

Statement of Expectations Evaluation Report

Victorian Commission for Gambling and Liquor Regulation

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1. Introduction and background

A Statement of Expectations (SOE) is an agreement on performance improvements and targets between the Minister and the regulator.

Under the Victorian Government's Statement of Expectations Framework for Regulators (the SOE Framework), there is a mandatory requirement for departments to evaluate the SOEs of the regulators within their portfolios.

The Guidelines for Evaluations of Statements of Expectations for Regulators (the SOE Guidelines) also require that these evaluation reports be published, along with a link to the relevant SOE and the regulator's response to its SOE, on both the regulator's and the Department of Justice and Community Safety's (DJCS') website.

In April 2018, the Strategic Planning Unit (SPU) was commissioned by the Liquor Gaming & Racing Division of DJCS to undertake an evaluation of the 31 December 2017 to 30 June 2019 SOE for the Victorian Commission for Gambling and Liquor Regulation (VCGLR). SPU is a DJCS internal consulting group, working across the department delivering evaluation services, including process and outcomes evaluations; cost effectiveness analysis; and the development of evaluation frameworks and plans.

1.1 Evaluation purpose

Consistent with the SOE Framework, the purpose of this evaluation is to assist the VCGLR to identify opportunities, and develop plans, to:

- improve regulator performance
- improve regulator outcomes
- reduce costs on regulated parties.

1.2 Statement of Expectations

The SOE Framework seeks to improve regulator performance by promoting greater efficiency and effectiveness in the administration and enforcement of regulation to deliver better economic and social outcomes for Victoria. The SOE Framework is summarised in Table 1 below:

Table 1: Elements of Good Regulatory Practice – SOE Guidelines

		Mandatory Elements
Performance		Timeliness
Governance		Risk-based strategies
Governance		Compliance-related assistance and advice
		Recommended Elements
Governance		Incentive-based regulation
		Suggested Elements
Governance		Clear and consistent regulatory activities
Governance		Role Clarity
Governance		Cooperation amongst regulators
Governance		Stakeholder consultation and engagement
Governance		Accountability and transparency

The SOE Framework requires the preparation of the SOE letter, the regulator response and the evaluation report.

In developing the SOE letter, government departments consult with regulators to identify key elements of good regulatory practice, and develop:

- a self-assessment against the elements of good regulatory practice being undertaken in order to establish a baseline of current performance
- a Good Regulatory Practice Plan, focusing on elements identified in the self-assessment as having the greatest opportunity for improvement.

The regulator then prepares SOE targets for their minister's consideration using the SOE Framework and Guidelines.

Based on consultation with the regulator, the minister identifies key areas of governance and operational performance where there are opportunities for the regulator to make improvements that would reduce cost impacts on business. The minister sends an SOE letter to each regulator, asking it to respond with activities it will undertake to achieve specified performance improvements and targets.

The regulator develops its response, consulting with business and the broader community (as appropriate) outlining how it will achieve the required improvements and targets. The response details the actions that will be taken to meet the ministerial expectations and performance targets, and is published on the regulators website, with progress reports provided regularly through corporate planning and annual financial reporting cycles.

1.3 Victorian Commission for Gambling and Liquor Regulation

The VCGLR is the independent statutory authority that regulates Victoria's gambling and liquor industries to:

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

The evaluation was carried out between August 2018 and November 2018 and this report provides the observations, findings and recommendations of the evaluation.

1.3.1 Statement of Expectations and the VCGLR's response

On 20 December 2017, the Minister for Consumer Affairs, Gaming and Liquor Regulation wrote to the VCGLR setting out her expectations and requesting the activities that the VCGLR would undertake to achieve four performance improvements and targets. The VCGLR responded to the Minister's letter and published its response on the VCGLR website:

IMPROVEMENT STRATEGIES	VCGLR RESPONSE
Timeliness Increase the proportion of forms able to be completed online	A key VCGLR priority is to modernise regulatory tools and processes to provide easy access to VCGLR services. To date, 14 of the VCGLR's most frequently used licence applications have been converted to online forms, including Transfer of Liquor Licence Declaration of Associates and approval of associated individuals (for a range of gaming-related

	<p>applications), and the VCGLR continues to collect data on uptake and utilisation of the forms.</p> <p>The VCGLR has identified nine licence applications to be transferred to online forms within the 2017-18 financial year, and the related activity at this stage is on schedule to be completed. Through early 2018, the VCGLR will work to prioritise and scope the transfer of the next tranche of forms to be scheduled for transition to online availability.</p>
Reduce the time taken to determine low risk applications for liquor and gambling, consistent with a risk-based approach	<p>Through its transfer of paper-based forms to online the VCGLR has already reduced the time taken to determine low-risk applications for liquor and gambling. It anticipates that further improvements in determination times for low risk applications will be possible through ongoing simplification of licensing processes, including continued work to transfer paper based forms online.</p> <p>The VCGLR will continue to collect data that enables it to monitor the effectiveness of these initiatives in reducing average determination times.</p>
Risk-based strategies	
Continue to implement an integrated risk-based approach to the regulation of gambling and liquor industries in Victoria	<p>The VCGLR has developed its risk-based framework for assessing and determining liquor licence applications, and has commenced the development of a comparable framework for assessing and determining gambling-related applications. Activity will include the creation of central data repository systems, new processes for assessment of applications based on risk, training to relevant staff, and development of internal and external collateral material and communications. Funding was received from the 2017 Victorian State Budget to support development and the implementation of the frameworks, with related activity to be completed by June 2020.</p> <p>Simultaneously, the Compliance division continues to progress its implementation of a contemporary holistic approach to risk based inspections utilising a range of compliance risk tools. The compliance risk model will include all regulated areas of industry, including liquor, gaming venues and minor and charitable gaming activities. The work will include the implementation of prioritisation tools and enhanced information sharing with key partner agencies.</p>
Develop evaluation framework for measuring the effectiveness of the risk based approach to compliance and licensing	<p>The 2017 Victorian State Budget provided funding for the development of this evaluation framework, which is linked to the development and implementation of the integrated risk-based approach to the regulation of gambling and liquor industries</p> <p>As the relevant licensing and compliance frameworks are developed and implemented, the VCGLR is simultaneously considering the skills and capabilities that will be necessary to undertake the evaluation task. This preliminary planning, which will be finalised by 30 June 2018, will allow the identification of appropriate resourcing for the evaluation framework development. In line with funding timeliness, the VCGLR anticipates development of the evaluation framework will be completed by 30 June 2020.</p>
Compliance related assistance and advice	
Increase the proportion of compliance inspections occurring at high risk times	<p>The VCGLR has developed its risk-based framework for assessing and determining liquor licence applications, and has commenced the development of a comparable framework for assessing and determining gambling-related applications. Activity will include the creation of central</p>

	<p>data repository systems, new processes for assessment of applications based on risk, training to relevant staff, and development of internal and external collateral material and communications. Funding was received from the 2017 Victorian State Budget to support development and the implementation of the frameworks, with related activity to be completed by June 2020.</p> <p>Simultaneously, the Compliance division continues to progress its implementation of a contemporary holistic approach to risk based inspections utilising a range of compliance risk tools. The compliance risk model will include all regulated areas of industry, including liquor, gaming venues and minor and charitable gaming activities. The work will include the implementation of prioritisation tools and enhanced information sharing with key partner agencies.</p>
Increase the proportion of compliance inspections occurring at high risk premises, as identified by the risk based approach to compliance	High risk premises are identified using a range of intelligence data and the risk based approach to compliance. The VCGLR will utilise its standardised, objective harm assessment of venues to inform the coordination of its resources in order to effect a phased increase of the proportion of compliance inspections occurring at high risk premises throughout 2017-18 and 2018-19.
As a result of the establishment of regional hubs, increase the proportion of compliance inspections in regional areas occurring at high risk times and at high risk premises	The establishment of regional hubs in Ararat and Sale, servicing the west and east of the state respectively, will increase targeting of high risk premises during high risk times in regional Victoria. The central region of the state will continue to be inspected by metropolitan inspectors based in the VCGLR's Richmond office. Compliance teams for the new regional hubs have been recruited and are currently undergoing training, with hubs anticipated to be operational by late April 2018. Driven by intelligence data and the risk-based approach, the VCGLR will then work to progressively increase the proportion of regional inspections at high risk premises during high risk times over the 2018-19 financial year.
Monitor the implementation by Crown Melbourne Limited of commitments given in response to the findings of the Sixth Casino Review	The VCGLRs report arising from the Sixth Review of the Melbourne Casino Operator and Licence will be delivered to you by 30 June 2018, at which time any recommendations for change will be known. Once the report is finalised the VCGLR will develop a monitoring plan to ensure it retains oversight of Crown Melbourne Limited's response to, and implementation of, the relevant outcomes of the review.
Cooperation amongst regulators	
Finalise the Joint Enforcement Strategy with Victoria Police and report to the Minister on the outcomes of the strategy	The VCGLR and Victoria Police have together drafted a Joint Enforcement Strategy and anticipate it will be finalised in the latter half of 2017-18. Agreement regarding outcomes to be measured will be determined by the end of 2017-18 with routine reporting to both agencies on progress to be established in early 2018-19.

