



2022
-23

Annual report



Victorian Gambling and
Casino Control Commission

Integrity | Safety | Fairness



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

The Hon. Melissa Horne MP

Minister for Casino, Gaming and Liquor Regulation
Level 20, 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 2023 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
Chair, Victorian Gambling and Casino Control Commission
15 September 2023

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Victorian Gambling and
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ABN 56 832 742 797
Level 4, 12 Shelley Street,
Richmond VIC 3121
GPO Box 1988, Melbourne
VIC 3001
T: 1300 599 759
E: contact@vgccc.vic.gov.au
vgccc.vic.gov.au

About this report

This is an account of our progress over the past year in ensuring gambling activities are conducted with integrity, safely and fairly, minimising harm and holding gambling operators to account against their legal and social licence.

It provides a picture of our accomplishments for our stakeholders across Victoria, including the Victorian Parliament, licensees, sector organisations, licensed staff and the broader community.

How to read this report

As a key accountability document, we have provided performance data and analysis across four main sections based on the four elements of our regulatory approach:

1. **Licensing and other approvals**, which includes all licensing, approval, authorisation and registration activities
2. **Informing and educating** industry on their obligations and our expectations of them, and informing and educating the community on our regulatory objectives and priorities and on their rights and safety when gambling.

3. **Monitoring and analysing** the industry we regulate to:
 - ensure operators are operating in ways that comply with both their legal obligations and their social licence to operate, including their obligations to minimise the harmful impacts of gambling and to ensure the integrity of the industry by actively preventing criminal influence and exploitation
 - identify current and emerging issues and trends with the potential to impact the gambling industry and the prevalence of gambling harm.
4. **Enforcing** in a manner proportionate to the risks posed and harm caused by industry participants failing to meet their obligations.

Year in review

Message from the Chair and CEO 2022–23 was a year of far-reaching change and major achievement for the VGCCC.

On 1 July 2022 we became a stand-alone gambling regulator. Government tasked us with an important additional objective of minimising harm from gambling and granted us greater powers to do so.

In July 2022 the Commission published its Expectations of Industry, and in June 2023 we published Our Position on Harm Minimisation.

These documents provide unequivocal guidance on the Commission's intention to ensure the integrity, fairness and safety of gambling in Victoria.

In line with the mandate we were given by the Government, we have developed a harm minimisation strategy that focuses on two pillars—our regulatory approach and regulatory and policy reform.

Our regulatory approach comprises our processes and activities across licensing and other approvals, informing and educating, monitoring and enforcing.

MINIMISING HARM THROUGH LICENSING AND OTHER APPROVALS

Licensing and other approvals are fundamental to our regulatory efforts.

A major achievement in 2022–23 was gaining Blackstone's and Crown's commitment to minimise the harmful impacts of gambling and embedding a harm minimisation objective in the Crown Melbourne board charter.

We are now focused on uplifting responsible gambling (RG) codes of conduct right across the industry.

Electronic gaming machines (EGMs) are the major source of gambling losses in Victoria, with over \$3 billion lost on EGMs in 2022–23. Recognising this, we apply harm minimisation principles when considering new licences and applications for additional EGMs. Our Harm Minimisation Assessment Tool (HMAT) enables us to undertake an EGM approval process that prioritises harm minimisation outcomes. Our stringent processes have resulted in a number of application withdrawals by EGM manufacturers in the last 12 months due to the increased scrutiny we have applied and a need to correct areas of concern.

When approving game rules for the new online keno, we used our powers to better protect patrons from the increased risks by limiting maximum bet amounts and preventing customers from being able to impulsively reinvest their winnings.

EDUCATING INDUSTRY AND COMMUNITY

Informing and educating industry is central to our regulatory and harm minimisation efforts. We developed our Education Strategy 2022–25 to assist industry in understanding its legal and social obligations. Our Statement of Expectations ensures licensees are fully aware we expect them to go beyond their legal obligations and take responsibility for minimising the harmful impacts of gambling.

Our Education Strategy reflects our broadened focus, which now takes in the wider community to help people make informed choices and avoid harm.

MONITORING AND ANALYSING TO TARGET ACTIVITY AND IDENTIFY ISSUES

As part of our risk-based, intelligence-led approach we are identifying and capturing additional datasets to assist us monitor and analyse gambling activity, target our regulatory responses and identify emerging issues and risks.

In one example, our monitoring detected a significant level of non-compliance with the requirement to have all EGMs connected to YourPlay, the statewide pre-commitment scheme that empowers patrons to set time and loss limits and make informed decisions about their gambling. We took firm action to address this via an inspection blitz and the laying of 62 charges against the Australian Leisure and Hospitality Group for allegedly operating 220 EGMs for up to five weeks without YourPlay functionality.

We also captured data on gaming venues' hours of operation that assisted in the detection of non-compliance with permitted hours, raised concerns around the 'staggering' of hours between venues, and supported key policy reforms.

Our monitoring also told us that gambling spend was projected to increase by up to 65% from pre-COVID levels in some Victorian regional local government areas. We responded by launching a campaign in March that targeted regional venues based on high-harm risk factors.

We actively monitor casino compliance with licence conditions and transaction agreements with government and the VGCCC. Authorised Officers inspect, audit and investigate gambling operations to ensure they are conducted safely and in accordance with gambling legislation.

ZERO TOLERANCE ENFORCEMENT

Our enforcement approach ensures our regulatory responses are proportionate to the risks posed and harm caused by regulated entities. We support gambling providers that do the right thing but have zero tolerance for those who opportunistically or deliberately contravene their obligations and the law.

'As well as imposing record fines on Crown totalling \$120 million for their failings in the responsible service of gaming alone, we've issued them a range of new directions and rules aimed at ensuring they can't reintroduce programs that specifically target at-risk and vulnerable segments of the community, like the elderly.'

VGCCC Chair Fran Thorn

REGULATORY AND POLICY REFORM

Our regulatory and policy reform work is focused on increasing our effectiveness in meeting our objectives of securing a safe and crime-free gambling industry that is actively focused on minimising harm. Our monitoring and analysis capabilities position us to identify emerging issues and any shortcomings in the regulatory framework and bring these to the attention of government.

EVOLVING OUR REGULATORY APPROACH

Our regulatory approach must provide the Government and the broader community with assurance that the casino and gambling industry operates with integrity, safety and fairness. To deliver on this, we embarked on an ambitious program to evolve our regulatory approach to incorporate leading contemporary practice in risk-based and intelligence-led regulatory oversight.

Expected to be completed by early 2024, this project will put in place advanced systems and practices across our regulatory activities and for each segment of the gambling industry over which we have responsibility. It will be underpinned by major transformation in our digital and data capabilities.

THANK YOU

The achievements of the past 12 months could not have been delivered without the hard work and support of our people. We would like to thank everyone at the VGCCC for their professionalism, dedication and unwavering efforts in our first year as the new regulator. Our new Commission has rapidly stepped up to the task of ensuring the integrity of the industry and leading on harm minimisation as a new core objective.

We would also like to acknowledge and thank the Premier and Minister for their leadership and support, which is exemplified by their July 2023 announcement of stronger measures to reduce harm from EGMs in Victoria.

This significant announcement sets the scene for us to continue sharpening our harm minimisation focus and driving our transformation to become an exceptional regulator, and to deliver integrity, safety and fairness for all.



Fran Thorn
Chair



Annette Kimmitt AM
Chief Executive Officer

About us

The VGCCC is an independent regulator committed to ensuring the integrity, safety and fairness of Victoria's gambling industry.

Following the transfer of liquor licensing and regulation to the Department of Justice and Community Safety on 1 July 2022, we have focused solely on casino and gambling regulation. In addition to this single industry focus, we have significantly greater responsibility for, and as a consequence, greater powers to drive, harm minimisation in the casino and gambling sectors.

We published our Purpose and Strategic Ambitions 2022–2025 in July 2022. This included a clear statement to the industry on our regulatory posture – that we intend to work with the industry to ensure that the social and legal licences conferred by the various gambling permits and licences are adhered to, and that there will be zero tolerance for uncooperative and deliberate misconduct.

On 21 June 2023 the Commission released a position statement on gambling harm. The statement, believed to be a world-first among gambling regulators, declares gambling harm is preventable, that the industry must take a lead in that harm prevention, and that minimising harm will guide all our regulatory decisions, actions and expectations.

The statement makes clear to gambling operators that they are responsible for preventing harm by acting decisively and promptly whenever they see, or suspect harm is occurring.

Following the statement, we launched a *Harm Minimisation Strategy* that ensures harm minimisation is embedded in all aspects of our regulatory activities.

'We recognise, without qualification, that gambling causes harm to people who participate in gambling activities as well as to other people – their family, friends, colleagues and the community in which they live.'

Deputy Chair Ron Ben-David

Our Purpose is to ensure integrity, safety and fairness for all

This is our call to action – what we want to achieve for all Victorians. It is why we exist and guides how we work and all the decisions we make.

INTEGRITY

We want Victorians to have confidence that the gambling industry is well regulated. That it's being run honestly, free from criminal influence and exploitation. And that we hold operators to account on both their legal and social licences to operate.

SAFETY

We closely monitor gambling operators through a lens of minimising gambling harm. We boldly apply and direct our powers to those who are not keeping people as safe as possible.

FAIRNESS

We will not allow people – especially those vulnerable to gambling harm – to be unfairly targeted, whether that's through addictive play features, disguised or undisclosed playing odds or high concentrations of gaming machines. And we want the community to be informed so they can make responsible choices.

What we do

Our regulatory approach sets out *how* we deliver on our Purpose to ensure integrity, safety and fairness for all.

It comprises all frameworks, methodologies, processes and practices across four types of regulatory activities: licensing and other approvals; informing and educating; monitoring and analysing; and enforcement.

Our statement of expectations for the gambling industry makes clear to the industry what is expected of it, and how we will focus our monitoring and enforcement actions.

'When it comes to enforcement activities, we've made it clear to the industry that we're taking a zero-tolerance approach to those that opportunistically or deliberately contravene their obligations to protect the community from gambling harm.'

Chief Executive Officer Annette Kimmitt AM

Our approach to ensuring gambling harm is minimised involves embedding a harm minimisation focus into each element of our regulatory approach, as well as into our regulatory and policy reform efforts. We aim to be forward looking and proactive in identifying and understanding emerging policy and industry issues related to gambling harm.

'We are embedding a harm minimisation focus into every element of our regulatory activities. Gambling operators have a duty to care. They must act to prevent causing harm to their customers, as well as the broader community. This duty goes beyond the letter of the law.'

VGCCC Chair Fran Thorn

Our regulatory approach is underpinned by our 'regulatory posture' and our 'expectations of industry'.

Our expectations of industry

We expect industry participants to conduct themselves and operate in ways that go beyond their strict legal obligations, being mindful of both the legal and social licences they have with Victorians.

We expect industry participants to ensure the integrity of the gambling industry by:

- acting with integrity and being honest, trustworthy and transparent
- being accountable and cooperative
- understanding their regulatory obligations and asking us when they're unsure
- complying with and upholding the spirit, and not just the letter, of the law
- actively preventing and operating free from criminal influence and exploitation.

We expect industry participants to minimise the harmful impacts of gambling by actively protecting the community from those potentially harmful impacts. This includes players, customers, patrons, employees and the wider community.

Our regulatory posture

We have a diverse range of licensing, educational, monitoring and enforcement tools at our disposal to minimise harm, encourage voluntary participation and optimise compliance. We monitor industry's willingness and ability to meet its legal and social obligations using a risk-based approach to detect non-compliance, encourage compliance and, when needed, take enforcement action.



LICENSING AND OTHER APPROVALS

We help applicants understand their obligations and our expectations of them.

We use and analyse intelligence, data and other information, including consultations with a wide variety of stakeholders, to inform our decisions and to ensure the integrity, safety and fairness of the industry.

We conduct ourselves professionally and are transparent in making clear the reasons for our decisions.

We proactively work to reduce 'red tape' and conduct ourselves as efficiently as possible.



INFORMING AND EDUCATING

We help industry participants to deepen their understanding of their obligations and our expectations by providing education, guidance and other resources.

We inform and educate the wider community about our regulatory objectives and to help people make informed decisions about gambling.



MONITORING AND ANALYSIS

We actively monitor industry participants' ability and willingness to meet their obligations and our expectations using a combination of risk-based and targeted approaches to encourage compliance and detect non-compliance.

We analyse intelligence, data and other information to inform and target our regulatory responses.

We continuously monitor and analyse emerging issues and trends with the potential to impact the gambling industry and the prevalence of gambling harm. We work with industry participants to deepen our understanding of those issues and trends and to ensure the Victorian gambling industry is responding appropriately.



ENFORCEMENT

We take action that is proportionate to the risks posed and harm caused by non-compliance.

We support those who do the right thing.

We actively pursue and have zero tolerance for those who opportunistically or deliberately contravene their obligations and the law.

Regulatory and policy reform

Gambling harm minimisation is a central tenet to all our regulatory and policy reform work.

While policy development ultimately sits with government, we are proactive in understanding the spectrum of emerging policy and industry issues related to gambling harm.

We don't hesitate to identify and indicate where legislative and regulatory reforms are required when those reforms align with our harm minimisation mandate.

OUR POSITION ON GAMBLING HARM

In June 2023 we released a position statement on gambling harm, recognising unequivocally that gambling causes harm and that gambling operators have a duty to care and act to prevent causing harm to their customers and the broader community. The statement confirms our actions to embed a harm minimisation focus into every element of our regulatory activity, including how we evaluate all licensing approvals and applications. Protecting patrons, their families and the community from gambling harm is at the centre of everything we do.

The statement also highlights that minimising harm must also be central to the approach of gambling operators. Gambling operators are responsible for turning their minds to identifying and preventing harm. A duty to act exists wherever harm is identified or might reasonably be suspected. Failure to honour the duty invites scrutiny into whether a gambling provider is complying with its legal obligations.

Our seven core statements on gambling harm are:

1. Our harm minimisation objective guides all our regulatory decisions, actions and expectations.
2. Gambling causes harm.
3. Recovery from harm does not alter the causal role played by gambling.
4. Harm is preventable.
5. Gambling markets gravitate toward harmful offerings.
6. Gambling regulation seeks to prevent harm.
7. Gambling providers have a duty to care for the wellbeing of their customers and their communities.

