets

Property, plant and equipment are held at fair value and classified as level 3 of the fair value measurement hierarchy. When building leasehold improvements-office fit-out and plant and equipment are specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

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

Description of significant unobservable inputs to Level 3 valuations

2022 and 2021	Valuation technique	Significant unobservable inputs
Building leasehold improvements-office fit out	Current replacement cost	Direct cost per square metre (Office fit-out was transferred from DJCS in February 2013) Term of the lease
Computer and communication equipment	Current replacement cost	Cost per unit Useful life of computer and communication equipment
Plant, equipment and vehicles	Current replacement cost	Cost per unit <ul style="list-style-type: none"> • office furniture and equipment • security equipment • vehicles Useful life <ul style="list-style-type: none"> • office furniture and equipment • security equipment • vehicles

The significant unobservable inputs have remained unchanged from 2021. There were no changes in valuation techniques throughout the period to 30 June 2022.

9. Other disclosures

Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

9.1 Ex-gratia expenses

Ex-gratia expenses are the voluntary payments of money or other non-monetary benefits (e.g. a write off) that are 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 of or claim against the entity.

In 2021–22 the VGCCC had not made any ex-gratia payments (2021: \$0.176m).

9.2 Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the net gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

9.3 Responsible persons

Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names

The people who held the positions of Ministers and Accountable Officers in the VGCCC (from 1 July 2021 to 30 June 2022 unless otherwise stated) were as follows:

Responsible Minister – Minister for Consumer Affairs, Gaming and Liquor Regulation

The Hon. Melissa Horne, MP
1 July 2021 to 30 June 2022

Responsible Minister – Acting Minister for Consumer Affairs, Gaming and Liquor Regulation

The Hon. Natalie Hutchins, MP
25 December 2021 to 3 January 2022

The Hon. Ingrid Stitt, MP
11 March 2022 to 15 March 2022

Commission Members:

Ms Fran Thorn (Chairperson)
1 January 2022 to 30 June 2022

Mr Ross Kennedy, PSM (Chairperson)
1 July 2021 to 31 December 2021

Ms Deirdre O'Donnell, PSM (Deputy Chairperson)
1 July 2021 to 30 June 2022

Ms Helen Versey (Deputy Chairperson)
1 July 2021 to 5 August 2021

Ms Danielle Huntersmith
1 July 2021 to 30 June 2022

Mr Andrew Scott
1 July 2021 to 30 June 2022

Mr Desmond Powell, AM
1 July 2021 to 31 December 2021

Accountable Officer – Chief Executive Officer

Ms Annette Kimmitt (Chief Executive Officer)
21 March 2022 to 30 June 2022

Mr Scott May (Acting Chief Executive Officer)
20 November 2021 to 20 March 2022

Mr Michael Everett (Acting Chief Executive Officer)
13 January 2022 to 21 January 2022

Mr Michael Everett (Acting Chief Executive Officer)
25 December 2021 to 3 January 2022

Ms Catherine Myers (Chief Executive Officer)
1 July 2021 to 19 November 2021

Mr Scott May (Acting Chief Executive Officer)
29 July 2021 to 15 August 2021

Commissioners and Accountable Officer

Remuneration received or receivable by members of the Commission and the Accountable Officer in connection with the management of the VGCCC during the reporting period.

Responsible Persons and Accountable Officer

Income Band	2022	2021
	\$	\$
\$10,000-\$19,999	1	0
\$40,000-\$49,999	0	0
\$80,000-\$89,999	0	0
\$100,000-\$109,999	2	0
\$130,000-\$139,999	3	2
\$140,000-\$149,999	0	2
\$150,000-\$159,999	1	0
\$180,000-\$189,999	0	1
\$290,000-\$299,999	0	0
\$390,000-\$399,999	0	1
\$430,000-\$439,999	1	0
Total numbers⁽ⁱ⁾	8	6
Total amount⁽ⁱⁱ⁾	1,223,024	1,144,579

Notes:

⁽ⁱ⁾ The number and amount received or receivable by the Responsible persons and Accountable Officer are based on FRD 21.

⁽ⁱⁱ⁾ The total number of responsible persons includes persons who meet the definition of Key Management Personnel of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 9.5).

⁽ⁱⁱⁱ⁾ The acting Accountable Officers are not included in this note.

9.4 Remuneration of executives

The number of executive officers, other than the Minister and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full-time Senior Executive Service members over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 *Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Several factors affected total remuneration payable to executive officers over the year. A number of employment contracts were completed and a number of executive officers resigned or were retrenched in the past year.

This had a significant impact on the total remuneration figure and total number.

Remuneration of executive officers (including key management personnel disclosed in Note 9.5)	Total remuneration	
	2022	2021
	\$	\$
Short-term employee benefits	1,038,214	921,430
Post-employment benefits	97,719	83,232
Other long-term benefits	24,172	23,085
Termination benefits	0	0
Total remuneration	1,160,105	1,027,747
Total number of executives ⁽ⁱ⁾	4.00	4.00
Total annualised employee equivalents (AEE) ⁽ⁱⁱ⁾	4.00	4.00

Notes:

⁽ⁱ⁾ The total number of executive officers includes persons who meet the definition of Key Management Personnel of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 9.5).