See Appendix 1, Section 5 for the full text of the Minister's letter and the VCGLR response.

1.4 Evaluation methodology

The evaluation of the VCGLR SOE collected quantitative and qualitative data to understand the extent to which the VCGLR has achieved the Minister's expectations.

The evaluation plan includes a program logic model that articulates the rationale for the SOE, and informs the evaluation parameters. The program logic model identifies:

- Background: the Minister's expectations as to the VCGLR's continued contribution to the government's Regulation Reform Program and on broader improvements for the VCGLR's performance; and the initiatives the VCGLR has agreed to implement in response to these expectations
- Activities: the key deliverables that the VCGLR will produce
- Outcomes: the efficiencies and improvements made by the VCGLR in the administration and enforcement of regulation.

The program logic model was developed in conjunction with key VCGLR project team members responsible for delivering the projects in the regulator response and approved by the Executive Director, Liquor Gaming & Racing, DJCS, as part of the evaluation plan.

Interviews were held with DJCS and VCGLR key staff, and the evaluation team analysed a wide range of documents including project plans, reports, risk registers, policies and procedures. Relevant websites and databases were also utilised as data sources, and where appropriate, the evaluation team attended internal briefings and presentations on SOE initiatives.

The evaluation was conducted between August 2018 and November 2018, in accordance with the SOE Framework, and this report provides the observations and findings of the evaluation.

2. Process evaluation

This section addresses the process evaluation questions set out at Appendix 2, Section 7.

Around August/September 2017, the staff from the VCGLR attended Department of Treasury and Finance (DTF) briefings regarding the development of the new SOEs.

In October 2017, the VCGLR commenced the self-assessment against the elements of good regulatory practice. The self-assessment was circulated to nominated representatives from each division within the VCGLR and feedback was sought and addressed. A copy of the final self-assessment was sent to the Office of Liquor, Gaming and Racing (OLGR) for its information.

OLGR drafted the initial SOE letter based on a combination of evidence sources, including:

- the VCGLR's Corporate Plan
- the VCGLR's previous SOE (which had not been fully acquitted at that point in time)
- the VCGLR budget funded projects
- a Victorian Auditor-General's Office (VAGO) report
- documentation relating to the Sixth Casino Review
- a number of workshops to identify potential items for inclusion.

The first suggestions for the SOE drafted by OLGR were considered to be potentially problematic by the VCGLR, primarily because they suggested activities that might not have been achievable within the SOE timeframe. The VCGLR went back to OLGR and there were a number of refinements until both VCGR and OLGR were satisfied.

When the SOE letter was received by the VCGLR, relevant VCGLR directors were asked for information. The SOE response was then drafted by the VCGLR and provided to the CEO and Acting Chair of the VCGLR for approval.

It was reported by the VCGLR that the SOE commitments are now included within relevant the VCGLR executives' Executive Contract Key Performance Indicators and their Business Plan deliverables.

2.1 How appropriate was the process for developing the SOE letter?

SOE Framework and SOE Guidelines

This was the first time that the VCGLR personnel responsible for the coordination of the self-assessment, SOE letter and SOE response letter had been involved in the development of an SOE. In this context, the SOE Framework and SOE Guidelines were found to be helpful and provided a clear articulation of necessary processes.

OLGR on the other hand reported that the multiple SOE Guidelines developed by DTF for the regulators and the departments were difficult to read, too prescriptive and overly long. There was also confusion by OLGR regarding the *compliance-related assistance and advice* element of the SOE, with OLGR not being aware from the SOE Guidelines that this element was mandatory for all regulators. Because of this, OLGR received a call from DTF asking about where this element appeared within the SOE letter. Following a discussion between OLGR and DTF, it was agreed that one of the VCGLR's statements (regional hubs) fitted this element and therefore there was no need to re-issue the SOE.

It should be noted that OLGR's SOE developed for the VCGLR did not group the statements by the elements of good regulatory practice. When asked why, OLGR explained that this replicated how previous VCGLR SOEs were drafted and that DTF had not raised any issues with this. For

the purpose of the evaluation Strategic Planning grouped the statements under each of the elements of good regulatory practice based on likely best-fit.

A collaborative approach

The initial draft of the SOE did not reflect previous discussions between the VCGLR and OLGR and suggested commitments that may have been unachievable by VCGLR within the eighteen-month SOE delivery timeframe. For example, the draft SOE letter captured existing goals in the VCGLR's Corporate Plan that were planned to be delivered over a three-year period. As the SOE commitments were to be delivered in eighteen months, it would have been difficult for the VCGLR to achieve these goals within the shorter timeframe. Similarly, the initial SOE letter was prescriptive regarding the VCGLR's response to the Casino Review (see section 3.5) something which was potentially unachievable within the SOE delivery timeframe. In addition to this, there was a deliverable under the Improvements and Targets heading that was in conflict with the Commission's¹ strategic direction and the VCGLR's risk based approach.

The VCGLR responded to the first draft of the SOE letter by bringing together the VCGLR executives to discuss the draft SOE. Further communication with OLGR led to amendments to the aspects of the SOE draft that the VCGLR believed did not align with its strategic direction or key priorities. The final SOE statements agreed with OLGR were a 'stretch' for the VCGLR but the commitments were consistent with work plans that the VCGLR already had in place.

A more collaborative approach between the VCGLR and OLGR could have been taken at an earlier stage in the development of the SOE. For example, it was proposed that for the development of the next SOE, it would be useful if key stakeholders involved (including representatives from OLGR, the VCGLR's CEO and the VCGLR's executives and potentially a representative from DTF) were invited to attend a two hour workshop. During this workshop, attendees could talk about the Minister's expectations of the VCGLR and:

- reflect on what the VCGLR have achieved to date
- discuss relevant Key Performance Indicators (KPIs) listed within the VCGLR's Corporate Plan,
- identify any additional relevant VCGLR work plans
- confirm whether it was possible to resource and measure any suggested SOE initiatives within the allocated timeframe.

Taking a face to face collaborative approach at an early stage could provide an opportunity to ensure that the initial draft of the SOE aligns more closely with the VCGLR's work plan. This would lead to a more streamlined process, reducing the number of emails sent back and forth and alleviating the overall workload and time involved in the subsequent re-working of the SOE.

The VCGLR did attend the Commissioner for Better Regulation's Regulator's Forum (the Regulator's Forum). This was a useful place for regulators to ask questions that they had about the SOE development process.

2.2 Was the evidence base appropriate to develop the SOE letter?

The VCGLR explained that considerable relevant work had been conducted prior to the development of the SOE, including the consideration of both qualitative and quantitative outcomes for the VCGLR Corporate Plan. For example, the risk-based licensing and compliance activities are two key themes within the VCGLR's Corporate Plan and were therefore easy to align to the requirements of the SOE. Similarly, the VCGLR was already undertaking work around cooperation and stakeholder engagement.

¹ <https://www.vcglr.vic.gov.au/about-us/about-vcglr/commission>

OLGR reviewed the VCGLR's existing SOE and the VCGLR's Corporate Plan in the development of the initial SOE letter. The self-assessment was also reviewed by OLGR. There appears to have been some confusion by the VCGLR and OLGR about the intended purpose and content of the self-assessment. While the VCGLR's self-assessment was comprehensive, OLGR felt that the items included were too 'high level' and did not provide the detail required by OLGR in developing specific SOE initiatives.

OLGR ensured that the initiatives that were developed through the SOE process could be measured.

2.3 Was sufficient time allocated to complete each part of the process?

OLGR reported that the timelines provided by DTF were clear. Initially, DTF had requested that the SOE be prepared by October 2017, however, DTF provided an extension until December 2017. In contrast, the VCGLR felt there was a lack of clarity on the initial deadline for the finalisation of the SOE. In particular, the deadline was not communicated to the VCGLR until several months after the nominal expiry of their previous SOE.

Significant time was spent by the VCGLR and OLGR in developing the SOE, including time spent on completing the regulator's self-assessment table, the drafting of the SOE letter by OLGR and meetings conducted between VCGLR and OLGR representatives to finalise the SOE letter.

The self-assessment involved considerable time and resources as it required input from various divisions of the VCGLR. It was felt that more time to complete the self-assessment may have improved the quality of the information provided.