The Statement may be accessed at https://www.vgccc.vic.gov.au/sites/default/files/our_position_on_gambling_harm.pdf

Our powers

While we are independent, we report to the Victorian Parliament through the Minister for Casino, Gaming and Liquor Regulation.

Government provides the legislative framework we operate under, governs our regulatory functions and powers, and issues Ministerial Directions, determinations and approvals to establish rules or requirements that we must consider when making decisions.

Our functions and powers are set out in the *Victorian Gambling and Casino Control Commission Act 2011*.

We also operate under and enforce the:

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

For more information on our agency functions and structure, go to page 62.

Summary of regulatory changes

Timeline	Change
July: new Ministerial Direction	From 6 July 2022 Wagering Service Providers (WSPs) were required to deliver monthly account activity statements to patrons and ensure staff members undertake Responsible Service of Wagering training.
August: tax rate applied to gaming machines at gaming venues	In August 2022 taxation of gaming in approved venues changed. In accordance with section 3.6.6C, of the <i>Gambling Regulation Act 2003</i> we implemented tax changes passed by Parliament that adjusted tax brackets, added an additional bracket from mid-August and then readjusted bracket thresholds from September 2022 onwards.
September: legislative change	<p>From 1 September 2022 the following changes came into effect under the <i>Gambling and Liquor Legislation Amendment Act 2022</i>.</p> <p>Minor gaming permits only required for raffles where the prize is above \$20,000 – this means community and charitable organisations only need a permit to conduct a raffle if the total value of the raffle prize is above \$20,000 (rather than \$5,000, which was the previous threshold).</p> <p>Prohibiting online bingo, fundraising events and lucky envelopes – this means a person cannot sell lucky envelopes, conduct bingo or sell bingo tickets via a website or any other online platform or interface (some exceptions apply to bingo, including an exception for bingo tickets to be sold via electronic devices at bingo centres). The legislation also clarifies that a minor gaming permit does not allow the permit holder to conduct a fundraising event either wholly or partly online.</p> <p>24-hour clearance for EGM winnings of \$2,000 or more paid via electronic funds transfer (EFT) – venue and casino operators must ensure EGM winnings of \$2,000 or more that are paid out via EFT are not transferred to the patron until 24 hours after the request by the patron to have these funds paid via EFT.</p> <p>Higher penalty offence for agents of the wagering and betting licensee for allowing a minor to gamble – agents of the wagering and betting licensee will be subject to the higher penalty offence of 120 units under section 10.7.3(1) of the <i>Gambling Regulation Act 2003</i> for allowing a minor to gamble (rather than 20 units under section 10.7.3(2)).</p>

Timeline	Change
November: new online gambling activity statements	<p>In November 2022 the Ministerial Direction took effect requiring WSPs who provide interactive wagering and betting services to provide monthly activity statements to active clients.</p> <p>The intent of activity statements is to ensure account holders receive easy to understand statements on their activity and spend as a central measure to reduce harm. Activity statements must be clear and reflect true spending and true winnings.</p> <p>Activity statements for Victorian account holders must address the requirements of the Ministerial Direction dated 6 July 2022 pursuant to section 4.8A.2 of the <i>Gambling Regulation Act 2003</i>. In January 2023, we commenced a review of WSP activity statements to assess adequacy and identify non-compliance.</p>
December: gaming venue hours requirement	<p>On 12 December 2022 we amended the <i>Accounting and Auditing Venue Requirements</i> to require venue operators to specify gaming hours of operations in the Intralot Gaming Services (IGS) BOS portal.</p> <p>Venue operators must now ensure that any changes to the gaming room's hours of operation are only activated after the details of those changes have been successfully submitted into the IGS BOS portal. They must also ensure no gaming occurs outside of the nominated gaming hours.</p>
March: gaming venue jackpot management	<p>On 10 March 2023 amendments under the <i>Gambling and Liquor Legislation Amendment Bill 2022</i>, relating to gaming machine jackpots in hotels and clubs came into effect.</p> <p>The Bill introduced definitions of a jackpot special prize pool and unpaid jackpot funds. It also introduced amended requirements for gaming venues to manage their unpaid jackpot liability when retiring a linked jackpot arrangement if the gaming venue is sold to a new operator, or when a venue operator ceases to hold a licence to operate gaming machines.</p>
March: 'Chances are you're about to lose' new gambling advertising taglines	<p>A Ministerial Direction required providers of interactive wagering and betting services, such as online or telephone betting, to use specific taglines and calls to action in their advertising from 30 March 2023.</p> <p>To support implementation, we communicated with wagering providers and bookmakers on the specific requirements for using and displaying the different messages. We also ran mandatory Responsible Service of Wagering training courses for their staff.</p>
July: pre-2008 machine upgrades	On 1 July 2023 we withdrew a significant number of historical gaming machine approvals after requiring during the 2022–23 financial year that gaming venues replace or upgrade gaming machines installed before 2008 that permitted the insertion of banknotes up to \$10,000. This ensured that all gaming machines in Victoria complied with the reduced credit limit of \$1,000.

2022–23 snapshot

We regulate

34,643

entities registered or licensed by VGCCC

1

Casino licence

13

Sports controlling bodies

2

Keno licensees

28,002

Gaming industry, casino and bookmaker key employees

24

Commercial raffle organisers

1

Lotteries licensee

496

Venue operators

1

Wagering and betting licence provider

1

Monitoring licensee

252

Bookmakers

5,807

Declared community and charitable organisations that can run raffles, fundraising events, bingo sessions and lucky envelopes

34

Manufacturers, suppliers and testers of gambling equipment

9

Bingo centres

Key statistics for the year

24,760

Enquiries

1,799

Audits

Over \$170 million

Fines

5,789

Licence and other applications

2,552

Gambling inspections

\$7.4 billion

Player loss

87.75%

Completed within timeframes

583

Gambling breaches

7

Completed disciplinary actions

\$2.3 billion

Taxes and levies

87.75%

Client satisfaction

3

Prosecutions commenced

803

Gambling complaints

Our priorities and progress

Our *Purpose and Strategic Ambitions 2025* outlines a multi-year transformation of gambling regulation to deliver an industry that has integrity, is safe and fair.

We have three strategic ambitions to achieve by 2025. In our first full year of operation, we delivered against a set of ambitious enabling priorities to quickly set us on the right path.

'I am proud and impressed by the way that everyone at VGCCC has risen to the new challenges of our refreshed regulatory approach and thrown themselves wholeheartedly into the transformation we're undertaking to make us a world-leading regulator.'

Chief Executive Officer Annette Kimmitt AM

Strategic ambitions and enabling priorities

By 2025 we want to be a leading regulator renowned for three things:

- regulatory excellence
- an exceptional employee experience
- our fit-for-purpose operating model.

OUR THREE STRATEGIC AMBITIONS incorporate the five areas of focus set by the Minister's Statement of Expectations (June 2022), including:

- holding the casino operator to account
- implementing organisational change
- embedding a focus on harm minimisation
- improving access to YourPlay, Victoria's mandatory pre-commitment system
- improving triage and responses to incoming contacts.

1. REGULATORY EXCELLENCE

Becoming renowned for regulatory excellence as a dedicated gambling regulator means becoming renowned for:

- protecting people from being harmed by gambling
- ensuring a fairer gambling industry and better-informed consumers
- keeping the industry free from criminal influence and exploitation
- enabling and holding accountable those we regulate to deliver on both their legal and social licences
- continuously improving gambling regulation
- decision making that is grounded in independence from those we regulate and deep understanding of the gambling industry.

To deliver on this strategic ambition, we set ourselves the following 'enabling priorities' for the 2022–23 year—over and above our 'business as usual' regulatory activities—some of which extend beyond the 2022–23 year into the 2023–24 year.

Enabling priority	Measure	Progress
Design a contemporary and highly evolved Regulatory Approach Phases 1 and 2	Create comprehensive obligations registers for each sector of the gambling industry we regulate	On track. 31 July 2023 completion
	Document all existing regulatory processes for each sector of the gambling industry we regulate	On track. 31 July 2023 completion
	Review and update delegated decision-making frameworks and processes	Completed
Design a contemporary and highly evolved Regulatory Approach Phase 3	Develop and implement future state design for each sector of the gambling industry we regulate	On track to complete 2023–24
Prepare for the 2024 Crown suitability decision	Develop a suitability decision framework in readiness for application in 2024	Completed
	Develop 'transition out' plans for the casino operator in the event of a 'not suitable' decision	On track for 31 December 2023 completion
Establish a strategic inquiries unit	Unit established	Completed
Develop a harm minimisation strategy	Develop and finalise strategy, activate and embed as 'business as usual'	Strategy finalised and on track to be embedded during 2023–24
Develop resources for better-informed consumers	Develop and roll-out a suite of resources for consumers and embed a consumer-focus as part of 'business as usual' in education activities	Completed and on track to be embedded during 2023–24

2. AN EXCEPTIONAL EMPLOYEE EXPERIENCE

Becoming renowned for providing an exceptional employee experience means becoming renowned for:

- enabling employees to derive a deep sense of purpose in their work, and in particular that they are making a meaningful contribution towards ensuring the integrity, safety and fairness of the gambling industry
- supporting wellbeing and psychological safety, through an inclusive and values-driven culture
- encouraging career progression and providing clarity on the skills and capabilities needed to succeed
- delivering highly effective learning and development through on-the-job experiences, coaching, mentoring and formal learning
- ensuring people feel valued for their contribution.

To deliver on this strategic ambition, we set ourselves the following 'enabling priorities' for the 2022–23 year, some of which extend beyond the 2022–23 year into the 2023–24 year.

Enabling priority	Measure	Progress
Purpose and culture activation	Staff 'purpose and culture team' established and activated	Completed
	Extended Leadership Team established and activated	Completed
	Diversity and Inclusion Committee established and activated	Completed
Develop and embed a refreshed Employee Value Proposition (EVP), focused initially on the 'performance and development' elements of the EVP	Develop and embed new Performance and Development System <ul style="list-style-type: none"> Capabilities Framework and proficiency maps Development pathways New Performance Management System 	On track to be completed 2023–24
Accelerated and streamlined recruitment campaign to meet critical capabilities	Backfill capability gaps resulting from staff transferred to Liquor Control Victoria (LCV)	Remains in progress

3. A FIT-FOR-PURPOSE OPERATING MODEL

Ensuring we have a fit-for-purpose operating model means we:

- have a sustainable funding model that ensures sufficient resources to regulate effectively, continually develop our people, and harness technology and data to improve systems and processes
- work together in cross-functional, multi-disciplinary teams, enabled through technology, data and intelligence to drive innovation, efficiency and effectiveness in our regulatory approach

- form deep, strategic relationships and alliances that turbo-charge our ability to achieve our Purpose
- understand and manage our risks in line with our risk appetite in ways that optimise our performance.

To deliver on this strategic ambition, we set ourselves the following 'enabling priorities' for the 2022–23 year, some of which extend beyond the 2022–23 year into the 2023–24 year.

Enabling priority	Measure	Progress
Ensure effective completion of liquor separation from VGCCC	VGCCC able to operate on a stand-alone basis, independent of LCV	Remains in progress LCV applications continue to operate in the VGCCC technology environment, pending a solution from the Department of Justice and Community Safety and Services Victoria
Ensure fit-for-purpose core ICT	Service Now upgrade	Completed
	Governance, risk and compliance (GRC) system implementation	On track to complete 2023–24
	Microsoft Modern Workplace rollout phase 1: Intranet, Teams, Collaboration, MS Office, SharePoint	On track to complete 2023–24
	TRIM upgrade	On track to complete 2023–24
Develop a digital transformation roadmap aligned to and enabling VGCCC's strategic ambitions	TRIM replacement	On track to complete 2023–24
	ICT strategy completed and implementation underway	ICT strategy completed and implementation on track
	Data strategy completed and implementation underway	Data strategy completed and implementation on track
Redesign Budget Paper 3 (BP3) measures for VGCCC as a dedicated gambling regulator	Cyber security strategy completed and implementation underway	Cyber strategy completed and implementation on track
	Revised BP3 measures adopted by government	Completed
Develop a VGCCC measurement framework	Develop measurement framework with defined impact-based measures	Completed
	Implement measurement framework	On track to complete 2023–24
Secure sustainable funding model – phase 1	Casino supervision charge implemented	Completed
Strategic and operational risk review	Complete and embed strategic risk review	Completed
	Complete and embed operational risk review	Remains in progress

Our performance

PERFORMANCE TARGETS AND OUTPUTS

Our performance measures are set out in 2022–23 State Budget Paper No. 3. Budget Paper No.3 (BP3) Service Delivery sets out performance measures, targets, and expected outcomes to measure agency performance.

Performance measure	Unit of measure	2022–23 target	2022–23 actual	Variance	Notes (for +/- 5% variance)**	Page
Applications and licensee monitoring activities*	Number	11,520	13,216	15%	☑ A targeted focus on actioning backlog carried over from the last 18 months.	28
Information and advice*	Number	25,600	24,760	-3%	⊙	43

Gambling inspections

Metropolitan ¹	Number	1,350	2,063	53%	☑ A metropolitan blitz was undertaken to increase industry awareness of the new regulator and identify and act on compliance issues.	46
Regional	Number	250	489	96%	☑ A regional blitz was undertaken, targeting local government areas with significant projected growth in gambling losses.	46

Audits of casino operations

Audits of casino operations	Number	1,260	1,402	11%	☑ Exceeded target due to increased focus on both general and systems audits.	60
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Quality

Licensing client satisfaction*	%	85	71	-16%	☒ The survey response rate was 3% which is consistent with the previous year (2.3%).	43
Inspections conducted at high-risk times (between 10:00 pm and 7:00 am)*	%	12	21.79	82%	☑ The roster in place for the majority of the year targeted late-night inspections.	46

¹ Includes Greater City Of Geelong.