⁽ⁱⁱ⁾ Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period. There were no payments made to contractors in executive roles.

9.5 Related parties

The VGCCC is a wholly owned and controlled entity of the State of Victoria.

Related parties of the VGCCC include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over)
- all cabinet ministers and their close family members
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Significant transactions with government-related entities

The VGCCC received funding from DJCS of \$46.8m (2021: \$41.1m) and made payments to the Consolidated Fund of \$1,896.9m (2021: \$1,249.2m). The payments to the Consolidated Fund relates to the collection of gambling and liquor taxation and licence fees.

Key management personnel of the VGCCC includes the Portfolio Ministers, the Hon. Melissa Horne, MP, the VGCCC Chairperson and Commissioners, Chief Executive Officer and Director Corporate Service

Key Management Personnel	Position title
Ms Fran Thorn	Chairperson
Ms Deirdre O'Donnell, PSM	Deputy Chairperson
Ms Danielle Huntersmith	Commissioner
Mr Andrew Scott	Commissioner
Ms Annette Kimmitt AM	Chief Executive Officer
Mr Michael Everett	Director Corporate Services

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and are reported within the State's Annual Financial Report.

Compensation of key management personnel	2022	2021
	\$	\$
Short-term employee benefits	1,123,583	1,274,140
Post-employment benefits	112,137	106,884
Other long-term benefits	15,259	14,837
Termination benefits	243,984	0
Total ⁽ⁱ⁾	1,494,963	1,395,861

Notes:

⁽ⁱ⁾ Note that key management personnel are also reported in the disclosure of remuneration of the responsible persons (note 9.3) and executive officers (Note 9.4).

Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State Government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occurs on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission.

Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the VGCCC, there were no related party transactions that involved key management personnel, their close family members and their personal business interests.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

9.6 Remuneration of auditors

	2022	2021
	\$	\$
Victorian Auditor-General's Office		
Audit of the financial statements(i)	188,000	165,000
Total remuneration of auditors	188,000	165,000

9.7 Subsequent events

The VGCCC policy for events that occur between the end of the reporting period and the date when the financial statements are authorised for issue is as follows:

- adjustments are made to amounts recognised in the financial statement where those events provide information about conditions that existed at the reporting date; and/or
- disclosure is made where the events relate to conditions that arose after the end of the reporting period that are considered to be of material interest.

As of 1 July 2022, all liquor licensing and regulation matters have been transferred from VGCCC to Liquor Control Victoria (LCV). While VGCCC was established on 1 January 2022 as a dedicated body to regulate gambling, the VGCCC continued to regulate liquor in the six months that followed.

In relation to the transfer above, both the *Gambling and Liquor Legislation Amendment Bill 2022* and the *Casino and Liquor Legislation Amendment Bill 2022* passed in June 2022. As outlined in these bills, there will be an orderly separation of assets and liabilities between VGCCC and LCV, under ordinary machinery

of government changes. Whilst there are no impacts at 30 June, and within these financial statements, there will be impacts to balances post 30 June. The impacts for assets will be minor as there will be no transfer of equipment, and transfer of ICT applications is uncertain as it is dependent on future solution options being considered by DJCS. With respect to liabilities, there will be a calculation and transfer of employee entitlements between VGCCC and the DJCS. This will be assessed during the first quarter of 2022-23 and will be completed in alignment with standard machinery of government process.

9.8 Other accounting policies

Contribution by owners

Consistent with the requirements of AASB 1004, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the VGCCC.

9.9 Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2021–22 reporting period.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2020-1 <i>Amendments to Australian Accounting standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-6 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</i> to defer the application by one year to period beginning on or after 1 January 2023. VGCCC will not early adopt the Standard.	1 January 2023	The standard is not expected to have a significant impact on the public sector.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the VGCCC's reporting.

- AASB 17 *Insurance Contracts*.
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*.
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates*.
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*.
- AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and*

9.10 Glossary of technical terms and style conventions

The following is a summary of the major technical terms used in this report.

Amortisation

Amortisation is the expense which results from the consumption, extraction or use overtime 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 payments mean the voluntary payment of money or other non-monetary benefits (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 either:

- Cash
- an equity instrument of another entity
 - 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.
- A financial asset can also be a contract that will or may be settled in the entity's own equity instruments and is either:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

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:

- balance sheet as at the end of the period
- a comprehensive operating statement for the period
- a statement of changes in equity for the period
- a cash flow statement for the period
- notes, comprising a summary of significant accounting policies and other explanatory information
- comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*
- a statement of financial position 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 paragraph 41 of AASB 101.

Grants and other transfers

Grant expenses and other transfers are 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.

Leases

Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Net result

Net result is a measure of the 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

Is calculated as assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes building leasehold improvements-office fit-out, computer and communication equipment, 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 result

Other economic flows included in the net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairments of noncurrent 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 the 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 include the sale of goods and services income.

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 2021–22 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the VGCCC / VCGLR annual reports.

Supplies and services

Supplies and services generally represent the cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the VGCCC.

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

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.

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