2.4 Were all parties satisfied with the SOE development process?

Overall, OLGR felt that the SOE development process was straightforward, however, it felt that the DTF documents (the SOE framework and guidelines) were difficult to read and there was confusion regarding the mandatory nature of the 'compliance-related assistance and advice' element.

Whilst the development of the VCGLR's 2018-19 SOE did not change the VCGLR representatives' perceptions of the importance of their regulatory roles, the process further highlighted to some staff the importance of the SOE Framework in ensuring improvements to a regulator's performance. It was reported that staff experiences of the 2018-19 SOE process meant that they would be better equipped to develop the next SOE.

The VCGLR found the SOE process to be a valuable exercise, leading to improvements such as formalising internal measures, and reprioritising existing projects and processes. The VCGLR commented that the SOE was useful in clarifying agreed outcomes and targets.

3. Outcomes evaluation

The VCGLR SOE provides three mandatory elements and one recommended element from the SOE Framework as the focus for the 2018-19 period:

- Timeliness (mandatory)
- Risk-based strategies (mandatory)
- Compliance-related assistance and advice (mandatory)
- Cooperation amongst regulators (recommended).

This section addresses the outcomes evaluation questions set out at Appendix 3, Section 7.

3.1 Evaluation element – Timeliness

Table 2 sets out the Minister's first improvement statement under the timeliness element, along with the VCGLR's response and progress towards completion of the improvement.

Table 2: Regulator response to the SOE letter – Online forms

SOE Improvement Statement	Regulator response and actions from the 2017-19 SOE	Progress
Increase the proportion of forms able to be completed online	A key VCGLR priority is to modernise regulatory tools and processes to provide easy access to VCGLR services. To date, 14 of the VCGLR's most frequently used licence applications have been converted to online forms, including Transfer of Liquor Licence Declaration of Associates and approval of associated individuals (for a range of gaming-related applications), and the VCGLR continues to collect data on uptake and utilisation of the forms.	Complete. All forms scheduled for transfer in 2017-18 were moved online and work is in progress on the 2018-19 tranche.

All forms scheduled for transfer in 2017-18 were moved online and work is in progress on the 2018-19 tranche.

Plan to move forms online

Information relating to the simplification of licensing processes, including the creation of web forms, is documented within the VCGLR's 'simplification of licensing processes' project plan. The process of moving both gambling and liquor application forms online is being carried out in-house by the VCGLR, working with the VCGLR's Information and Communications Technology (ICT) Division, as required.

There are over 100 application forms managed by the VCGLR. One of the KPIs within the VCGLR's Corporate Plan² is to move all frequently used application forms online by 2020. Forms are moved online in tranches, based on their level of use and the ICT Division's capacity to deliver the work.

² <https://www.vcglr.vic.gov.au/about-us/about-vcglr/corporate-plan>

Number of forms available online

Table 3 shows the progressive number of the VCGLR's forms that are available online. In addition to these 25, there are another six forms which the VCGLR intends to be available online by 30 June 2019. This will bring the total number of the VCGLR's forms available online to 31.

Table 3: number of forms available online

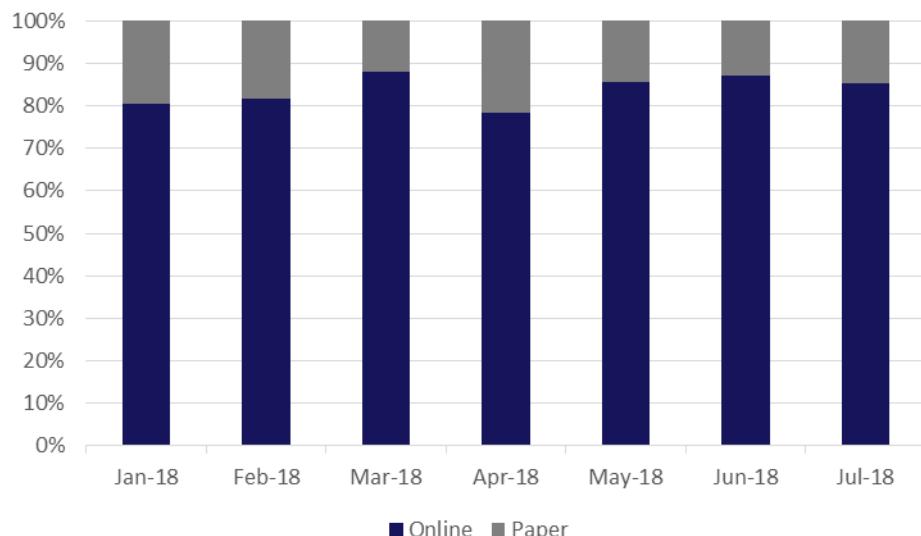
Calendar year	Number of the VCGLR forms moved online
Prior to 2016	1
2016	4
2017	8
2018	12
Total	25

The 25 forms that are now available online represent approximately 25 per cent of the total number of (paper based and online) application forms, but they generate approximately 70 per cent of the total number of licensing applications received by the VCGLR.

Take-up of online forms

There were 10,178 applications completed online between January 2018 and July 2018 for the following seven application forms:

- Application for new gaming industry employee's licence
- Application for renewal of gaming industry employee's licence
- Application for approval of liquor directors / nominees
- Application for approval of new casino special employee's licence
- Application for renewal of casino special employee's licence
- Application for transfer of liquor licence
- Associated Individual (new).

Figure 1: Number of forms completed online v paper based

Between January 2018 and July 2018, 84 per cent of these seven forms were completed in the online format. Data on the proportional split in take-up between online and paper based forms has not been collected for the remaining eighteen online forms. Data reporting on the take up of online forms is currently being further refined. It is anticipated that this data will be collected by 30 June 2019.

Table 4 sets out the Minister's second improvement statement under the timeliness element, along with the VCGLR's response and progress towards completion of the improvement.

Table 4: Regulator response to the SOE letter – Determination times

SOE Improvement Statement	Regulator response and actions from the 2017-19 SOE	Progress
Reduce the time taken to determine low risk applications for liquor and gambling, consistent with a risk-based approach	Through its transfer of paper-based forms to online the VCGLR has already reduced the time taken to determine low-risk applications for liquor and gambling. It anticipates that further improvements in determination times for low risk applications will be possible through ongoing simplification of licensing processes, including continued work to transfer paper based forms online.	In progress. A number of initiatives have been identified by the VCGLR as having the potential to reduce determination times. The VCGLR's Licensing Division is working with the VCGLR's ICT Division to improve data collection and reporting which will enable it to monitor the effectiveness of these initiatives in reducing average determination times.

Moving forms online

The VCGLR's SOE response letter outlines that the reduction in determination times for low risk applications will be achieved through the continued transfer of forms online and the simplification of licensing processes. This is because the system will not allow online forms to be submitted without all required information having been completed, unlike paper-based forms, which can be submitted with inadvertent omissions. This reduces the time spent following up with applicants for missing information. In addition, it was explained that online forms reduce the need for manual entry of information by the VCGLR's employees.

As the VCGLR moves forms online, it reviews and streamlines their content, removing obsolete information that no longer assists the decision-making process.

Online applicants can also check on their application's status through the online portal.

Other initiatives to reduce determination times or improve information flow

Other initiatives directed at reducing the time taken to determine low risk applications for liquor and gambling include:

- replacement of hard copy correspondence for email (where possible)
- the new self-service portal for liquor licences
- the introduction of a new grant system for low risk temporary licence applications.

Determination times

The VCGLR's Licensing Division is working with the VCGLR's ICT Division to develop automated reporting that compares the average determination times of online forms with paper-based applications. To date, seven datasets have been created in respect of the 25 online forms.

Preliminary analysis has been undertaken on four of the seven datasets. The VCGLR advises that the preliminary results are as follows:

Table 5: Preliminary results of online determination times

Application	Average determination time per application pre-online	Average determination time per application post-online	Average time reduction
Applications for new Casino Special Employee (CSE) licences	3.77.days	3.47 days	0.30 days
Applications for renewal of CSE licences	3.79 days	2.05 days	1.74 days
Applications for new Gaming Industry Employee (GIE) licences	4.91 days	6.1 days	-1.19 days
Applications for renewal of GIE licences	11.16 days	5.96 days	5.20 days
Overall average reduction per application			1.51 days

The VCGLR plans to do further analysis of the data above in order to provide detail about the reasons behind the movements.

The VCGLR is continuing to develop appropriate datasets for the above application types to allow better reporting on the effectiveness of this initiative.

3.2 Evaluation element – Risk-based strategies

Table 12 sets out the Minister's first improvement statement under the risk-based strategies element, along with the VCGLR's response and progress towards completion of the improvement.