Performance measure	Unit of measure	2022–23 target	2022–23 actual	Variance	Notes (for +/- 5% variance)**	Page
Proportion of high-harm gambling breaches resulting in regulatory action*	%	95	85.19	-10%	☒ A high proportion of offences can only be dealt with by way of investigation and prosecution. There has been a significant increase in investigations due to a stronger focus on enforcement. This has resulted in a number of breaches still pending an enforcement outcome.	54

Timeliness

Calls to client services answered within 60 seconds*	%	80	76.6	-4%	⊙	43
Approvals, licence, permit applications and variations completed within set time*	%	85	87.75	3%	☑	28

* Measure and targets changed on 1 July 2022 to remove liquor regulation activities.

☑ Performance target achieved or exceeded.

⊙ Performance target not achieved – within 5% variance.

☒ Performance target not achieved – exceeds 5% variance.

** Notes on variances not provided where variance is less than +/-5%.

CHANGES TO BP3 MEASURES FOR 2023–24

On 1 July 2022 all but three of our BP3 measures and their targets were adjusted to remove liquor regulation activities.

We have worked closely with government to further refine our BP3 measures for 2023–24 to align with our new regulatory mandate and our strategic ambitions. This includes the discontinuation of some measures and the creation of specific casino measures to reflect the increased focus on casino monitoring and audit activities.

The gambling inspections metropolitan and regional measures have been discontinued with the creation of a consolidated inspection measure to reflect our risk-based, intelligence-led regulatory approach for inspections and the requirement for inspection resources to be deployed across metropolitan and regional Victoria to target the greatest risks and threats. The gambling licensing client satisfaction measure has been discontinued for future years as data that informed this measure predominately related to liquor licences.

In 2023–24 the following changes to BP3 measures have been confirmed:

New BP3 Measures 2023–24	Replaces
Casino applications, monitoring and audit activities	Audits of casino operations undertaken
Gambling and casino information and advice	Gambling information and advice
Gambling applications, monitoring and audit activities	Gambling applications and licensee monitoring activities
Gambling inspections completed	Gambling inspection completed – metropolitan Gambling inspections completed – regional

We continue to work closely with government to ensure our BP3 measures are appropriately focused on our targeted outcomes and remit. Future changes to these measures will be informed by implementation of our measurement framework, which is designed to help track our progress in delivering on our three strategic ambitions: being renowned for regulatory excellence, an exceptional employee experience, and a fit-for-purpose operating model.

THE MINISTER'S STATEMENT OF EXPECTATIONS

The Statement of Expectations (SOE) sets out the Minister's expectations of the Commission's contribution to the Government's priorities, as well as the Minister's expectations on improvements in the Commission's performance.

The Minister issued a two-year SOE containing seven initiatives to the former Victorian Commission for Gambling and Liquor Regulation (VCGLR) covering 1 July 2019 to 30 June 2021. This was later extended with an additional three initiatives being added for the VGCC to 30 June 2023.

There are six remaining initiatives reportable for this financial year.

Progress against the Minister's Statement of Expectations

Expectation	Progress	Page
Increase the proportion of compliance inspections undertaken at high-risk times, as identified by the compliance risk prioritisation tool.	In its first year, we have focused on undertaking inspections to promote the establishment of the new gambling regulator and increase industry's understanding of compliance requirements. During 2022–23 our Compliance Unit undertook: <ul style="list-style-type: none"> 2,063 inspections across metropolitan venues (against a target of 1,350) 489 inspections across regional venues (against a target of 250). We exceeded our target of 12% of gambling inspections conducted at high-risk times (actual was 21.8%).	44
Increase the proportion of compliance inspections undertaken at high-risk premises, as identified by the compliance risk prioritisation tool.	We undertook three significant operations to target high risk venues: <ul style="list-style-type: none"> a metropolitan blitz that targeted recidivist venues and initiated regulatory and enforcement actions a Spring Racing Carnival operation targeting high harm breaches (that is, involving minors gambling, intoxicated gambling and other gambling harm-related breaches) a regional blitz that targeted 19 high risk regional local government areas. 	44
Improve the ability of people to access YourPlay by raising awareness of venue operators' obligation to issue registered player cards on request.	We have increased awareness campaigns for YourPlay through our website and newsletter to remind venue operators of their obligations. We also provided instructions on how to issue registered player cards, encode cards, and assist patrons using the YourPlay kiosks. We delivered six online information sessions to venue operators and staff who are new to the industry, which included education on their YourPlay obligations. We introduced a monitoring report, via the Intralot Gaming Services monitoring system, for venue operators to actively monitor YourPlay EGM connectivity. This report will assist venue operators ensure they are compliant with YourPlay requirements and that patrons have access to this core harm minimisation tool. We are now continuously assessing and monitoring EGM connectivity to YourPlay across Victoria using the Intralot Gaming Service's monitoring system. There has been significant improvement in EGM connectivity to YourPlay following the roll out of the report and communication with venue operators. We have taken enforcement action against venues found to be non-compliant with YourPlay requirements including ALH Hotels and our investigations are continuing.	38

Expectation	Progress	Page
To hold the casino operator to account, building on the Royal Commission into the Casino Operator and Licence and subsequent legislative reforms to robustly scrutinise the casino's reform program and regulate its activities.	<p>After the Royal Commission, we took disciplinary action against the casino operator on five occasions, resulting in \$250 million in fines. The matters included bank and blank cheque practices, responsible service of gambling failures, failure to comply with Commission Directions, the use of the 'China Union Pay' process to circumvent a range of anti-money laundering and other controls, and failure to pay appropriate taxes.</p> <p>The Commission issued a series of Directions to increase the casino operator's accountability. These included Directions to notify the Commission within 14 days of changes taking place regarding its associates, implementation by Crown of mandatory carded play and precommitment on EGMs by December 2023, and the requirement to remove the continuous play function and reduce the spin rate on EGMs.</p> <p>The Casino Compliance team focused on the casino operator's legislative obligations for the responsible service of gambling. Enforcement actions were also commenced regarding several breaches, including breaches related to multiple machine play.</p> <p>A further focus has been operations to detect and prevent minors being in the gaming area. Regulatory action has been taken in instances where minors have been located within the casino boundary.</p> <p>We undertook in-depth assessments of proposed new associates of the casino operator as a result of the takeover of Crown Resorts Limited by the Blackstone Group. In conducting these assessments and granting approvals, we ensured the majority of directors of the Crown Melbourne Limited board are independent of the casino's executive management and holding companies.</p> <p>We have continued to conduct audits of the casino operator's operations to ensure it is compliant with its legislative obligations. This includes high risk audits related to excluded patrons, premium players, premium player probity, Code of Conduct, pre-commitment (YourPlay) and minors. Enforcement action has been taken when breaches have been identified in the form of warning and infringement notices.</p>	58
To prioritise implementation of a dedicated casino division and transfer of liquor to the Department of Justice and Community Safety.	<p>On 1 July 2022 we took sole responsibility for regulation of the casino and gambling industry with liquor regulation transitioning to Liquor Control Victoria (LCV). We continued to provide administrative support and ICT services to LCV during the transition.</p> <p>The separation process is still ongoing, pending Service Victoria delivering a regulatory solution to replace legacy on-premise systems and applications hosted on the VGCCC network. The separation is expected to be finalised in 2023-24.</p> <p>A dedicated casino division has been established, responsible for all casino licensing, approvals monitoring and enforcement activities.</p>	59, 66

Expectation	Progress	Page
To embed a focus on harm minimisation across regulatory activities (engagement, compliance, enforcement) to ensure the gambling industry is safe.	<p>Our approach to ensuring gambling harm is minimised has involved embedding a harm minimisation focus into:</p> <ul style="list-style-type: none"> • each element of our regulatory approach, which comprises: licensing and other approvals; monitoring and analysis; informing and educating; and enforcement • our regulatory and policy reform efforts. We aim to be forward looking and proactive in identifying and understanding emerging policy and industry issues related to gambling harm. <p>Over the past year, we have focused on better understanding the issues that lead to or exacerbate harm, as well as options to address these issues. We do this by:</p> <ul style="list-style-type: none"> • learning from our regulatory activities – our policy reform efforts are informed and assisted by intelligence and data from our regulatory activities. These activities enable us to identify issues in how gambling is being conducted and any gaps in the regulatory framework that expose the community to gambling harm. • working with our information network – we actively work with regulators in other jurisdictions and the gambling harm sector on emerging issues and to identify the adequacy of policy and regulatory settings to minimise harm • engaging with the Victorian Responsible Gambling Foundation (VRGF) to consider the latest research to inform options, identify gaps, and indicate where legislative and regulatory reforms are required. 	9, 10

01 Licensing and other approvals

We assess and determine many types of gambling licences and permits and gaming-related applications. This includes a range of games, gaming systems and equipment (including EGMs), game rules and individual gaming venues. We also consider applications for various licences and registrations including venue operators, gaming industry employees, registered bookmakers, sports controlling bodies and casino associates.

We use a range of intelligence and data when determining gambling applications. Our risk-based approach allows us to evaluate the risk profile of an application or a licensee and apply the right level of due diligence to ensure industry participants are capable and accountable for meeting their legal and social obligations. This includes, amongst other things, their obligation to actively protect their customers and the broader community from the harmful impacts of gambling.

Applications

In the past year, we received 6,131 applications for gambling licences, permits, approvals and variations.

IMPOSING HARM MINIMISATION CONDITIONS WHEN GRANTING INCREASED EGMS

The Commission has been proactively imposing a range of harm minimisation conditions when considering applications to increase the number of EGMs at certain gaming venues.

For example, in determining recent applications at the McKinnon Hotel and the Grosvenor Hotel, the Commission imposed conditions on the venue operators' licences to improve harm minimisation measures at the venues. This included a requirement for the venue operators to develop and apply harm minimisation policies that went beyond current regulatory requirements. For the McKinnon Hotel, the conditions included staff and management training on customer distress and intervention techniques that exceeded the existing mandatory RSG obligations.

The Commission will continue to routinely consider harm minimisation conditions in all future applications.

TIMELINESS

We strive to ensure applications are assessed in a timely manner and determined most applications within the set timelines.

The volume of applications has varied over the year with a recent increase being experienced. A recent review and reorganisation of processes in our licensing operations has seen an increase in approval timelines as new processes are embedded. The exception to this general improvement is minor gaming permits, which also has the shortest target.

LICENSING OUTPUTS

Licensing activity	Target (days)	2018-19	2019-20	2020-21	2021-22	2022-23
Venue operator licence	115	98.3%	97.7%	45.9%	98.3%	99.47%
Minor gaming permit	5	73.5%	78.0%	83.7%	79.0%	63.36%
Gaming industry employee and casino special employee licence	11	92.1%	90.8%	75.1%	71.5%	86.36%
Declaration as community or charitable organisation	21	80.8%	82.9%	92.2%	94.6%	95.28%

Gaming venue applications

As at 30 June 2023, 496 hotels and clubs hold a venue operator licence and gaming machine entitlements. These venues periodically seek approval for amendments to their entitlements and for other administrative or gambling activities.

Application to	Granted		Refused		Withdrawn		Total	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Operate a venue (new)	5	11	0	0	0	0	5	11
Operate a venue (renew)	2	6	0	0	0	0	2	6
Include/remove premises	24	25	0	0	0	0	24	25
Modify gaming machine areas	63	77	0	0	6	0	69	77
Approve linked jackpot arrangement	11	19	0	0	0	0	11	19
Waive penalty interest payable on gaming taxes	2	2	0	0	0	0	2	2

CASE STUDY: COMMISSION TAKES ACTION ON VENUES THAT DON'T DELIVER ON PROMISES

During the year a number of EGM licence holders who committed to improvement building works as part of the application for additional EGMs advised that the works had not been completed and sought extensions of time. The extensions were granted but the venues were required to turn off the EGMs that formed part of the original approval until the building works were completed.

VGCCC Chair Fran Thorn said the Commission applies strict gambling harm minimisation criteria when assessing applications for extra EGMs.

'Our decisions signal clear expectations for venue operators. If they are granted approval to operate additional EGMs based on promised building improvements, we'll hold them to their promises.'

'When a venue wants more gaming machines, we carefully look at economic and social factors, and at the Responsible Service of Gambling measures they have in place that are over and above the minimum requirements, to help keep their patrons safe.'

'Protecting the community from gambling related harm is at the centre of our decision to grant or not grant these applications for additional EGMs. Make no mistake, if we are not satisfied, we will decline these applications.'

MINIMISING CRIMINAL INFLUENCE: REMOVING LEGACY EGMs

The Commission required the removal of over 300 legacy EGMs by withdrawing approval to operate them in Victorian clubs and hotels, effective from 1 July 2023. These legacy EGMs were approved at a time when the regulatory framework permitted patrons to insert up to a maximum of \$10,000 into an EGM (load up limit), which is a significant money laundering risk as it allows patrons to insert an excessive number of banknotes into an EGM and cash out with minimum game play. This has the effect of legitimising the funds as gambling winnings. The load limit was reduced in 2008 to \$1,000 to minimise the money laundering risk. Legacy EGMs with a load up limit of \$10,000 were an anomaly and were 'grandfathered'.

We discovered that a significant number of these legacy EGMs with the higher load limit were still operating across Victoria. We have since withdrawn approval to operate these legacy EGMs and they have all been removed from Victorian hotels and clubs.

GAMING MACHINE ENTITLEMENTS

We manage the attachment, amendment, transfer and payment of gaming machine entitlements between hotels and clubs, as well as extensions to the six-month holding period.

In the past year, we approved three applications to transfer gaming machine entitlements from one venue to another, and 41 to amend gaming machine entitlement conditions.

At 30 June 2023, 51 hotel and club entitlements were subject to holding period provisions. We have extended the holding periods for these entitlements on application.

In 2022-23, 36 hotels and clubs forfeited 90 entitlements. Since 16 February 2013 (when entitlements could first be forfeited), there have been a total of 545 forfeited entitlements.