Table 6: Regulator response to the SOE letter – Risk-based framework

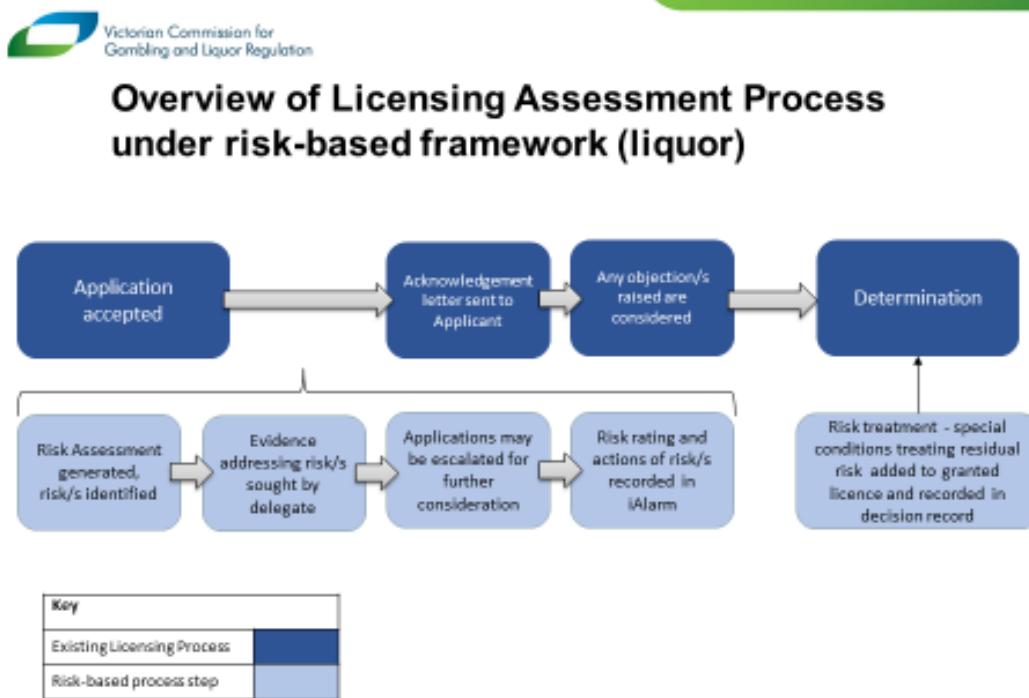
SOE Improvement Statement	Regulator response and actions from the 2017-19 SOE	Progress
Continue to implement an integrated risk-based approach to the regulation of gambling and liquor industries in Victoria	The VCGLR has developed its risk-based framework for assessing and determining liquor licence applications, and has commenced the development of a comparable framework for assessing and determining gambling-related applications. Activity will include the creation of central data repository systems, new processes for assessment of applications based on risk, training to relevant staff, and development of internal and external collateral material and communications. Funding was received from the 2017 Victorian State Budget to support development and the implementation of the frameworks, with related activity to be completed by June 2020.	In progress. A risk-based framework for liquor licence determination and compliance was approved in September 2017 and came into operation in July 2018. A risk-based framework for gambling licence determination and compliance was approved in September 2018 and implementation commenced in the second quarter of the 2018-19 financial year.

Risk-based framework for liquor licence determination and compliance

The risk-based licensing framework (liquor) categorises applications based on the risk that they pose and directs increased attention of the decision maker based on the specific risks identified. For example, VCGLR delegates may perform additional checks or impose conditions based on risks identified in order to treat and reduce them. The risk an application poses is generally considered having regard to factors such as the proposed trading hours, patron capacity, licence category, compliance history and the suitability of the applicant.

The process for assessing a liquor licence application is provided in Figure 2.

Figure 2 Overview of Licensing Assessment Process (liquor)



The risk-based licensing framework (liquor) provides for a consistent approach, where risk assessments and thresholds are applied to the relevant factors mentioned above.

The VCGLR delegates are prompted to request further information for applications determined to have higher risks, focusing and prioritising the allocation of resources to those applicants assessed to be of greatest risk. This is also expected to assist in the application of appropriate conditions in respect of higher risk applications. The impact of the risk-based licensing framework (liquor) on the allocation of resources is expected to be reviewed during the evaluation of the framework.

The risk-based licensing framework (liquor) is being monitored by the VCGLR and an evaluation of the framework is planned in 2019.

Risk-based framework for gambling licence determination and compliance

The VCGLR approved a risk-based framework for gambling licence determination on 26 September 2018. The implementation of this framework is about to commence. This is an initiative funded via the 2017 State Budget and will be completed over three years.

VCGLR's Compliance Intelligence Framework

The VCGLR uses its historical data and subject matter expert advice to identify those venues that pose the greatest risk of harm. More specifically, the framework is used to determine the hours of the day that are highest risk and by doing this, it helps inform the time at which a venue inspection is likely to be most productive.

Table 7 sets out the Minister's second improvement statement under the risk-based strategies element, along with the VCGLR's response and progress towards completion of the improvement.

Table 7: Regulator response to the SOE letter – Evaluation framework

SOE Improvement Statement	Regulator response and actions from the 2017-19 SOE	Progress
Develop evaluation framework for measuring the effectiveness of the risk based approach to compliance and licensing	<p>The 2017 Victorian State Budget provided funding for the development of this evaluation framework, which is linked to the development and implementation of the integrated risk-based approach to the regulation of gambling and liquor industries.</p> <p>As the relevant licensing and compliance frameworks are developed and implemented, the VCGLR is simultaneously considering the skills and capabilities that will be necessary to undertake the evaluation task. This preliminary planning, which will be finalised by 30 June 2018, will allow the identification of appropriate resourcing for the evaluation framework development. In line with funding timelines, the VCGLR anticipates the development of the evaluation framework will be completed by 30 June 2020.</p>	<p>In progress.</p> <p>The VCGLR licensing evaluation framework is now in place and the VCGLR is now in the process of developing the compliance component of the evaluation framework.</p> <p>The VCGLR will consider capabilities required to conduct the evaluation.</p>

Licensing evaluation framework

On 18 September 2018, the VCGLR approved its licensing evaluation framework.

The licensing evaluation framework provides the context and guidance for the measurement, evaluation and review of the effectiveness of the following two major projects:

- implementation of the new risk-based framework for the assessment and determination of liquor licence applications
- modernising standard conditions of Victorian liquor licences.

It is intended that the licensing evaluation framework will also be used in the measurement, evaluation and review of the effectiveness of other future projects by the VCGLR aimed at reducing gambling-related and alcohol-related harm.

The VCGLR will use the findings of these evaluations to inform evidence-based decision making into the future.

Compliance evaluation framework

The VCGLR has acknowledged that to fulfil the compliance component of this SOE commitment, the evaluation framework will need to be modified to address specific compliance based initiatives. The VCGLR is now in the process of developing the compliance component of the evaluation framework and this is expected to be completed within the SOE timeframe of 30 June 2020.

3.3 Evaluation element – Compliance-related assistance and advice

Table 8 sets out the Minister's first improvement statement under the compliance-related assistance and advice element, along with the VCGLR's response and progress towards completion of the improvement.

Table 8: Regulator response to the SOE letter – High-risk times

SOE Improvement Statement	Regulator response and actions from the 2017-19 SOE	Progress
Increase the proportion of compliance inspections occurring at high risk times	The VCGLR has developed its risk-based framework for assessing and determining liquor licence applications, and has commenced the development of a comparable framework for assessing and determining gambling-related applications. Activity will include the creation of central data repository systems, new processes for assessment of applications based on risk, training to relevant staff, and development of internal and external collateral material and communications. Funding was received from the 2017 Victorian State Budget to support development and the implementation of the frameworks, with related activity to be completed by June 2020.	In progress. The VCGLR's Compliance Division uses the compliance prioritisation tool to plan inspections. The VCGLR advised that, in the 2017-18 financial year, the number of inspections carried out at high risk times increased, with 13.72 per cent of all inspections carried out at high risk times.

As explained in section 3.2, the compliance prioritisation tool assists the VCGLR in identifying venues that pose the greatest risks of harm so that the VCGLR deploys resources accordingly.

Liquor inspections take place as prioritised by the VCGLR's Tasking and Coordination Committee, utilising information from the compliance prioritisation tool with regard to high risk times.

The VCGLR advised that, in the 2017-18 financial year, 13.72 per cent of all inspections were carried out at high risk times. This percentage is above the Budget Paper Number 3 target of 12 per cent, and is an increase from the 2016-17 financial year, where it was reported that Compliance had conducted 9.8% of liquor inspections at high risk times.

The VCGLR is continuing to monitor the proportion of inspections conducted at high risk times and to further increase this proportion.

Table 9 sets out the Minister's second improvement statement under the compliance-related assistance and advice element, along with the VCGLR's response and progress towards completion of the improvement.

Table 9: Regulator response to the SOE letter – High-risk premises

SOE Improvement Statement	Regulator response and actions from the 2017-19 SOE	Progress
Increase the proportion of compliance inspections occurring at high risk premises, as identified by the risk based approach to compliance	High risk premises are identified using a range of intelligence data and the risk based approach to compliance. The VCGLR will utilise its standardised, objective harm assessment of venues to inform the coordination of its resources in order to effect a phased increase of the proportion of compliance inspections occurring at high risk premises throughout 2017-18 and 2018-19.	In progress. The VCGLR is in the process of developing measures for this SOE requirement.

Liquor inspections for venues are prioritised according to a risk assessment using the VCGLR's compliance prioritisation tool.

In mid-2017, the Compliance Division implemented its intelligence framework which included the Compliance Risk Prioritisation Tool (the Compliance tool) and the Tasking and Coordination committee. The Compliance tool enables inspectors to classify a venue's risk rating to prioritise which venues should be inspected. Tasking and Coordination ensures that premises considered high harm are targeted and prioritised. Prior to 2017, inspections were conducted according to their local geographic area, rather than their risk or harm priority classification.

Importantly, data shows an increase of inspections at Late Night, On-premises and General Licences. While not all licences classified in these categories would be regarded as high harm; current data (as at Dec-2018) shows these licence types have the highest percentage of priority 1 and priority 2 licences. The data below shows that since the 2016-2017 financial year, there has been an increase in inspections at these licence types, from 28.5 per cent in the 2017 financial year to 33.8 per cent in the 2018 financial year.

It is important to note that as this data is based on percentages, it is subject to change over the course of the year due to the seasonal nature of some Compliance activity. For this reason, the current financial year figures have not been included in this report, as it may not be an accurate reflection of the final position.

Table 10 sets out the Minister's third improvement statement under the compliance-related assistance and advice element, along with the VCGLR's response and progress towards completion of the improvement.

Table 10: Regulator response to the SOE letter – Regional areas

SOE Improvement Statement	Regulator response and actions from the 2017-19 SOE	Progress
As a result of the establishment of regional hubs, increase the proportion of compliance inspections in regional areas occurring at high risk times and at high risk premises	The establishment of regional hubs in Ararat and Sale, servicing the west and east of the state respectively, will increase targeting of high risk premises during high risk times in regional Victoria. The central region of the state will continue to be inspected by metropolitan inspectors based in the VCGLR's Richmond office. Compliance teams for the new regional hubs have been recruited and are currently undergoing training, with hubs anticipated to be operational by late April 2018. Driven by intelligence data and the risk-based approach, the VCGLR will then work to progressively increase the proportion of regional inspections at high risk premises during high risk times over the 2018-19 financial year.	Complete. New regional hubs have been established in Ararat and Sale and compliance staff members have been recruited and trained. The number of regional liquor and gambling inspections completed in the 2017-18 financial year was 2,031. This exceeded the target of 1,600.

Regional hubs were established in Ararat and Sale in April 2018.

The establishment of regional resources saw an increase in the total number of inspections conducted in regional areas in 2018. These inspections provide data that has been incorporated into the compliance prioritisation tool, which will further enhance the VCGLR's ability to target future inspections in regional areas during high risk times and at high risk premises.

The number of regional liquor and gambling inspections completed in the 2017-18 financial year was 2,031. This exceeded the target of 1,600. The VCGLR is on track to achieve its increased Budget Paper Number 3 target of 2,000 inspections for 2018-19.

Training for regional hub staff

The eight-week full time regional inspector training program is the same as the metropolitan training program. Part of the program is delivered in-house, however, a major portion of the program is delivered by an external training provider. The regional training program, which is in two stages, commenced in February 2018.

By April 2018 all new regional inspectors had successfully completed Stage 1 of the program. Completion of Stage 1 saw them become Authorised Officers and appointed as Inspectors by the Chair of the VCGLR. All regional staff had completed Stage 2 of the program by the end of October 2018. This training qualified staff for the Certificate IV in Government Investigations (Regulatory Compliance).

Table sets out the Minister's fourth improvement statement under the compliance-related assistance and advice element, along with the VCGLR's response and progress towards completion of the improvement.

Table 11: Regulator response to the SOE letter – Sixth Casino Review

SOE Improvement Statement	Regulator response and actions from the 2017-19 SOE	Progress
Monitor the implementation by Crown Melbourne Limited of commitments given in response to the findings of the Sixth Casino Review	The VCGLR's report arising from the Sixth Review of the Melbourne Casino Operator and Licence will be delivered to you by 30 June 2018, at which time any recommendations for change will be known. Once the report is finalised the VCGLR will develop a monitoring plan to ensure it retains oversight of Crown Melbourne Limited's response to, and implementation of, the relevant outcomes of the review.	Complete. The Sixth Casino Review was released on 3 August 2018. The VCGLR has approved a plan to monitor Crown's implementation of the review's recommendations.

The Sixth Casino Review was released on 3 August 2018³ with a list of recommendations made by the VCGLR for the casino operator (Crown) to implement. The VCGLR has approved a plan to monitor Crown's implementation of the review's recommendations.

The VCGLR has made a number of recommendations to Crown, including improvements to its corporate governance and risk and regulatory compliance frameworks, as well as improvements to responsible gambling measures. It is noted that these recommendations specify an implementation date over a two-year period, some of which are required to be implemented by Crown on a date after the expiry of the VCGLR's current SOE (30 June 2019).

3.4 Evaluation element – Cooperation amongst regulators

Table12 sets out the Minister's first improvement statement under the cooperation amongst regulators element, along with the VCGLR's response and progress towards completion of the improvement.

Table12: Regulator response to the SOE letter – Cooperation amongst regulators

SOE Improvement Statement	Regulator response and actions from the 2017-19 SOE	Progress
Finalise the Joint	The VCGLR and Victoria Police have together	In progress.

³ <https://www.vcglr.vic.gov.au/casino-review>

SOE Improvement Statement	Regulator response and actions from the 2017-19 SOE	Progress
Enforcement Strategy with Victoria Police and report to the Minister on the outcomes of the strategy	drafted a Joint Enforcement Strategy and anticipate it will be finalised in the latter half of 2017-18. Agreement regarding outcomes to be measured will be determined by the end of 2017-18 with routine reporting to both agencies on progress to be established in early 2018-19.	The Joint Enforcement Strategy is has been finalised and approved by the VCGLR and Victoria Police. The VCGLR has commenced working on the plan to operationalise the Joint Enforcement Strategy. Measures on reporting on the outcomes of the Joint Enforcement Strategy are also being considered and will be agreed to in due course.

The Joint Enforcement Strategy has been finalised and approved by the VCGLR and Victoria Police in November 2018. The VCGLR has commenced working on the plan to operationalise the Joint Enforcement Strategy. Measures on reporting on the outcomes of the Joint Enforcement Strategy are also being considered and will be agreed to in due course.

3.5 Assessment of regulator performance against SOE targets

It has not been possible to conduct a full post-implementation evaluation of all the initiatives within the VCGLR SOE, as they are not due for completion until June 2019. The evaluation finds that, at the time of this report, the VCGLR initiatives are on schedule for delivery within the timeframes of the SOE, and when complete will meet the characteristics of best practice under each regulatory element.

Timeliness element – Online forms

In identifying which forms are moved online, the VCGLR's Licensing Division prioritises those that are used most frequently. All forms scheduled for transfer in 2017-18 were moved online and work is in progress on the 2018-19 tranche. The VCGLR continues to collect and improve data collection on uptake and utilisation of forms.

The VCGLR has improved e-capability and introduced simplified processes and systems to make it as easy as possible for businesses to lodge applications online. In addition, this has made it easier for businesses to submit required data and to check on the status of applications lodged.

Timeliness element – Determination times

A number of initiatives have been identified by the VCGLR as having the potential to reduce determination times. These include the move to web-based forms and the introduction of the risk-based framework.

By increasing the number of forms available online, the VCGLR has introduced processes and systems to make it simpler for businesses to complete forms. A number of new processes and systems (including the use of online forms) are having and will continue to have an impact on determination times, especially low-risk applications. The VCGLR is improving the measurement of determination times, which will lead to greater transparency about the timing and scope of regulatory processes.

Risk-based strategies element - Risk-based framework

The VCGLR has established an approach to risk assessment for liquor licensing and compliance through the risk-based framework and a similar approach is being implemented for gambling. The compliance prioritisation tool contains relevant data to inform a risk-based approach to regulation, and to evaluate outcomes.