Gaming machine entitlements at 30 June 2023	Number and % of available entitlements 2022	Number and % of available entitlements 2023
Entitlements allocated to venue operators	26,897 (98.3%)	27,220 (99.6%)
Entitlements attached to an approved venue	26,611 (97.2%)	26,302 (96.3%)
Entitlements outside Melbourne Statistical District	7,837 (28.6%)	7,864 (28.8%)
Entitlements inside Melbourne Statistical District	19,397 (70.9%)	19,446 (71.2%)
Entitlements attached to hotels	13,651 (49.9%)	13,647 (50%)
Entitlements attached to clubs	13,096 (47.8%)	12,655 (46.3%)

MANUFACTURE, SUPPLY AND TESTING OF GAMING MACHINES

There are 34 organisations approved to manufacture, supply and test gaming machines.

In the past year, we received:

- 310 applications from manufacturers and suppliers for new EGMs or games
- 377 variations to existing EGMs or games being supplied to both gaming venues and the casino.

Application to	Granted		Refused		Withdrawn		Total	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Be on the roll of manufacturers, suppliers and testers	0	3	0	0	0	0	0	3
Approve EGM or EGM game	214	193	0	0	21	38	235	231
Modify EGM or EGM game	556	346	0	0	17	8	573	354
Approve installation of linked jackpot arrangement	532	672	0	0	0	0	532	672
Authorise people to possess EGMs	23	47	0	0	0	47	23	94

HOW WE ENSURE INTEGRITY, SAFETY AND FAIRNESS OF EGMS THROUGH NATIONAL STANDARDS

We assess all new EGMs and games against the *Australian/New Zealand Gaming Machine National Standards Version 11.1*, which defines technical standards and core requirements to ensure the integrity, safety and fairness of an EGM's operations.

As Chair of the National Standards Working Party, we continue to drive the identification of potential measures and standards to minimise customer harm and ensure the integrity and fairness of EGMs.

OUR HARM MINIMISATION ASSESSMENT TOOL

We continue to closely assess harmful aspects of EGMs when assessing applications for new or variations to existing EGM types and games. Application of our Harm Minimisation Assessment Tool has assisted us in assessing harm and providing guidance to industry regarding harm risk factors and our expectation that EGM manufacturers proactively consider these factors when designing EGMs.

As a result of our constant enhancement of the Harm Minimisation Assessment Tool, and our increased expectation of industry, we have seen a significant increase in the number of withdrawn applications for EGM types and games in 2022-23. This is a result of EGM manufacturers having to reconsider the design of their EGMs after their initial application was assessed and challenged by us.

Gaming employees

People working in specified capacities in gaming venues, bingo centres, the casino and with bookmakers must be licensed. There are currently 28,002 licenced gaming industry, casino and bookmaker key employees.

Active gaming employee licences and registrations at 30 June 2023

Category	2019	2020	2021	2022	2023
Casino special employees	4,603	4,663	4,310	4,335	4,645
Gaming industry employees	26,231	24,527	23,483	23,120	23,222
Bookmaker key employees	246	240	117	115	124

These licences must be approved by us and renewed every ten years. We also check that gaming employees have completed and kept up to date with training requirements regarding the responsible service of gambling.

Applications for gaming employee licences

Application to	Granted		Refused		Withdrawn		Total	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Gaming industry employee (new)	1,585	2,438	63	100	23	46	1,671	2,584
Gaming industry employee (renew)	334	353	1	1	0	3	335	357
Casino special employee (new)	846	1,256	0	1	14	28	860	1,285
Casino special employee (renew)	375	243	1	1	6	4	382	248
Bookmaker key employee (new)	14	22	1	0	0	0	15	22

Bookmakers

All bookmakers (or turf agents) must be approved to accept bets and wagers at racing events. While we register bookmakers, they are licensed by Racing Victoria.

Application to	Granted		Refused		Withdrawn		Total	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Be a sole trader (new)	11	10	0	0	1	3	12	13
Be a sole trader (renew)	6	6	0	0	0	0	6	6
Form a partnership	9	0	0	0	0	0	9	0
Create a corporate entity (new)	2	13	0	0	0	1	2	14
Create a corporate entity (renew)	0	1	0	0	0	0	0	1

Sports betting

Tabcorp and Victorian bookmakers can only take bets on events that we have approved. In the past year, we received no applications for new betting events.

There are 13 approved sports controlling bodies that monitor sports betting on the sports they control.

Application to	Granted		Refused		Withdrawn		Total	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Approve a betting event	0	0	0	0	0	0	0	0
Be a sports controlling body	1	0	0	0	0	0	1	0

Commercial raffles

Businesses that intend to conduct a raffle, in whole or in part, on behalf of a declared or charitable organisation on a commercial basis are required to hold a commercial raffle organiser's licence.

Application to	Granted		Refused		Withdrawn		Total	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Run a commercial raffle (new)	7	2	0	2	0	0	7	4
Run a commercial raffle (renew)	1	1	0	0	0	0	1	1

Bingo

Bingo may be conducted for fundraising purposes by organisations declared (registered) by us as a community or charitable organisation.

A licensed bingo centre operator on behalf of a declared community or charitable organisation can also run bingo sessions. The bingo centre operator may charge a fee to run bingo and may recover their expenses up to a set limit.

Application to	Granted		Refused		Withdrawn		Total	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Operate new bingo centre	2	0	0	0	0	0	2	0
Change bingo rules	140	118	0	0	3	0	143	118

Minor gaming

Under the *Gambling Regulation Act 2003*, an organisation must be declared by us as a community and charitable organisation to offer certain types of gambling for fundraising purposes. Examples include offering raffles, lucky envelopes and casino nights for fundraising purposes.

We declared 394 applicants as community and charitable organisations and renewed 140 organisations. There was a regulatory change in August 2022 aimed at reducing the regulatory burden for minor gaming applications. This saw removal of the need for an application for a raffle valued at less than \$20,000. As a result, a substantial number of applications were withdrawn following this change.

Application to	Granted		Refused		Withdrawn		Total	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Be declared as a community or charitable organisation (new)	376	341	12	11	24	37	412	389
Be declared as a community or charitable organisation (renew)	271	136	1	1	0	0	272	137
Run a raffle	452	331	1	3	11	35	464	369
Run lucky envelope	111	139	0	0	1	1	112	140
Run other gambling activity for fundraising	6	12	0	0	1	1	7	13
Notification of intention to conduct bingo	18	31	1	0	0	1	19	32
Amend minor gaming permit	149	118	0	0	1	3	150	121

Major gambling licensees

In Victoria, there are five major gambling licence types:

1. Casino licence – currently held by Crown Melbourne
2. Gaming machine monitoring licence – currently held by Intralot Gaming Services
3. Keno licences – currently held by The Lottery Corporation and by Lottoland
4. Public lottery licence – currently held by The Lottery Corporation
5. Wagering and betting licence – currently held by Tabcorp

Each licence has extensive regulatory requirements that we monitor, analyse or enforce. Those requirements also include the need to apply to VGCCC for approval of new or modified gambling equipment and arrangements.

We have worked diligently with both keno licensees (The Lottery Corporation and Lottoland) to progress the required regulatory approvals including system approvals (software, hardware, keno rules, network policy document and system document) and the required live trial assessment to implement online keno. The final approvals made under delegation ensured compliance with the technical standards and the conditions in the keno rules, as approved and recommended by the Commission.

Application to	Granted		Refused		Withdrawn		Total	
	2021–22	2022–23	2021–22	2022–23	2021–22	2022–23	2021–22	2022–23
Casino								
Approve linked jackpot arrangement	0	30	0	0	1	0	1	30
Approve gaming equipment	10	13	0	0	5	3	15	16
Keno								
Modify keno system	16	49	0	0	0	6	16	55
Lotteries								
Modify lottery system	43	39	0	0	11	5	54	44
Wagering and betting								
Modify wagering and betting system	81	110	0	3	9	12	90	125

Nominees and associates

Any person who has a significant influence on a gambling entity must be approved by us to be associated with the licensee.

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

Application to	Granted		Refused		Withdrawn		Total	
	2021–22	2022–23	2021–22	2022–23	2021–22	2022–23	2021–22	2022–23
Be a nominee of a:								
Bingo centre operator	1	0	0	0	0	0	1	0
Bookmaker	17	20	0	0	0	0	17	20
Commercial raffle organiser	7	1	0	0	0	0	7	1
Gaming venue	46	57	0	0	0	0	46	57
Be an associate of a:								
Bingo centre operator	0	0	0	0	0	0	0	0
Bookmaker	7	3	0	0	0	1	7	4
Casino	31	15	0	0	2	1	33	16
Commercial raffle organiser	2	5	0	0	0	0	2	5
Gaming venue	266	377	0	2	0	0	266	379
Keno licensee	2	9	0	0	0	0	2	9
Manufacturer, supplier, tester	5	31	0	0	0	1	5	32
Monitoring licensee	0	1	0	0	0	0	0	1
Public lottery licensee	0	11	0	11	0	0	0	22
Wagering and betting licensee	6	10	0	10	0	0	6	20

Online keno (new product and new licensees)

Two keno licences were awarded to Lottoland Australia and The Lottery Corporation by the Victorian Government in February 2022. This enabled these licensees to offer keno games online as well as via eligible hotels, clubs, and wagering outlets.

MINIMISING HARM FROM ONLINE KENO

We were concerned that the commencement of 24/7 online keno in Victoria would increase the risk of gambling related harm, with customers able to access online keno at any time and from any place.

The Commission determined its expectations for licensee keno rules with these concerns in mind. As a result, the Commission made it clear for both licensees the consumer protections their rules needed to incorporate before they could offer online keno.

This ultimately resulted in new keno game rules that better protect customers from gambling harm, including limits on the maximum bet amounts that may be placed, as well as rules that prevent customers from impulsively reinvesting their winnings.

02 Informing and educating

Developing deep relationships with key stakeholders and the community underpins our work to inform, educate and drive voluntary compliance. We run a range of sector and community information sessions, deliver educational campaigns and develop simple and engaging resources for industry and the community to use.

Education strategy

Our Education Strategy 2022–25 supports all our regulatory objectives through delivering initiatives that aim to:

- **assist industry participants** understand their legal and social obligations through education, guidance and provision of resources. This includes, delivering online information sessions on various topics related to minimising gambling harm, anti-money laundering and a range of other obligations. The aim of these sessions is to ensure venue operators, managers and staff understand their obligations and our expectations of them.
- **inform and educate the community** to help people make informed choices and avoid harm.

In delivering the Education Strategy, we work with a broad range of stakeholders including government departments and co-regulators, Victoria Police, peak bodies and community organisations. This engagement assists us to understand emerging industry trends and identify potential issues.

HARM MINIMISATION ENGAGEMENT PROGRAM WITH THE COMMUNITY AND WELFARE SECTOR

We actively engaged during the year with community and welfare sector agencies and other entities interested in harm minimisation. This engagement ensured our regulatory approach and activities were informed by the knowledge and expertise of the sector in addressing gambling-related harm appropriately and effectively.

The engagement program aligns with our strategic ambitions to be renowned for regulatory excellence in protecting people from gambling-related harm and ensuring a fairer gambling industry and better-informed consumers.

It also aligns with our ambition that by 2025, we will have a fit-for-purpose operating model, which encompasses forming deep strategic relationships and alliances that turbo-charge our ability to achieve our Purpose.

Two key aspects of the program are:

1. targeted engagement with organisations that have an interest in collaborating on minimising gambling related harm, and
2. harm minimisation community forums, the first of which was held on 21 June 2023.

This first forum brought together community organisations and service providers to discuss how we can work together to minimise harm from gambling in our community. Attendees of the forum were encouraged to share their experiences relating to gambling harm, and how we, as the Victorian gambling regulator, could improve our regulatory approach to mitigate gambling harm.

The forum was also an opportunity for us to launch our position statement on gambling harm and receive feedback on the statement. The program significantly advances our understanding and will contribute to future education and communication programs targeting gambling harm.

These forums will ensure that we are appropriately informed by community experiences, research, and knowledge on how to protect the community from being harmed by gambling.

EDUCATION CAMPAIGNS

Our education campaigns are developed to assist industry and the community to understand our expectations of the gambling industry.

The campaigns' focus areas are informed by data, intelligence and other information, which have shown that some sections of industry lack understanding of their legal and social obligations, what is needed to minimise harm and what is needed to minimise the risks associated with money laundering and criminal infiltration.

Each campaign involves the development of engaging resources that contribute to a 'resource bank' that can be used by industry and the community to sharpen and refresh their understanding.

CCTV REQUIREMENTS

Section 4.2 of the *Accounting and Auditing Venue Requirements* requires CCTV coverage of gaming machine areas and retention of footage for a minimum of 28 days.

Our gambling inspectors identified a number of venues that were non-compliant with their CCTV obligations.

Our inspectors found:

- systems not recording footage for the required 28 days
- incorrect times on the recordings
- cameras not in the right locations
- required areas not covered by CCTV.

The Education team developed a short video and checklist to assist venues to comply with their CCTV obligations.

ANTI-MONEY LAUNDERING

We expect venue staff and managers to help ensure Victoria's gambling industry remains free from criminal influence and exploitation by taking appropriate action when money laundering is suspected.

To assist venues understand their obligations for preventing money laundering, we developed the 'Keep it clean' campaign which included a new checklist for venues, poster and video covering anti-money laundering basics.

These resources provide examples of suspicious patron behaviour which may suggest money laundering that venues should watch out for. They also explain how to report concerns if gaming venues suspect that money laundering or terrorism financing may be occurring in their venue.

This campaign built off our previous work with AUSTRAC, when members of our inspection and education teams attended gaming venues with AUSTRAC inspectors to experience first-hand how AUSTRAC inspectors ensure venues are meeting their anti-money laundering obligations.

NEW STARTERS

The gambling industry is complex and regulatory requirements are extensive and continuously evolving. This is a particular challenge for the many new staff who have joined the industry following the COVID-19 pandemic and need to rapidly learn about the industry and their regulatory obligations.

In recognition of this we initiated a campaign to educate new staff regarding their obligations when working at a gambling venue, including their social obligation to observe patrons and, where appropriate, intervene to protect them from gambling harm.

We held three online information sessions which covered the basic requirements staff need to meet when working in a licensed venue, including:

- their obligations as a staff member
- incident registers
- Responsible Service of Gambling Code of Conduct
- anti-money laundering techniques
- VGCCC inspections
- YourPlay.