Risk-based strategies element - Evaluation framework

An evaluation framework is in place for licensing activities and an evaluation framework is in development for compliance activities. These frameworks will be used to review the risk-based approach and will provide evidence to assist decision-making about future risk-based strategies.

Compliance-related assistance and advice element - High risk times

The VCGLR uses its risk prioritisation tool and compliance tasking and coordination model, to focus on inspections during high risk times and at high risk venues. The VCGLR advised that, in the 2017-18 financial year, the number of inspections carried out at high risk times increased, with 13.72 per cent of all inspections carried out at high risk times. This percentage is above the Budget Paper Number 3 target of 12 per cent. The VCGLR is continuing to monitor the proportion of inspections conducted at high risk times and to strive to further increase this proportion.

Compliance-related assistance and advice element - High risk premises

High risk premises are identified by the VCGLR using a range of intelligence data and the risk based approach to compliance. The VCGLR has utilised its standardised, objective harm assessment of venues to inform the coordination of its resources. The VCGLR advised that this has resulted in an increase in the proportion of inspections carried out at high risk premises from 28.5 per cent in the 2016-2017 financial year to 33.8 per cent in the 2017-2018 financial year.

It is important to note that as this data is based on percentages, it is subject to change over the course of the year due to the seasonal nature of some Compliance activity. For this reason, the current financial year figures have not been included in this report, as it may not be an accurate reflection of the final position.

Compliance-related assistance and advice element – Regional areas

New regional hubs have been established in Ararat and Sale and compliance staff members have been recruited and trained.

The number of regional liquor and gambling inspections completed in the 2017-18 financial year was 2,031. This exceeded the target of 1,600. The VCGLR is on track to achieve its increased Budget Paper Number 3 target of 2,000 inspections for 2018-19.

Compliance-related assistance and advice element - Sixth Casino Review

The Sixth Casino Review was released on 3 August 2018. The VCGLR has approved a plan to monitor Crown's implementation of the review's recommendations.

Cooperation amongst regulators element – Joint Enforcement Strategy

The first component of this expectation has been completed (i.e. the Joint Enforcement Strategy has been finalised) and the VCGLR is in the process of working on the second component of the expectation (i.e. reporting to the Minister on the outcomes of the Joint Enforcement Strategy).

4. Lessons learned

4.1 SOE Framework and SOE Guidelines

OLGR reported that the multiple SOE Guidelines developed by DTF for the regulators and the departments were difficult to read, too prescriptive and overly long. There was also confusion by OLGR regarding the compliance related assistance and advice element of the SOE, with OLGR not being aware from the SOE Guidelines that this element was mandatory for all regulators.

DTF should ensure that the SOE Framework and SOE Guidelines are clear and concise, explain the purpose of the SOE within the regulatory framework, key roles and responsibilities, processes and timelines. All processes involved in the SOE should be as simple as possible to reduce administrative burden on both departments and regulators.

4.2 A collaborative approach

The VCGLR suggested that a more collaborative approach between it and OLGR could have been taken at an earlier stage in the development of the SOE. A face to face approach or workshop at an early stage could be considered as part of the development of the next SOE.

4.3 The Regulator's Forum

It was reported that the Commissioner for Better Regulation's Regulator's Forum (the Regulator's Forum) was attended by the VCGLR and that this was a useful place for regulators to ask questions they had about the SOE development process. It helped by providing clarity and aided the VCGLR in developing a better understanding of the SOE process. Regulators should be encouraged to attend the Regulator's Forum to ask questions about the SOE process and develop a better understanding of SOE requirements.

4.4 Purpose of the self-assessment

There appears to have been some confusion by the VCGLR and OLGR about the intended purpose and content of the self-assessment. While the VCGLR's self-assessment was comprehensive, OLGR felt that the items included were too 'high level' and did not provide the detail required by OLGR in developing specific the SOE initiatives

DTF should clarify the purpose of the regulator's self-assessment and provide examples within the SOE Framework and SOE Guidelines, so that all parties have the same understanding.

4.5 Clarity on timelines

The VCGLR indicated that there was a lack of clarity about the initial deadline for the finalisation of the SOE. In particular, the deadline was not communicated to the VCGLR until several months after the nominal expiry of their previous SOE. In future, early clarity on the timelines for the development of SOEs would be beneficial.

5. Appendix 1: Minister's letter and SOE response by the VCGLR



Minister for Consumer Affairs,
Gaming and Liquor Regulation

20 DEC 2017

Level 20
121 Exhibition Street
Melbourne Victoria 3000
GPO Box 4358
Melbourne Victoria 3001
Telephone: (03) 8685 1555
Facsimile: (03) 8685 1500
DX: 210077

Our ref: CD/17/441152

Mr Ross Kennedy
Chair
Victorian Commission for Gambling and Liquor Regulation
GPO Box 1988
MELBOURNE VICTORIA 3001

Dear Mr Kennedy

Statement of Expectations for the Victorian Commission for Gambling and Liquor Regulation

I am pleased to provide you with this Statement of Expectations (SOE) for the Victorian Commission for Gambling and Liquor Regulation (the Commission). This SOE applies for the period 31 December 2017 – 30 June 2019, or until otherwise amended.

Improving the administration and enforcement of regulation

This SOE sets out my expectations of the Commission's contribution to the Government's program to reduce red tape affecting businesses, not-for-profit organisations, government service providers and households by promoting greater efficiency and effectiveness in the administration and enforcement of regulation. It also outlines my expectations regarding broader improvements in the Commission's performance.

As Minister for Consumer Affairs, Gaming and Liquor Regulation, I am responsible for administering the *Victorian Commission for Gambling and Liquor Regulation Act 2011*, the *Gambling Regulation Act 2003*, the *Casino Control Act 1991* and the *Liquor Control Reform Act 1998* that affect businesses and the broader Victorian community. This SOE should be read within the context of the objectives, obligations and functions outlined in these Acts. This SOE outlines key governance and performance objectives and targets aimed at improving the administration and enforcement of regulation and thus reducing its cost impact on business and the community. This SOE replaces the SOE dated 10 June 2016.

Improvements and targets

Based on consultation between the Department of Justice and Regulation and the Commission, I have identified key elements of governance and operational performance where there are opportunities for the Commission to make improvements that would reduce cost impacts on business or reduce harm from gambling and liquor in the Victorian community.

The Commission is expected to identify activities it will undertake to achieve the following performance improvements and targets, with the aim of reducing harm from liquor and gambling:



- Continue to implement an integrated risk based approach to the regulation of gambling and liquor industries in Victoria.
- Increase the proportion of compliance inspections occurring at high risk times.
- Increase the proportion of compliance inspections occurring at high risk premises, as identified by the risk-based approach to compliance.
- As a result of the establishment of regional hubs, increase the proportion of compliance inspections in regional areas occurring at high risk times and at high risk premises.
- Monitor the implementation by Crown Melbourne Ltd. of commitments given in response to the findings of the Sixth Casino Review.
- Finalise the Joint Enforcement Strategy with Victoria Police and report to me on the outcomes of the strategy.
- Develop an evaluation framework for measuring the effectiveness of the risk-based approach to compliance and licensing.

The Commission is further expected to undertake the following activities that will reduce regulatory burden, as measured by the Regulatory Change Measurement Model:

- Increase the proportion of forms able to be completed online.
- Reduce time taken to determine low risk applications for liquor and gambling, consistent with a risk-based approach.

In developing actions to achieve these improvements and targets, the Commission is expected to consult with the Red Tape Commissioner, business and the broader community as appropriate.

Reporting

Reporting on your progress to achieve these SOE performance targets should be undertaken in the context of annual financial reporting to avoid dual reporting streams. As part of annual reporting, regulators are expected to report on:

- current baseline levels for performance targets set in this SOE; and
- activities to be undertaken to reach the performance targets and improvements set out in this SOE.

I also expect that these SOE performance targets will be incorporated into the Commission's Corporate Plan, and this SOE should be published on the Commission's website upon receipt. I expect that within 2 months of receipt of this letter, the Commission will respond to this SOE, outlining how it intends to achieve the performance improvements and targets set out in this SOE.

This response should include details of the specific activities that will be undertaken by the Commission.

I look forward to seeing the Commission continuously working towards achieving best practice in the administration and enforcement of regulation.

Yours sincerely



Hon Marlene Kairouz MP
Minister for Consumer Affairs, Gaming and Liquor Regulation



20 February 2018

Our ref: CD/18/3821
Your ref: CD/17/441152

The Hon Marlene Kairouz
Minister for Consumer Affairs, Gaming and Liquor Regulation
Level 26, 121 Exhibition Street
MELBOURNE VIC 3000

Dear Minister

Statement of Expectations for the Victorian Commission for Gambling and Liquor Regulation

I am pleased to respond on behalf of the Victorian Commission for Gambling and Liquor Regulation (VCGLR) to the Statement of Expectations (SOE) dated 20 December 2017, which applies from 31 December 2017 to 30 June 2019.

This letter sets out information about activities planned and currently being undertaken by the VCGLR in order to achieve the objectives set out in the SOE, and the manner in which the VCGLR will report its progress towards achievement of the expectations.

SOE 1: Continue to implement an integrated risk-based approach to the regulation of gambling and liquor industries in Victoria

The VCGLR has developed its risk-based framework for assessing and determining liquor licence applications, and has commenced the development of a comparable framework for assessing and determining gambling-related applications. Activity will include the creation of central data repository systems, new processes for assessment of applications based on risk, training to relevant staff, and development of internal and external collateral material and communications. Funding was received from the 2017 Victorian State Budget to support development and the implementation of the frameworks, with related activity to be completed by June 2020.

Simultaneously, the Compliance division continues to progress its implementation of a contemporary holistic approach to risk based inspections utilising a range of compliance risk tools. The compliance risk model will include all regulated areas of industry, including liquor, gaming venues and minor and charitable gaming activities. The work will include the implementation of prioritisation tools and enhanced information sharing with key partner agencies.

SOE 2: Increase the proportion of compliance inspections occurring at high risk times

The VCGLR is committed to targeting high harm in the community. It will continue to embed its use of data and intelligence via the use of its risk prioritisation tool and



compliance tasking and coordination model, to focus on inspections during high risk times and at high risk venues. The organisation's reporting processes, including Budget Paper 3 and internal accountability framework, will ensure that inspections at high risk times are conducted in line with VCGLR requirements, and will help to drive an anticipated progressive increase in outcomes.

SOE 3: Increase the proportion of compliance inspections occurring at high risk premises, as identified by the risk based approach to compliance

High risk premises are identified using a range of intelligence data and the risk based approach to compliance. The VCGLR will utilise its standardised, objective harm assessment of venues to inform the coordination of its resources in order to effect a phased increase of the proportion of compliance inspections occurring at high risk premises throughout 2017-18 and 2018-19.

SOE 4: As a result of the establishment of regional hubs, increase the proportion of compliance inspections in regional areas occurring at high risk times and at high risk premises

The establishment of regional hubs in Ararat and Sale, servicing the west and east of the state respectively, will increase targeting of high risk premises during high risk times in regional Victoria. The central region of the state will continue to be inspected by metropolitan inspectors based in the VCGLR's Richmond office. Compliance teams for the new regional hubs have been recruited and are currently undergoing training, with hubs anticipated to be operational by late April 2018. Driven by intelligence data and the risk-based approach, the VCGLR will then work to progressively increase the proportion of regional inspections at high risk premises during high risk times over the 2018-19 financial year.

SOE 5: Monitor the implementation by Crown Melbourne Limited of commitments given in response to the findings of the Sixth Casino Review

The VCGLR's report arising from the Sixth Review of the Melbourne Casino Operator and Licence will be delivered to you by 30 June 2018, at which time any recommendations for change will be known. Once the report is finalised, the VCGLR will develop a monitoring plan to ensure it retains oversight of Crown Melbourne Limited's response to, and implementation of, the relevant outcomes of the review.

SOE 6: Finalise the Joint Enforcement Strategy with Victoria Police and report to the Minister on the outcomes of the strategy

The VCGLR and Victoria Police have together drafted a Joint Enforcement Strategy and anticipate it will be finalised in the latter half of 2017-18. Agreement regarding outcomes to be measured will be determined by the end of 2017-18 with routine reporting to both agencies on progress to be established in early 2018-19.

SOE 7: Develop evaluation framework for measuring the effectiveness of the risk based approach to compliance and licensing

The 2017 Victorian State Budget provided funding for the development of this evaluation framework, which is linked to the development and implementation of the integrated risk-based approach to the regulation of gambling and liquor industries referred to in SOE 1 above.

As the relevant licensing and compliance frameworks are developed and implemented, the VCGLR is simultaneously considering the skills and capabilities that will be necessary to undertake the evaluation task. This preliminary planning, which will be finalised by 30 June 2018, will allow the identification of appropriate resourcing for the evaluation framework development. In line with funding timelines, the VCGLR anticipates development of the evaluation framework will be completed by 30 June 2020.

SOE 8: Increase the proportion of forms able to be completed online

A key VCGLR priority is to modernise regulatory tools and processes to provide easy access to VCGLR services. To date, 14 of the VCGLR's most frequently used licence applications have been converted to online forms, including Transfer of Liquor Licence, Declaration of Associates and approval of associated individuals (for a range of gaming-related applications), and the VCGLR continues to collect data on uptake and utilisation of the forms.

The VCGLR has identified nine licence applications to be transferred to online forms within the 2017-18 financial year, and the related activity at this stage is on schedule to be completed. Through early 2018, the VCGLR will work to prioritise and scope the transfer of the next tranche of forms to be scheduled for transition to online availability.

SOE 9: Reduce the time taken to determine low risk applications for liquor and gambling, consistent with a risk-based approach

Through its transfer of paper-based forms to online, the VCGLR has already reduced the time taken to determine low-risk applications for liquor and gambling. It anticipates that further improvements in determination times for low risk applications will be possible through ongoing simplification of licensing processes, including continued work to transfer paper based forms online.

The VCGLR will continue to collect data that enables it to monitor the effectiveness of these initiatives in reducing average determination times.

Reporting

In its response to previous Ministerial Statements of Expectation, the VCGLR has published a range of measures to enable the community and industry to monitor our progress in meeting red tape reduction targets. Further, in the agency's inaugural Corporate Plan, published in July 2017, it identified a range of additional performance measures focused on the outcomes of its activities. The VCGLR will continue to publish these measures as part of its Annual Report to assist in assessing the long-term performance of the agency.

Since its establishment, the VCGLR has made considerable progress to improve its effectiveness and efficiency in regulating gambling and liquor in Victoria. The Commission will continue to report on the organisation's progress in implementing further improvements.

Yours sincerely



Helen Versey
Acting Chairperson

6. Appendix 2: Process evaluation

Key Question	Sub-Question
"Demographic" information	<p>What team are you with?</p> <p>What was your involvement in the development of the SOE?</p>
How appropriate was the process for developing the SOE letter?	<p>What level of clarity did you have regarding the steps and timing for developing the 2018-2019 SOE?</p> <p>Did you adopt the process recommended in the SOE Framework?</p> <p>If not, why not, and what process did you use?</p> <p>How satisfied were all parties involved in the development of the SOE?</p>
Was the evidence base appropriate to develop the SOE letter?	<p>What level of clarity did you have regarding the content that should be included in the SOE?</p> <p>How was an appropriate evidence base on which to develop the SOE letter identified?</p>
Was sufficient time allocated to complete each part of the process?	<p>How easy was it to get the information to create the required response to the SOE?</p> <p>How many days did it take your team to prepare the SOE?</p> <p>Do you think this was the right level of effort for your team to spend on developing the SOE?</p> <p>Was sufficient time allocated to complete the SOE?</p> <p>What level of engagement did your Executive have with the development of your part of the SOE?</p> <p>How many internal staff from your team were involved in the development of the SOE?</p> <p>How was the Department of Justice & Regulation involved in the development of the SOE?</p> <p>What, if any, external stakeholders (apart from the department) were involved in the development of your part of the SOE?</p> <p>If external stakeholders were involved, how many people in total from these organisations provided input directly on your part of the SOE?</p>
Are there areas of best practice that have been identified?	<p>What were the biggest challenges for your team in developing the SOE?</p> <p>What were the biggest challenges for your organisation as a whole in developing the SOE?</p> <p>Did the SOE process change your perception about how important your regulatory role is?</p> <p>What were the key learnings you took from the process?</p> <p>How do you think the SOE development process could be improved?</p>
Were all parties satisfied with the SOE development process?	