We developed a 'Keep your patrons safe' poster to be put up in staff areas within venues to help new staff understand what they should do when working in a gaming venue. We also developed a quiz for both new and experienced staff to test their knowledge about working in a gaming venue.

By educating gambling industry staff, the campaign serves to make them accountable for delivering on both their legal and social contracts with the community, with a view to minimising gambling harm and the risk of money laundering at venues.

NATIONAL CONSUMER PROTECTION FRAMEWORK

In 2015 a review of illegal offshore wagering found that online gambling is the fastest growing gambling segment in Australia and online problem gambling in Australia is three times higher than other gambling platforms.

In response to these concerns the *National Consumer Protection Framework* for online wagering (NCPF) was developed.

There are ten harm minimisation measures which have been implemented as part of the NCPF. Seven of these measures are the responsibility of the Victorian Government to monitor, enforce, and promote compliance and are outlined in two Ministerial Directions. They cover the following measures:

- inducements
- direct marketing
- deposit limits
- account closure
- activity statements and betting account records
- training requirements
- gambling advertising messaging and taglines.

During the implementation of the measures in this financial year, we developed a series of website articles explaining to WSPs each measure and their associated obligations.

BETTER INFORMED CONSUMERS – COLLABORATING WITH THE VICTORIAN RESPONSIBLE GAMBLING FOUNDATION

We are focused on supporting consumers to increase their engagement with us and to improve our ability to regulate through consumer feedback and intelligence. We are coordinating our efforts with the Victorian Responsible Gambling Foundation (VRGF) to avoid duplication and maximise impact.

In 2022–23 we collaborated with the VRGF to conduct a survey on consumer understanding of gambling and harm, which will be used to better target our consumer-focused information program.

We focused on developing understandable and comprehensive information for consumers to assist their understanding of:

- the nature of the gambling they are engaging in
- the risk of harm from these activities
- what they should expect of licensees in terms of providing a safe gambling environment, including the role of staff to support harm minimisation
- their rights, including complaint and resolution processes.

We also collaborated with the VRGF on:

- in-venue gambling – improved communication about the risks of gambling activities through player information, signage and in-venue visual displays
- online gambling – targeted consumer information such as information about gambling provider harm minimisation obligations
- roll out of the 'Keep your patrons safe' campaign, which focused on helping consumers understand more about what they should expect venues to do to support their safety
- meeting regularly with Venue Support Workers to share information and learnings to further assist venues with their compliance and harm minimisation efforts.

Industry outreach

INFORMATION SESSIONS

We held three online information sessions aimed at venue operators, covering a range of topics including advertising, compliance focus areas, Responsible Service of Gambling Codes of Conduct, YourPlay and venue operations. These information sessions, delivered by our staff, were in addition to the information sessions we held for new gaming venue staff.

Each session provided the opportunity for feedback from participants, which formed the basis of an evaluation and provided learnings to inform future information sessions. Feedback from attendees at these information sessions was overwhelmingly positive.

INDUSTRY NEWSLETTER

To support the industry stay up to date with the latest regulatory information, we compiled and issued an *Industry News* email newsletter at the end of each month (except December). It provided subscribers with a digest of our most recent education campaigns, media releases, website articles and upcoming deadlines for compliance. At the close of 2022–23, *Industry News* had a reach of 18,484 subscribers.

SOCIAL MEDIA

Throughout the year, we used social media to amplify our educational campaigns to industry participants and consumers. To create more engaging content about regulation, we launched 'Fun Fact Friday' and 'True or false?' We created videos specific to our audiences' interests, including one on the history of two-up in time for ANZAC day, as well videos to assist venue operators better understand their obligations.

We also used social media to promote YourPlay Day, and our enforcement actions, regional blitz and compliance monitoring at the Spring Racing Carnival.

EMBEDDING HARM MINIMISATION INTO OUR COMMUNITY ENGAGEMENT EFFORTS

Direct engagement with the community is critical to understanding how people are experiencing gambling harm and therefore understanding how we can best deliver on our harm minimisation objectives.

We launched a series of community forums and information sharing sessions. Through these forums, we can share with the community how we view gambling harm and hear about how gambling harms impact them. This engagement also provides us with community intelligence on emerging gambling risks and harms, which then informs our regulatory approach.

Our outreach extends to local councils, health providers and community service providers, all of whom have a vital role to play in harm minimisation.

We attended a series of local community-focused forums including:

- Young Leaders of the West – a service that provides client services via IPC Health, to learn about what they are seeing in their community in relation to young people and gambling
- the Victorian Responsible Gambling Foundation Multicultural Group meeting – to hear from case managers, community development workers and program co-ordinators on what they are observing in the conduct of operators
- the Victorian Responsible Gambling Foundation Lived Experience Committee – an opportunity to listen to, and learn from, people with first-hand experience of the harm gambling can cause

- the Victorian Local Government Association – exploring with local council representatives what they are doing to help their members with gambling-related challenges and how we can best engage with their member councils to find out about what is happening in their communities in relation to gambling harm.

On 21 June 2023 we hosted a roundtable forum with service providers and peak industry bodies. Deputy Chair and Commissioner Dr Ron Ben-David shared the Commission's *Our Position on Harm Minimisation* statement and took questions from the audience.

Help and advice

During 2022–23 we received and responded to 24,760 phone and email enquiries. Our most common enquiries were from gaming industry employee licence holders and applicants, followed by community and charitable organisations, and venue operators.

We analyse the types of calls we receive to inform our licensing, education and compliance programs. We also have practical outcomes, such as assisting a person to self-exclude from various venues.

MINISTER'S STATEMENT OF EXPECTATION: IMPROVING TRIAGE AND RESPONSES TO INCOMING CONTACTS

On 14 April 2023 the VGCCC Client Services team split completely from the Liquor Control Victoria's Client Services team and was renamed Information Services to better reflect its changed role.

We improved our ability to triage enquiries through implementation of a cloud-based Microsoft Teams

call centre solution that seamlessly integrates with reporting, allowing us to work in new ways and reducing our reliance on telephone hardware. We will build on this in the next year by utilising a new knowledge management tool to store, categorise and more readily access knowledge from subject matter experts.

Calls are analysed to identify new trends in gaming activity and continuous improvement opportunities. This data also provides insights into educational material that can be developed for both industry and consumers. Some calls also provide tip-offs about breaches by licensees of their various obligations. These are referred to our enforcement team for further investigation.

Stakeholder satisfaction

Every year we invite licensees and industry stakeholders to let us know what we're doing well and where we can improve. This includes questions relating to overall satisfaction in their interactions with our compliance, licensing and information services teams. It also includes seeking feedback and suggestions on our communications and education programs.

This resulted in a 3% response rate, which is consistent with the previous year (2.3%).

While the response rate was low, the results showed:

- 71% of respondents were satisfied or very satisfied with our service.
- Respondents were most satisfied with our friendly, professional and helpful staff, and the easy process of applying for and renewing a licence online.
- Respondents were most dissatisfied about the time taken for a licensing application to be approved as well as the timeliness and quality of information provided to stakeholders.

03 Monitoring and analysis

We actively monitor the entities we regulate using a combination of risk-based and targeted approaches to detect non-compliance. We use and analyse intelligence, data, and other forms of information to target our regulatory responses to high-risk areas of gambling harm, criminal influence and other potential breaches. We also monitor and analyse future and emerging issues and trends so that we are aware of, and ready to act to reduce the prevalence and severity of gambling harm and criminal influence.

Audits

We undertook 1,799 audits of gaming machines, casino operations, public lotteries, wagering and keno. Our audits check that key legislative obligations and requirements are adhered to, and approved products and systems are appropriately operated and controlled.

Activity	2018-19	2019-20	2020-21	2021-22	2022-23
On-site gaming venue operational audits	84	130	88	160	145
On-site gaming venue financial and data verification audits	64	56	31	45	101
Gaming revenue assurance audits (non-casino)	373	209	228	218	151
Casino – all audits	NA	1,171	634	1,371	1,402

BETTING ACCOUNT ACTIVITY STATEMENTS

We have been actively monitoring activity statements that WSPs are required to issue, including their compliance with the NCPF harm minimisation direction. We have collected and analysed activity statements from WSPs covering the vast majority of the Victorian wagering market.

From our assessment it is apparent that some activity statements are misleading, artificially inflate winnings and do not accurately reflect patron spending. In response to this we are developing further guidance for WSPs on activity statement requirements and will also undertake a further compliance assessment later in 2023 to identify whether misleading practices have been remediated.

WSPs who continue not to comply with the activity statement requirements will face enforcement action.

YOURPLAY EGM CONNECTIVITY (HOTELS AND CLUBS)

YourPlay is a Victorian Government program that provides EGM players the ability to set time and spending limits to help them stay in control of their gambling. Since 1 December 2015, it has been mandatory for the YourPlay system to be available on EGMs operating in all Victorian venues.

YourPlay is a critical harm minimisation safeguard. We have been actively monitoring data from the monitoring licensee, Intralot Gaming Services (IGS), and engaging with venue operators to increase their compliance with YourPlay requirements.

In response to significant non-compliance being detected through our monitoring, we undertook a major campaign. This involved engaging with specific venue operators (approximately 20) identified through our monitoring as having significant numbers of EGMs disconnected from the YourPlay system and demanding immediate remediation. We also provided guidance to venue operators on how to test their EGMs' YourPlay connectivity.

This campaign resulted in a significant improvement in EGM connectivity across Victorian hotels and clubs. The campaign also resulted in enforcement action being pursued against a gaming venue.

We will continue to monitor and target venue operators to ensure compliance with their YourPlay obligations.

Gambling inspections (non-casino)

This year we conducted 2,063 inspections in the metropolitan area with 300 of the 301 metropolitan venues inspected. We also conducted 489 regional inspections, with a large number of those inspections taking place as part of the regional blitz, which targeted 78 regional venues.

We undertook three significant operations to target high risk venues:

- a metropolitan blitz that targeted recidivist venues and initiated regulatory and enforcement action
- a Spring Racing Carnival Operation targeting high harm breaches involving minors, gambling and intoxicated gambling
- a regional blitz targeting 19 high risk regional local government areas.

Some of the key themes that emerged were:

- a range of YourPlay breaches
- failure to have player account equipment installed as required by regulation, for example on EGMs
- failure to retain CCTV for 28 days
- Code of Conduct non-compliances such as:
 - Responsible Gaming Officer not in the green line area
 - Responsible Gaming signage not on display
 - staff not trained in the required Responsible Service of Gaming training modules
 - inadequate records relating to Responsible Service of Gaming interactions
 - delivery of food and beverages to machines
 - failure to produce cheque and complaints register
- failure to display entrance signs required by regulations.

** For information on Casino inspections and enforcement outcomes, please see page 58.

VENUE HOURS MONITORING

In December 2022 we amended the Accounting and Auditing Venue Requirements to require all gaming venues to nominate their gaming hours in the IGS monitoring system. This allows us to actively monitor venue operators' hours of operation and ensure they only operate within permitted hours and comply with the four-hour mandatory shut down requirement.

Our monitoring to date has detected that multiple venues have breached their licence hours or have traded more than 20 hours during a day. We have commenced enforcement action against three venue operators for whom non-compliance with permitted hours has occurred on more than one occasion, thereby exposing the community to increased risk of harm.

A number of isolated breaches of permitted gaming hours have also been identified across various venues, with 21 warning notices issued to these venues.

CASE STUDY: SPRING RACING CARNIVAL OPERATION

We ran a targeted campaign during the 2022 Victorian Spring Racing Carnival at metropolitan and regional horse race meetings. Our inspectors conducted covert observations and overt inspections targeting high-harm breaches both trackside and in neighbouring gaming venues across Victoria.

To support bookmakers and operators to do the right thing ahead of the Carnival, we sent a clear warning to bookmakers at both metropolitan and regional race meetings to:

- not accept bets from patrons who are intoxicated or from minors

Complaints

We investigate complaints lodged by the general public about gambling service providers. Receiving and investigating complaints plays an important role in our monitoring activities and in our ability to ensure the integrity, safety and fairness of the industry.

Common complaints we receive and investigate relate to unauthorised gambling, minors gambling or being present in a gaming room, gambling advertising that may be prohibited and gambling providers not doing enough to minimise harm caused by their products or services.

We investigate complaints within our jurisdiction to determine whether gambling providers have complied with relevant gambling laws and regulations. If complaints received are outside of our jurisdiction, we refer the complainants to the relevant authority who can assist.

If breaches are identified, we take enforcement action based on the severity of the breach, including education, non-compliance notifications, penalty infringement notices, disciplinary action and criminal prosecution, as appropriate.

- not accept bets placed by adults that they know or suspect are being placed on behalf of minors
- have on hand all required documents, like their ID, a valid registration, and their RG Code of Conduct and have read, understood and complied with their Code.

Inspectors attended 12 race days, conducted 11 racecourse inspections, 25 bookmaker inspections and 60 gaming inspections across metropolitan and regional Victoria. Inspectors found 27 breaches and took 27 enforcement actions. Most of the breaches related to RG Code of Conduct, CCTV and Your Play failures.

CASE STUDY: COMPLAINT ABOUT STATIC GAMBLING ADVERTISING

We received a complaint from a member of the public about a WSP's gambling advertisement on a digital billboard located on a bridge directly above the Princess Freeway.

We conducted a thorough investigation into the complaint to assess whether the WSP breached the *Gambling Regulation Act 2003* by displaying static gambling advertising, which includes billboards on or above a public road.

Our investigation involved obtaining submissions from the WSP and third-party companies who assisted with the advertising on the digital billboards. We also engaged with VicRoads to confirm the location of the billboards.

The investigation identified that the WSP's static gambling billboards were located at other locations throughout Victoria, and not just the location identified in the complaint.

The WSP is now facing 43 charges for contravening section 4.71 of the Act.

COMPLAINT TYPES AND OUTCOMES

Top complaint types for 2022–23 related to: Bookmakers, EGMs, unauthorised gambling, and wagering.

Complaint Outcomes for 2022–23*

Complaint Outcome	Count
Substantiated	40
Unsubstantiated	168
Unfounded	6
No further action	80
Withdrawn	19
Outside jurisdiction	358
Unable to determine	18

*Includes only complaints finalised at 30 June 2023.