Evaluation Element	Measure(s)
Developing the SOE letter	<ul style="list-style-type: none"> Identified appropriate baseline of current performance against each of the elements of good regulatory practice Time invested in development of SOE Identification of best practice
Delivery of improvements and targets in the SOE letter	<ul style="list-style-type: none"> Appropriateness of SOE targets

7. Appendix 3: Outcome evaluation methodology

7.1.1 Timeliness: Online forms

SOE Improvement Statement	Regulator Response	Questions	SOE Best Practice Indicators
Increase the number of forms able to be completed online	Modernise regulatory tools and processes to provide easy access to VCGLR services	<ul style="list-style-type: none"> How many frequently used forms are available online compared to previously? Can applicants check on the status of their applications? How has e-capability improved? Do you have future plans in place? 	<ul style="list-style-type: none"> Increase in the number and proportion of frequently used forms online compared to paper based Increased use of online forms Fewer calls in relation to the completion of application forms Training material for staff in new processes in relation to online forms Prioritisation of next tranche to be put online

Data sources

Evidence reviewed
Number of online forms vs paper
Data on online application form use 2018
Number of calls wrap up
Data on online application for use - 2018
Wiki print out – guidance material eLicence Liquor Portal
Project plan – simplification of licensing process
Email re SOE evaluation questions
Consultations
Manager Processing and Determination Manager Licensing Strategy and Operational Policy Manager initial Assessment and Determination

7.1.2 Timeliness: Determination times

SOE Improvement Statement	Regulator Response	Questions	SOE Best Practice Indicators
Reduce the time taken to determine low risk applications for liquor and gambling, consistent with a risk-based approach	Ongoing simplification of licensing processes	<ul style="list-style-type: none"> How have licensing processes been simplified? How are low-risk applications determined? What processes are in place to make it easy to 	<ul style="list-style-type: none"> Proportion of applications granted within 60 days Training for staff in new process Number of frequently used forms available online

		<ul style="list-style-type: none"> check on the status of applications? Do you have future plans in place? 	<ul style="list-style-type: none"> compared to paper based Licensing process improvements
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Data sources

Evidence reviewed
Project plan – simplification of licensing process
Overview of risk based licensing framework
Overview of risk based licensing process
Email re SOE evaluation questions
Consultations
Manager Processing and Determination
Manager Licensing Strategy and Operational Policy
Manager initial Assessment and Determination

7.1.3 Risk Based Strategy: Risk-based framework

SOE Improvement Statement	Regulator Response	SOE Best Practice Indicators	Questions
Continue to implement an integrated risk based approach to the regulation of gambling and liquor industries in Victoria	Risk based framework Holistic approach to risk based inspections	<ul style="list-style-type: none"> Risk assessment is consistently applied across all activities Knowledge of risk informs inspection targeting Resources are concentrated in areas of greatest risk to achievement of outcomes 	<ul style="list-style-type: none"> What is the risk based framework? To what extent has the risk based framework been progressed? Is risk assessment applied consistently across all activities? How do you identify areas of greatest risk? Are resources concentrated to focus on areas of greatest risk? What impact has this had on outcomes? Do you have future plans in place?

Data sources

Evidence reviewed
Screen shots of the VCGLR's compliance prioritisation tool
Tactical Tasking and Coordination TOR
Intelligence training
Overview of licensing assessment process

Evidence reviewed
TCC Flowchart v1
Consultations
Manager, Regulatory Strategy and Research, Licensing Strategic Analyst, Compliance Manager Licensing Strategy and Operational Policy Principal Policy and Project Officers, Licensing Strategy

7.1.4 Risk Based Strategy: evaluation framework

SOE Improvement Statement	Regulator Response	SOE Best Practice Indicators	Questions
Develop an evaluation framework for measuring the effectiveness of the risk-based approach to compliance and licensing	Development of Evaluation Framework	<ul style="list-style-type: none"> Risk assessment is consistently applied across all activities Knowledge of risk informs inspection targeting Resources are concentrated in areas of greatest risk to achievement of outcomes 	<ul style="list-style-type: none"> Is an Evaluation Framework being developed? How will the framework be used? How will the Evaluation Framework help to concentrate resources to focus on areas of greatest risk? Do you have future plans in place?

Data sources

Evidence reviewed
Memorandum to VCGLR executive regarding the procurement process
Evaluation final Cube contract for development of licensing evaluation
Email re SOE evaluation questions
Consultations
Manager Licensing Strategy and Operational Policy Principal Policy and Project Officers, Licensing Strategy

7.1.5 Compliance related assistance and advice: High risk times

SOE Improvement Statement	Regulator Response	SOE Best Practice Indicators	Questions
Increase the proportion of compliance inspections occurring at high risk times	Increase inspections at high risk times via improved intelligence	<ul style="list-style-type: none"> Assistance and advice services cover the full range of regulated activities and are tailored to different groupings of regulated parties 	<ul style="list-style-type: none"> Has the proportion of inspections at high risk times increased? How has the intelligence gathering process been improved?

Data sources**Evidence reviewed**

Evaluation charts from monthly reports (Jan to Aug 2018 - redacted)

Email re draft SOE evaluation report

Consultations

NA

7.1.6 Compliance related assistance and advice: High risk premises

SOE Improvement Statement	Regulator Response	SOE Best Practice Indicators	Questions
Increase the proportion of compliance inspections occurring at high risk premises, as identified by the risk-based approach to compliance	Increase inspections at high risk premises via improved intelligence	<ul style="list-style-type: none"> Assistance and advice services cover the full range of regulated activities and are tailored to different groupings of regulated parties 	<ul style="list-style-type: none"> Has the proportion of inspections at high risk premises increased? How has the intelligence gathering process been improved?

Data sources**Evidence reviewed**

Screen shots of the VCGLR's compliance prioritisation tool

Tactical Tasking and Coordination TOR

Charts from monthly performance report July to August 2018

Consultations

NA

7.1.7 Compliance related assistance and advice: Regional areas

SOE Improvement Statement	Regulator Response	SOE Best Practice Indicators	Questions
As a result of establishment of regional hubs, increase the proportion of compliance inspections in regional areas occurring at high risk times and at high risk premises	Increase proportion of regional inspections occur at high risk times and premises Enhanced targeting of inspections to high risk times and premises	<ul style="list-style-type: none"> Assistance and advice services cover the full range of regulated activities and are tailored to different groupings of regulated parties 	<ul style="list-style-type: none"> Has the proportion of inspections at high risk times and premises in regional areas increased? How has the intelligence gathering process been improved?

Data sources**Evidence reviewed**

Screen shots of the VCGLR's compliance prioritisation tool

Evidence reviewed	
Tactical Tasking and Coordination TOR	
Q3 2017-18 BP3 performance report	
Q4 2017-18 BP3 performance report	
Media release re regional hubs	
Inspection training topics	
Consultations	
NA	

7.1.8 Compliance related assistance and advice: Sixth casino review

SOE Improvement Statement	Regulator Response	SOE Best Practice Indicators	Questions
Monitor the implementation by Crown Melbourne Ltd. of commitments given in response to the findings of the Sixth Casino Review	Monitor Crown Melbourne Limited's response to and implementation of outcomes of Sixth Crown Casino Review	<ul style="list-style-type: none"> Assistance and advice services cover the full range of regulated activities and are tailored to different groupings of regulated parties 	<ul style="list-style-type: none"> How has monitoring of the implementation by Crown Melbourne Ltd. of commitments given in response to the findings of the Sixth Casino Review (due to be delivered 2 July 2018) commenced? What has been the outcome of these monitoring efforts?

Data sources

Evidence reviewed	
Sixth Casino Review	
Consultations	
NA	

7.1.9 Cooperation amongst regulators: Joint enforcement strategy

SOE Improvement Statement	Regulator Response	SOE Best Practice Indicators	Questions
Finalise the Joint Enforcement Strategy with Victoria Police and report to the Minister for Consumer Affairs, Gaming and Liquor Regulation on the outcomes of the strategy	Joint Enforcement Strategy	<ul style="list-style-type: none"> Assistance and advice services cover the full range of regulated activities and are tailored to different groupings of regulated parties 	<ul style="list-style-type: none"> Has the Joint Enforcement Strategy with Victoria Police and report to the Minister for Consumer Affairs, Gaming and Liquor Regulation on the outcomes of the strategy been finalised? What has been the result of this?

			<ul style="list-style-type: none">• What range of activities are encompassed by the Joint Enforcement Strategy?• How is the Joint Enforcement Strategy being operationalised?
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Data sources

Evidence reviewed

NA

Consultations

NA

8. Document information

Document details

Criteria	Details
TRIM ID:	CD/18/572619
Document title:	VCGLR Statement of Expectations Evaluation Report
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Document approval

This document requires the following approval:

Name	Title	Organisation
Neil Twist	Director, Strategic Planning	DJCS
Cate Carr	Executive Director, Liquor Gaming & Racing	DJCS

Audience

The audience for this document is the VCGLR to provide the findings of the SOE evaluation.

Reference material

Attached references
VCGLR SOE response

Acronyms

Acronyms	Description
ADT	Average Determination Time
CSE	Casino Special Employee
DJCS	Department of Justice and Community Safety
DTF	Department of Treasury and Finance
GIE	Gaming Industry Employee
KPI	Key Performance Indicator
SOE	Statement of Expectations
SPU	Strategic Planning Unit
VAGO	Victorian Auditor-General's Office
VCGLR	Victorian Commission for Gambling and Liquor Regulation