MAKING IT EASIER TO MAKE A COMPLAINT

We have a range of avenues for members of the public to share information and feedback directly. This includes a feedback field at the bottom of each page of our website, the ability to call our contact centre directly, a feedback form, and the opportunity to leave a complaint or tip-off.

TIP-OFFS

We launched a 'Tip-Off' program, which includes a 'Tip-Off' page on our website that enables members of the community experiencing or observing gambling harm or observing suspected breaches to communicate directly with us.

Information received as part of the Tip-Off program may lead to compliance and enforcement actions as appropriate.

CASE STUDY: OUR NEW TIP-OFF WEBPAGE

Since the launch of our Tip-Off webpage on 21 June 2023, a total of 26 tip-offs have been received. These have provided us with new intelligence about the gambling industry as well as insights into the types of gambling and gambling-related matters, and possible non-compliances, that are top of mind for Victorians.

Almost half the tip-offs received (46%) related to EGMs and venues. Tip-offs about lotteries, raffles and general gambling competitions accounted for 19%, while 15% related to online gambling.

The Tip-Offs page has also captured reporting of direct harm, with the information being used as additional intelligence for our investigation activities.

One tip-off highlighted community concern over the visibility of EGMs from outside the gaming venue and the impact this might have on members of the public passing the venue and being encouraged to enter and gamble. In response, we contacted the venue and instructed them to take action to reduce the line of sight to the EGMs from outside the venue. As a result, the venue deployed screens to obscure visibility of the gaming machines from outside the venue.

Tax collection

During the 2022-23 financial year, we monitored and audited gambling activities by clubs and bingo and raffle operators to ensure gambling taxation revenue was correctly paid. Gambling taxation was paid into the consolidated fund. From 1 July 2023, VGCCC will no longer be the receivers and verifiers of casino, wagering and betting and keno taxes because of amendments contained in the *Gambling Taxation Bill*, which received royal assent on 6 June 2023.

GAMBLING PLAYER LOSS AND TAXES

For the 2022-23 financial year, Victorian player loss in its various forms amounted to over \$7.4 billion. Taxes and levies paid to the state of Victoria totalled over \$2.2 billion.

Victorian player loss and taxes paid by category

Source	Victorian player loss (\$million)	Taxes and levies paid into the consolidated fund (\$million)
Gaming machines – hotels and clubs	3,021.7	1,239.9
Melbourne casino – gaming machines and table games*	983.2	167.8
Lotteries (Victoria only)	763.8	608.2
Wagering – wagering and betting licensee Tabcorp#	802.6	80.3
Wagering – other entities##	1,785.2	173.2
Keno – keno Licensee TLC^	28.9	7.0
Keno – keno Licensee Lottoland^	2.9	0.7
Keno – other entities^^	17.6	4.3
Total**	7,405.9	2,281.4

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

Player loss and tax relating to racing (totalisator), trackside and sports betting for wagering and betting licensee in Victoria.

Player loss and tax relating to racing (totalisator), trackside and sports betting for other entities offering wagering and betting to Victorians. Figure sourced from State Revenue Office (SRO).

^ Player loss and tax relating to keno licensee in Victoria.

^^ Player loss and tax relating to other entities offering keno to Victorians. Figure sourced from SRO.

** The *Gambling Taxation Act 2023* received Royal Assent on 6 June 2023. The Act requires various gambling taxes to be administered by the Commissioner of the SRO and came into effect on 1 July 2023. Gambling tax from wagering, keno and casino product will be administered and validated by SRO from financial year 2022-23 onwards.

Applicable taxation rates, by venue type and gambling type

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	Free	46.7%	54.20%	
Hotels*	8.33%	55.03%	62.53%	
	Taxation rates changed in August 2023			
Gaming machines – clubs and hotels	Average monthly player loss in dollars per machine			
	<\$2,666	\$2,666 to \$6,666.67	\$6,666.67 to \$12,500	>\$12,500
Clubs	Free	46.7%	51.17%	60.67%
Hotels*	8.33%	55.03%	57.5%	65.00%
	Taxation rates			
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%			
Community benefit levy (all players)	1%			
	Taxation rates			
Wagering				
Totalisator (pari-mutuel) betting	10%			
Approved betting competition	10%			
Fixed odds sports betting	10%			
Fixed odds trackside	10%			
	Taxation rates			
Lotteries				
Public lottery tax (Australian sales)	79.4%			
Public lottery tax (overseas sales)	90%			
	Taxation rates			
Keno				
Gaming tax	24.24%			

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

CASE STUDY: HOTEL TAX SWEEP FAILURE AND DISCIPLINARY ACTION

We swept the nominated bank accounts of all venues on the seventh business day of each month to collect gaming taxes related to the prior month. Venue operators must manage their gaming revenue to ensure sufficient funds are available to cover their expected tax liability.

A hotel failed to remit its gaming tax for February 2023. The outstanding gaming tax was eventually paid in full by 2 June 2023 after multiple follow ups by VGCCC.

The hotel failed to comply with its obligations because it decided to use funds in the nominated account to pay for operational expenses instead of its taxation obligation.

Disciplinary action was initiated in the form of a letter of censure and a fine of \$30,000, with \$20,000 of this fine suspended on condition that the venue operator:

- pays the required penalty interest amount of \$5,975.89 by 1 August 2023
- pays the \$10,000 portion of the fine not suspended by 1 August 2023
- pays monthly gaming tax for this venue within seven days after the end of each calendar month to which the tax relates, for one year, commencing July 2023 to July 2024 (including July as a taxable month)

\$5,975.89 penalty interest, together with the \$10,000 fine was subsequently paid by the hotel.

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 is intended to verify whether the community benefit provided by the club is equal to at least 8.33% of its net gaming machine revenue. If it is not, the Club will be taxed at the higher rate applicable to hotels. Statements are due by 30 September and are published on our website. After auditing, we also publish combined summary tables.

In this reporting period 234 community benefit statements were lodged covering \$762,914,307 in net gaming revenue. Community claims (at 31.35% of net gaming revenue) amounted to \$239,177,346. The classes of community benefits are set by Ministerial Direction.

Community benefit statements

Class	Community claims \$
Class A	
a) Donations, gifts and sponsorships (including cash, goods and services)	13,039,209
b) Cost of providing and maintaining sporting activities for use by club members	29,201,155
c) Cost of any subsidy for the provision of goods and services but excluding alcohol	8,265,764
d) Voluntary services provided by members and/or staff of the club to another person in the community	3,188,702
e) Advice, support and services provided by the RSL (Victorian Branch) to ex-service personnel, their carers and families	858,901
<i>Subtotal</i>	<i>54,553,731</i>
Class B	
a) Capital expenditure	6,586,778
b) Financing costs (including principal and interest)	3,727,644
c) Retained earnings accumulated during the year	524,191
d) Provision of buildings, plant and equipment over \$10,000 per item excluding gaming equipment or the gaming machine area of the venue	2,150,530
e) Operating costs	171,245,555
<i>Subtotal</i>	<i>184,234,698</i>
Class C	
a) Provision of responsible gambling measures and activities but excluding those required by law	23,371
b) Reimbursement of expenses reasonably incurred by volunteers	83,212
c) Community benefit statement preparation and auditing expenses	282,334
<i>Subtotal</i>	<i>388,917</i>
Total	239,177,346

CASE STUDY: DISCIPLINARY ACTION AGAINST THREE VENUE OPERATORS WHO FAILED TO LODGE COMMUNITY BENEFIT STATEMENTS

We commenced disciplinary action against three venue operators who failed to lodge their Community Benefit Statement (CBS) by the legislated due date. A letter of censure was issued to the three venues with suspended fines of \$5,000 and \$10,000 to two of the venues on condition they made immediate payment of penalty interest and submitted their 2022–23 CBS on or before the 30 September 2023 deadline.

In addition to the existing requirement that Clubs have their CBS independently audited, we have further enhanced the CBS collection process by:

- introducing and conducting sample audits to check the accuracy and validity of venues' CBS claims, and
- revamping the CBS lodgement system to collect additional information from 2022–23 onwards, which will significantly improve our ability to monitor submission accuracy and completeness going forward.

04 Enforcement

We have a range of sanctions available to us including education, non-compliance notifications, official warning notices, infringement notices, undertakings, directions, disciplinary action (such as suspending and cancelling licences), criminal prosecution and court injunctions.

We seek to ensure our regulatory responses are proportionate to the risks posed and harm caused by the activities or actions of regulated entities. While we support those that do the right thing, we actively pursue, and have zero tolerance for, those that opportunistically or deliberately contravene their obligations and the law.

The proportion of breaches resulting in enforcement action was 92.5%, with some matters still being finalised. We took action on 85.19% of identified breaches designated as high harm.

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

Enforcement actions

In 2022–23 we:

- issued 345 warning letters, 10 official warnings and 13 infringement notices
- took disciplinary action against three gaming venue operators and 72 gaming industry employees
- commenced prosecutions of three licensees for breaching gambling legislation.

For details of disciplinary action against the casino operator, go to page 58.

HOTEL GAMING ROOM SHUTDOWN

Through our monitoring activities we identified ongoing breaches by the operator of a hotel, with none of the EGMs at that hotel being connected to the YourPlay system. Following inspections in December 2022, the venue operator was immediately issued with a letter putting them on notice that they were in breach of their legislative requirements. This letter also required the venue operator to confirm within 24 hours that they had either:

- rectified the issue and that YourPlay functionality was available on all EGMs, or
- ceased operating all EGMs so that the breach did not continue.

The operator's failure to act on our letter resulted in our forcing the closure of the hotel gaming room and all EGMs being turned off until YourPlay was restored.

AUSTRALIAN LEISURE AND HOSPITALITY GROUP PTY LTD INVESTIGATION AND PROSECUTION

During the 2022–23 year a VGCCC investigation resulted in Australia's largest poker machine operator facing 62 charges for operating gaming machines that didn't have mandatory pre-commitment technology (YourPlay) installed. Australian Leisure and Hospitality Group Pty Ltd (ALH) is licensed for patrons to gamble on 4,690 EGMs at 77 Victorian gaming venues.

ALH operated 220 gaming machines for up to five weeks without YourPlay functionality enabled, breaching section 3.8A.10 of the *Gambling Regulation Act 2003*.

YourPlay gives people the ability to set time and spending limits to help them stay in control of their play and has been a requirement in all Victorian gaming venues since 1 December 2015.

After an anonymous tip-off in December 2021, our inspectors immediately mobilised to visit venues in Hallam, Sandringham, Narre Warren, Mulgrave, Laverton and Cheltenham to verify the widespread and significant breaches.

Following our inspections, the company then turned off all 220 non-compliant machines across 62 of its 77 venues.

In December 2022 we issued 62 charges against ALH for breaches of section 3.8A.10 of the *Gambling Regulation Act 2003*. The charges resulted in a fine to ALH of \$550,000.

PROSECUTION AGAINST PRESTON HOTEL AND TABCORP

In May 2023 we charged Tabcorp and the Preston Hotel for allowing a minor to gamble.

It is alleged venue staff allowed a 16-year-old to access electronic betting terminals to place bets at the Preston Hotel and gamble on six occasions in May and September 2022.

We launched our investigation after receiving a complaint about the minor being allowed to gamble.

The Preston Hotel faces 15 charges, with six counts each of allowing a minor to gamble and failing to reasonably supervise its electronic betting terminals, as well as three charges of allowing a minor to enter a gaming machine area. These charges could attract a maximum fine of 1,200 penalty units, which equates to \$221,904.

As the holder of the statewide Wagering and Betting licence, Tabcorp faces eight charges, with four counts of both allowing a minor to gamble and failing to reasonably supervise a gambling vending machine. Charges could attract a maximum fine of 560 penalty units, which equates to \$103,505.

Electronic Betting Terminals (EBTs) are automated vending machines designed to accept bets without the need for human interaction. These machines are located

at licensed venues across Victoria and are operated by agreement between Tabcorp and each venue operator. Both parties to the agreement benefit financially from bets accepted by EBTs and both are responsible for ensuring they are operated in compliance with the *Gambling Regulation Act 2003*.

CASE STUDY: OPERATION ARVON AND ANTI-MONEY LAUNDERING EDUCATION

In May 2021 we initiated cheque payment data analysis which culminated in the detection of suspicious activity related to the number of cheques issued by venue operators because of large wins. Greyhounds Promotions Pty Ltd was identified through our monitoring as the Victorian venue that issued the most cheques over a specific period.

Following our initial investigation, we alerted the Australian Federal Police (AFP). On 15 February 2022 a joint operation was launched by the AFP, AUSTRAC and the VGCCC into alleged money laundering and possible breaches of the *Gambling Regulation Act 2003*.

On 6 September 2022 we assisted the AFP in the execution of search warrants at Greyhounds Entertainment as well as the homes of three regular patrons of the venue. The initial result of this exercise was the arrest of the three individuals, who have since been charged with offences under the Commonwealth Criminal Code, namely, dealing in money reasonably suspected of being the proceeds of crime and engaging in conduct in relation to money or property that was proceeds of general crime.

Since the raid on the venue on 6 September 2022, other venue operators across Victoria have made changes to their cheque payment policies to ensure suspicious activity is more readily reported and actioned. These changes include new warning signage and additional staff in gaming areas. Notwithstanding these changes, we will continue our efforts to hold the industry accountable for any deficiencies that have the potential to expose gaming operations to criminal influence or exploitation.

GAMING EMPLOYEE ACTIONS

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 and working within the industry and helps ensure the gambling industry is free from criminal influence and exploitation.

Victoria Police carries out almost 30,000 criminal background checks every week of licensed gaming employees and applicants and provides results to us.

In 2022–23 we took disciplinary action against 72 gaming employees, and a further seven surrendered their licences before disciplinary action could be started.

COMMISSION HEARINGS AND DECISIONS

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
- disciplinary action
- internal reviews and appeals of decisions made by delegates of the Commission or a single Commissioner.

This year the Commission held two hearings and received 16 new matters. The Commission determined or concluded 20 matters, including matters carried over from the previous year.

Commission hearings and decisions

	Received		Hearings*		Matters determined#		Matters concluded^		Outstanding at 30 June	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Appeal against casino exclusion order	10	2	1	0	1	4	3	0	5	3
Internal appeal	2	2	1	0	1	3	0	0	2	1
Disciplinary action (major licences)	4	3	0	0	3	3	0	0	1	1
New premises	1	0	1	0	1	0	0	0	0	0
EGM increase	2	2	2	2	3	2	1	0	0	0
Variation to venue operator licence condition	5	7	0	0	3	8	0	0	3	2
Total	24	16	5	2	12	20	4	0	11	7

* 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

Melbourne casino

Following the 2021 Royal Commission into the Victorian Casino Operator and Licence, Crown was given two years to undertake significant reform to retain its licence.

Under an enhanced oversight framework, we undertook five disciplinary actions against Crown Melbourne based on the findings of the Royal Commission, resulting in \$250 million in fines. These actions are described below. This involved carefully reviewing the findings of the Royal Commission, determining where Crown had engaged in illegal or serious misconduct and taking the appropriate disciplinary action.

The Commission has also inquired into other matters arising from the Royal Commission. This has resulted in the Commission commencing investigations into two other matters and issuing a number of Directions to Crown.

MINISTER'S STATEMENT OF EXPECTATIONS: HOLDING THE CASINO OPERATOR TO ACCOUNT

In 2022 the Victorian Government significantly enhanced our powers through the *Casino Legislation Amendment (Royal Commission Implementation and Other Matters) Act 2022*. This Act increased the maximum fine we could issue the casino operator from \$1 million to \$100 million and established the Office of the Special Manager for the Melbourne Casino Operator to monitor its operations.

It further required Crown to have independent senior management and made other amendments, including those related to excluded persons, carded play, cashless gaming, pre-commitment, and other matters. These changes, which resulted from the Royal Commission, enhanced our ability to oversee Crown's reform program.

To further clarify Crown's obligations and our ability to hold the casino operator to account, the Commission also issued the following Directions this year.

Direction under section 28AA to associates of a casino operator

Issued on 9 December 2022 under s 28AA of the *Casino Control Act 1991*, this Direction is aimed at associates of the casino operator and specifies that changes in the situation of an associate require written notice to the Commission within 14 days of the change taking place.

Direction to minimise harm from gaming machines at Melbourne casino

Issued on 4 May 2023 this Direction requires the casino operator to implement new harm minimisation and anti-money laundering measures. It includes mandatory carded play, mandatory pre-commitment using the YourPlay system, removal of all 'unrestricted' gaming machines from the general gaming floor and removal of the continuous play function from all unrestricted gaming machines. It also limits the maximum credit able to be loaded into a machine to \$1,000.

CASINO TAXATION BREACHES

In June 2023 we took disciplinary action against Crown Melbourne for its failure to pay casino tax on what is known as the category 5 and category 8 bonus jackpots.

The casino operator had already paid the State the amount of \$61.5 million on account of the casino tax that it had avoided paying, along with penalty interest.

The Commission determined to take disciplinary action for Crown's conduct leading to these breaches and issued Crown a fine in the sum of \$20 million.

BANK AND BLANK CHEQUE PRACTICES

The Royal Commission found that Crown adopted an undocumented practice of allowing patrons to gamble at the casino by depositing bank cheques made out to themselves (rather than to the casino operator as required by the legislation) and before the cheque had cleared. This created significant money laundering and responsible service of gaming risks.

On 26 April 2023 we took disciplinary action against Crown Melbourne over its bank and blank cheque practices.

These practices included:

- exchanging a bank cheque (to which the patron was the payee) for gambling chips valued at the face value of the cheque
- permitting patrons to exchange blank cheques made payable to Crown in exchange for chips used to gamble at the Melbourne casino.

In April 2023 the Commission issued Crown a \$30 million fine for these practices and also issued a Direction to strengthen Crown's internal controls and reporting obligations related to cheque practices.

RESPONSIBLE SERVICE OF GAMBLING FAILURES

On 3 November 2022 we took disciplinary action and imposed record fines totalling \$120 million on Crown for failing its Responsible Service of Gambling obligations. We also actively publicised the fines and wrote to all major licensees in Victoria, putting them on notice as to the seriousness with which responsible service of gambling failures would be treated.

The Royal Commission into the Casino Operator and Licence found that Crown:

- breached its Code of Conduct for the Responsible Service of Gambling over many years by consistently failing to intervene to prevent gambling harm allowing customers to often gamble for long periods without a break, sometimes for more than 24 hours, and
- failed to comply with a statutory Direction by the regulator to take all reasonable steps to prevent patrons from using plastic picks and other devices to simulate 'automatic play' when gambling on certain EGMs.

The Commission also issued a Direction to Crown to prohibit the reintroduction of red carpet and bingo programs or similar programs that target vulnerable persons.

OUR DEDICATED CASINO DIVISION

Our Casino Division is responsible for all regulatory oversight activities related to the Melbourne casino operator. It ensures the integrity, safety and fairness of the gambling systems and operations at the casino and monitors the probity and conduct of Crown's employees and associates. When breaches are detected, inspectors within the division take appropriate regulatory action.

The Division's priorities for the year included the responsible service of gambling, minors on the gaming floor and the assessment of Crown associates.

RESPONSIBLE SERVICE OF GAMBLING

Our Casino team has inspectors based onsite at Crown. These inspectors are responsible for compliance monitoring, supervising casino operations and inspecting gaming equipment under the *Casino Control Act 1991*. They also ensure the casino adheres to the provisions of the *Gambling Regulation Act 2003* applying to the casino operator.

A key focus for this team is the responsible service of gambling and their work includes audits targeting Crown's Code of Conduct, Self-Exclusion Program and pre-commitment requirements. The VGCCC's *EGM Rules (Casino)* came into force on 28 April 2022, placing further expectations on Crown.

Since the implementation of these rules, inspectors have issued several enforcement actions to Crown for breaches of Rule 9 (players must not play more than one gaming machine at a time) and Rule 10 (players must not use any item, device, or thing to hold down or continuously depress an EGM button).

MINORS ON THE GAMING FLOOR

The Casino team also conducts regular operations targeting suspected minors in the casino complex and investigates 'alleged minors' on the gaming floor. In 2021 the Commission issued a Direction to Crown to report all instances of 'alleged minors' to us. The team subsequently developed and implemented an audit specific to minors to assess Crown's compliance with this Direction. While Crown has been compliant with the reporting Direction, enforcement action has been taken in several instances where minors have been located within the casino boundary.

CROWN ASSOCIATES

Our Casino team also focuses on licensee obligations and accountabilities, and the overall performance of the casino operator.

In 2022–23 we continued to assess new associates of the casino operator, many of whom were hired after the takeover of Crown Resorts Limited by the Blackstone Group of companies. This included an in-depth appraisal of an applicant's employment history, personal and professional associations, qualifications, leadership experience (domestic and international) and financial capacity to ensure they meet the specified requirements of honesty, integrity, character and financial stability.

Board members of Crown Melbourne Limited and its holding companies Crown Entertainment Group Limited and Crown Resorts Limited have been completely replaced since the conclusion of the Royal Commission. In conducting this oversight, the Commission has ensured that the majority of directors of the Crown Melbourne Limited board are independent of the casino executive management as well as being independent of the holding companies.

AUDITS

Our Casino team conducts audits at Crown to ensure its compliance with legislative obligations. These include audits classified as 'high risk', games audits and other audits of interest.

During the 2022–23 financial year we conducted a total of 1,402 audits of casino operations; including 'high risk' audits related to excluded patrons, premium player probity, premium players, Code of Conduct, pre-commitment (YourPlay), and minors.

Other audits of interest included financial assurance, systems assurance, persons gambling while intoxicated, equipment verification, games audits, casino cage oversight, surveillance daily reports, Crown associate probity and count room processes.

ENFORCEMENT ACTION

When breaches are identified, our inspectors take appropriate enforcement action. Some breaches have led to disciplinary action, while others have resulted in the issuing of infringement and warning notices (known collectively as non-compliance notifications).

During 2022–23 three infringement notices were issued to Crown for failing to enforce the rules made by the Commission. A total of 52 warning notices were issued for various offences, including:

- failing to comply with a written Direction of the Commission
- allowing a minor to enter the casino
- failing to conduct a game in accordance with the approved rules for the game
- failing to remain closed to the public at times nominated by the Commission.

FOLLOWING UP ON PREVIOUS RECOMMENDATIONS

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

In July 2022 Crown implemented a tool to support real-time player data analytics for un-carded play. The last remaining recommendation is to review the implementation of this tool due in July 2023.

CROWN 2024 SUITABILITY DECISION PREPARATION

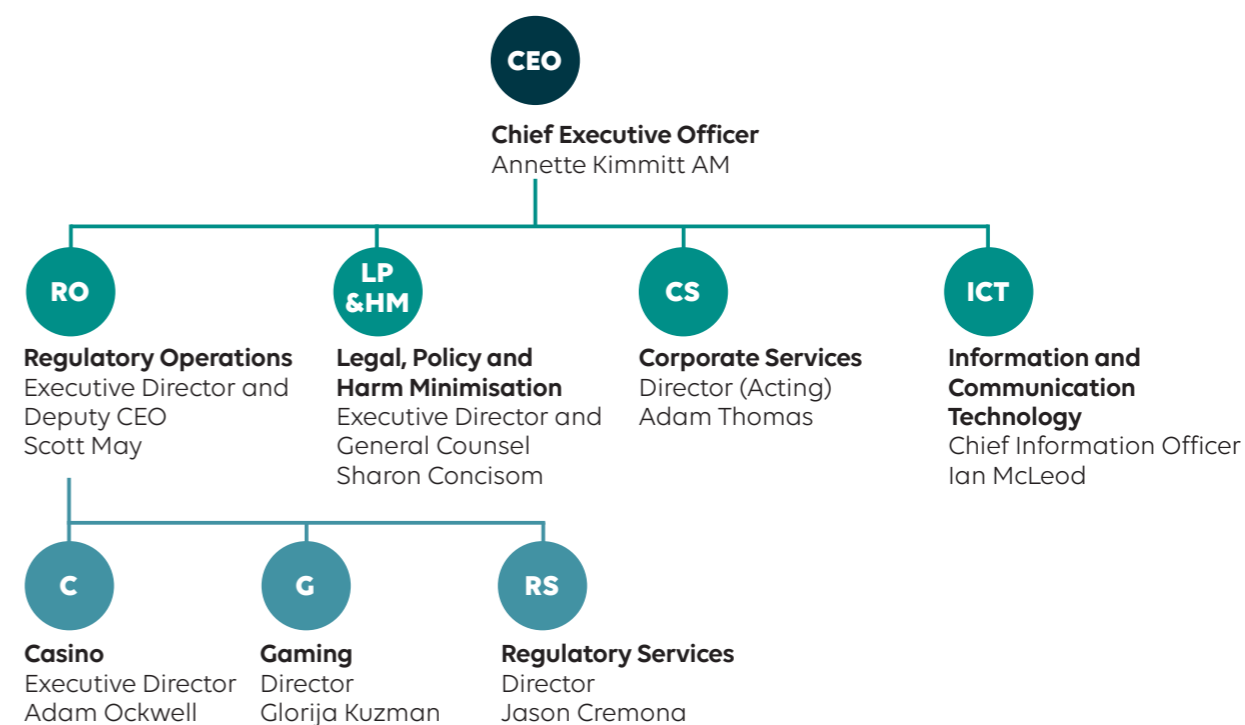
Crown Melbourne Ltd has held the single statewide licence to operate the Melbourne casino since November 1993. While the licence runs until 2050, the Commission will make a decision on Crown's suitability to retain this licence in early 2024.

To ensure we are prepared for this decision we have developed a decision-making framework for the suitability assessment and are developing a transition-out plan for Crown Melbourne that would be capable of being implemented immediately in the event of licence cancellation. This ensures we are prepared for all eventualities that may occur following the Commissioners' suitability decision.

Our people

Our structure

Our Executive Management Team is responsible for the delivery of our *Purpose and Strategic Ambitions 2025* and our operational obligations. This includes aligning resources with organisational priorities and monitoring and reporting on our progress, performance and outcomes to the Commission.



REGULATORY OPERATIONS

Casino

- ensures the integrity, safety and fairness of the gambling systems and operations of the Melbourne casino operator
- assesses casino associates and special employee applications
- monitors the probity and conduct of casino employees and associates
- carries out inspections, audits and investigations of casino operations
- performs licence and obligations monitoring activities
- takes appropriate enforcement and licensing actions when breaches are detected.

Gambling

- ensures the integrity, safety and fairness of the non-casino gambling industry
- undertakes licensing, approval, authorisation and registration activities for a wide range of gambling service providers, including bookmakers, venue operators and their employees, sports controlling bodies, community and charitable gaming, bingo and commercial raffles
- monitors the performance and obligations of all licensees, including the major licensees for wagering and betting, lottery, keno and the monitoring system
- carries out inspections, audits and investigations of venue operators and other gambling service providers and activities

- assesses gaming machine area proposals
- takes appropriate enforcement and licensing actions when breaches are detected.

Regulatory Services

- assesses and determines applications for technical gambling products and systems to ensure their integrity, safety and fairness
- assesses the accuracy and completeness of data, general operations and revenue from all forms of gambling, and the integrity of associated gambling systems
- conducts targeted education campaigns to inform the industry and the broader community of the industry's regulatory obligations and obligations arising from its social licence to operate
- manages intelligence within the organisation to inform our regulatory responses
- manages complaints and tip-offs received about the industry to ensure we provide stakeholders with informed responses and take appropriate action.

LEGAL, POLICY AND HARM MINIMISATION

- provides legal advice and acts as Counsel assisting the Commission in inquiries
- prosecutes offences under gambling legislation
- advises on legislative and regulatory policy reforms and operationalises any legislative and regulatory reforms
- advises and supports the Commission and other Divisions on gambling harm and prevention
- manages secretariat functions to support Commission meetings and hearings.

CORPORATE SERVICES

- manages and reports on our financial performance
- leads risk management and performance reporting and ensures compliance with government frameworks and policies
- manages procurement, records management, facilities and strategic communications
- supports industrial and employee relations, occupational health and safety and other human-resource related functions.

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.

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 of Justice and Community Safety and other government agencies and external stakeholders.

Our values

WORK TOGETHER



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.

RESPECT OTHER PEOPLE



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.

ACT WITH INTEGRITY



We are accountable for our actions. We are honest, fair and reliable. We approach our work with enthusiasm and commitment, apply sound judgement and common sense, and embrace personal and professional development.

MAKE IT HAPPEN



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.

ACT WITH COURAGE AND CONFIDENCE



We step back and ask 'why', developing a mindset of continuous improvement. We courageously challenge the status quo when required. We boldly act on our regulatory mandate to ensure integrity, safety and fairness for all.

Changes to machinery of government and the organisation

On 1 July 2022 we took sole responsibility for regulation of the casino and gambling industry, with liquor regulation transitioning to Liquor Control Victoria (LCV). We continued to provide a range of support services to LCV throughout the year.

It is a priority to deliver all liquor systems and processes to LCV as soon as possible to ensure the gambling and liquor regulators operate as two separate organisations. This will enable us to focus solely on our key strategic priorities, without needing to provide ongoing support of liquor operations.

The remaining separation tasks are dependent on Service Victoria delivering a regulatory solution to replace legacy on-premise systems and applications that continue to be hosted and supported in the VGCCC network.

The completion of the separation is expected to be finalised in 2023–24.

Direct costs attributable to machinery of government changes

As result of machinery of government changes associated with the separation of gambling and liquor regulation, we incurred the following additional direct costs in 2022–23:

Item	Costs incurred \$
Consultants and contractors	129,259
Relocation	80,749
IT and records management	740,236
Rebranding	14,973
Total	965,216

SUBSEQUENT EVENTS

Effective from 1 July 2023 we will no longer be the receivers and verifiers of Casino, Wagering and Betting and Keno taxes the collection of which will be undertaken by the State Revenue Office. Further details are provided in Note 9.6 of the financial statements.

Workplace snapshot

At 30 June 2023 we had 157 staff, or 152.6 full-time equivalents (FTE).

	All employees		Ongoing			Fixed term/casual	
	Headcount	FTE	Full time (headcount)	Part time (headcount)	FTE	Headcount	FTE
Gender							
Women	78	74.56	61	12	69.56	5	5
Men	79	78.05	74	1	74.6	4	3.45
Self-described	0	0	0	0	0	0	0
Age							
15–24	3	2.65	2	0	2	1	0.65
25–34	36	35.6	32	1	32.6	3	3
35–44	45	42.97	37	8	42.97	0	0
45–54	45	43.99	39	3	40.99	3	3
55–64	26	25.6	24	1	24.6	1	1
65+	2	1.8	1	0	1	1	0.8
VPS grade							
VPS1	0	0	0	0	0	0	0
VPS2	4	3.65	3	0	3	1	0.65
VPS3	31	29.79	26	3	27.79	2	2
VPS4	52	51.65	49	2	50.65	1	1
VPS5	34	32.19	26	5	29.39	3	2.8
VPS6	28	27.33	23	3	25.33	2	2
Senior staff							
SES	8	8	8	0	8	0	0
Executive	0	0	0	0	0	0	0
Total	157	152.61	135	13	144.16	9	8.45

Employees have been correctly classified in workforce data collections.

Recruitment

In 2022–23 we undertook a major targeted and streamlined recruitment campaign to ensure we had sufficient resources to regulate effectively following the separation from liquor regulation. Our recruitment efforts remain a work in progress.

Employee conduct and principles

We continue to promote public administration values and adhere to open and transparent employment principles. We comply with the Victorian Public Service (VPS) common policies and support them through our own comprehensive policies, guidelines and practices that are consistent with the Victorian Public Sector Commission's employment standards. We foster fairness in employment decisions, career opportunities and encourage the early reporting and resolution of workplace issues. Our 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 including ensuring hiring managers undertake a robust selection process.

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

EMPLOYEE VALUE PROPOSITION

We are in an enviable position to build a strong narrative about the level of social, economic and human impact that a potential candidate can make, if successful. Building our Employee Value Proposition (EVP) entails developing a compelling narrative setting out what people will gain from a career with us, in exchange for the capabilities, experiences and commitment they bring. The EVP plays a critical role in securing new talent and retaining key staff. The EVP's focus is on the five elements we have set out in our *2025 Strategic Ambitions* for delivering an exceptional employee experience.

In particular, a career with us will:

- enable them to derive a deep sense of purpose in their work
- support their wellbeing through an inclusive and values-driven culture
- support their career progression
- enable them to develop their skills and capabilities through on-the-job experiences, coaching, mentoring and formal learning
- ensure they feel valued for their contribution.

Our staff were encouraged to provide input to the EVP through a pulse survey and the People Matter Survey. Additionally, we developed an internal engagement group comprising staff from across the business who volunteered to represent their work areas in the development of initiatives to improve the EVP. This group has recently been transitioned to an Extended Leadership Team (ELT), comprising the Executive Management Team and all those VPS 6 staff members with responsibilities for managing teams of people. The ELT is being charged with activating organisational and divisional priorities arising from our *Purpose and Strategic Ambitions 2025*, and with engaging and supporting our staff.

PULSE SURVEY

In addition to the annual People Matter Survey run by the Victorian Public Sector Commission, we committed to undertake pulse surveys to help measure our staff satisfaction and attitudes during the extensive change processes taking place. The responses to the pulse survey indicated our employees had a clear understanding of their roles and the expectations, had a deep sense of purpose and belonging and felt recognised for the work they performed.

It also demonstrated a desire from our staff to develop themselves and learn skills that would help them perform their roles and assist their career progression. This ties in closely to our enabling priority to develop a new performance development system, including a capability framework and associated proficiency and development roadmaps.

Creating a fair and safe workplace

OCCUPATIONAL HEALTH AND SAFETY

Our continued focus and commitment to maintain a safe and healthy workplace is reflected in very low numbers and downward trend in incidents and claims.

Incidents, claims, fatalities and claim costs

Measure	Key performance indicator	2018–19	2019–20	2020–21	2021–22	2022–23
Incidents	Number of incidents (a)	16	8	5	8	5
	Rate per 100 FTE	7.6	3.8	2.5	4.0	3.3
Claims	Number of standard claims (b)	4	0	0	1	1
	Rate per 100 FTE	1.9	0	0	0.5	0.7
	Number of lost time claims (b)	4	0	0	1	1
	Rate per 100 FTE	1.9	0	0	0.5	0.7
Fatalities	Fatality claims	0	0	0	0	0
Claim costs	Average cost per standard claim (b)	\$130,908	\$0	\$0	\$95,368	\$4,174

(a) Includes all incidents reported by employees via our 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 August 2023. 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 minus recoveries.

WORKFORCE INCLUSION POLICY

We have continued to work towards creating a more diverse and inclusive workplace. We have established a Diversity and Inclusion Committee with commissioner and executive sponsorship and a focus on matters related to gender, disability, LGBTQ+, first nations people and general cultural awareness and understanding.

GENDER EQUALITY ACTION PLAN

The *Gender Equality Act 2020* requires us to undertake a gender audit and develop a Gender Equality Action Plan (GEAP). The first reporting cycle for the Act was set for 2021–2025. As the establishment date of the VGCCC was on 1 January 2022, we fell outside the scope of being required to comply with the Act during the 2021–2025 cycle. However, we view gender equality as a priority which ties into our *Purpose and Strategic Ambitions 2025* to create an exceptional employee experience.

We have voluntarily committed to undertaking the requirements of the 2021–2025 cycle on a slightly delayed schedule. The Commission for Gender Equality in the Public Service granted us permission to submit our first GEAP in the second year of the initiative. We are on track to publish our first GEAP in 2023–24.

DISABILITY ACT 2006

The Disability Act 2006 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 Inclusive Victoria: state disability plan (2022–2026), we have:

- continued to work towards a more diverse and inclusive workforce
- identified the need for improved internal frameworks including the drafting of our disability action plan
- continued to improve the accessibility of website and digital content including the use of inclusive language
- encouraged flexible work practices and made reasonable adjustment to assist people with a disability to apply for roles and undertake work for us
- developed strategies around improving the psychological safety of our employees.

CARERS RECOGNITION ACT 2012

We have taken all practical measures to comply with our obligations under the *Carers Recognition Act 2012*, including considering the care relationship principles it sets out when creating policies and providing services.

We foster an environment of flexible work to allow staff to fulfil their carer responsibilities.

Governance

As an independent regulator, our internal governance ensures we have clear lines of accountability, make transparent decisions and manage our risks and finances responsibly. This ensures we deliver on our obligations and our Purpose to ensure integrity, safety and fairness for all.

The Commission

On the recommendation of the Minister for Casino, Gaming and Liquor Regulation, the Governor in Council appoints Commissioners. The Commission is tasked with statutory decision making under gambling legislation. It makes these decisions by convening meetings or conducting inquiries. It also sets our strategic direction and provides oversight of the organisation.

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

The Commission met 25 times in the past year, including 16 regular meetings and nine additional special meetings.

FRAN THORN, CHAIR

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 West 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 in state governments.

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.

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

DR RON BEN DAVID, DEPUTY CHAIR

Dr Ron Ben-David is currently a Professorial Fellow with the Monash Business School. Between 2008 and 2019, he served as full-time Chair of Victoria's economic regulator, the Essential Services Commission. This followed his time heading the national secretariat for the Garnaut Climate Change Review, and a decade in senior roles in the Victorian Departments of Premier and Cabinet, and Treasury and Finance.

Ron is on the boards of ClimateWorks Australia, the Consumer Policy Research Centre and the Regulatory Policy Institute. He is also a member of various advisory boards and panels. Ron is the Principal of Solrose Consulting. He was appointed Commissioner and Deputy Chair of the Victorian Gambling and Casino Control Commission in July 2022.

Ron holds a B.Sc (Optometry), B.Comm (Hons), Ph.D (Economics) and is a graduate of the Australian Institute of Company Directors.

ANDREW SCOTT, DEPUTY CHAIR

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 fellow of the Australian Institute of Company Directors. He is a past president of the Law Institute of Victoria and has served as a member of the Victorian Legal Services Board and Chair of the Liquor Licensing Panel. Until recently he was a director of Swimming Victoria and YMCA Victoria, where he chaired various sub-committees.

Andrew was appointed to the Commission in December 2019.

CLAIRE MILLER, COMMISSIONER

Claire has more than 25 years' experience as a commercial lawyer and has extensive leadership and operational experience in a range of industries including infrastructure, property, mining, energy and utilities. She is an experienced corporate governance professional with legal, compliance, risk and regulatory experience.

Claire's directorships include Mine Land Rehabilitation Authority, Central Gippsland Health Service, Australian Radiation Protection and Nuclear Safety Agency Audit and Risk Committee and State Council member of Governance Institute of Australia.

Claire holds an LLB/BA and Graduate Diploma of Applied Corporate Governance.

CHRIS O'NEILL APM, COMMISSIONER

Chris O'Neill, APM was formerly an Assistant Commissioner with Victoria Police where he was a member of the Victoria Police Command and held a diverse range of corporate, strategic and operational roles during his 45 years' service until September 2022. He has extensive experience on various national and state government committees.

Chris has a passion and reputation for his strong people, safety and culture leadership and serving the community including successfully implementing a broad range of modernisation programs.

His qualifications include a Master of Business Leadership and a Graduate Diploma of Business from RMIT. He is a Williamson Community Leadership Program Graduate with Leadership Victoria and has completed the Australian Institute of Company Directors Program. In 2010, Chris was awarded an Australian Police Medal (APM) in the Australia Day Honours Awards in recognition of his distinguished service to policing and the community.

Our leadership

Our organisation is led by a CEO who is responsible for the general conduct and the effective and efficient management of the organisation, in line with our Commission-approved *Purpose and Strategic Ambitions 2025* and regulatory obligations.

Joined by Divisional Directors, our Executive Management Team meets at least fortnightly to ensure resources are aligned with organisational priorities and to actively monitor and manage our progress, performance and outcomes. It reports on our progress and performance to the Commission.

ANNETTE KIMMITT AM, CEO

With more than 39 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.

Annette was appointed our inaugural CEO in March 2022.

EXECUTIVE TEAM

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

Income band (salary)	Executives	STS	Other
\$180,000–\$199,999	0	0	0
\$200,000–\$219,999	1	0	0
\$220,000–\$239,999	3	0	0
\$240,000–\$259,999	1	0	0
\$260,000–\$279,999	0	0	0
\$280,000–\$299,999	1	0	0
\$300,000–\$319,999	1	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	8	0	0

Note: 1 x SES-1 at 30 June 2023 is unable to be reported as the position remained vacant. Full executive numbers are reported in the Financial Statements.

Note: The salaries reported above are as at June 2023, at a 1 FTE rate and exclude superannuation.

Executive data at 30 June 2023*

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	3	3	1	1	2	2	0	0
SES-1	4	4	1	1	3	3	0	0
Total	7	7	2	2	5	5	0	0

Note: All figures reflect employment levels at the last full pay in June of the current year. Comparison to previous financial year is unable to be provided as VGCCC commenced current operating structure on 1 July 2022 following separation of gambling and liquor. 1 x SES-1 at 30 June 2023 is unable to be reported as the position remained vacant. Full executive numbers are reported in the Financial Statements.

*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 *Public Administration Act 2004* 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.

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). We also did not engage in any projects that required application of the *Local Jobs First Act 2003*.

We comply with the National Competition Policy.

FIT-FOR-PURPOSE CORE ICT

This initiative is focused on securing fit-for-purpose operations across core business-as-usual ICT systems, with specific focus in 2022–23 on:

- ensuring core systems are updated to accommodate recent and expected regulatory changes
- ongoing IT security remediation and maintenance, particularly as new security threats arise
- delivering mobility for all core systems to all staff to enable them to work from anywhere, at any time
- rationalising and decommissioning end-of-life systems.

Progress so far:

- Critical business applications have been upgraded to ensure they are on supported versions. These include systems supporting the following functions: Finance, Payroll, Regulation, Records Management and Service Management.
- Re-installation and upgrade of ServiceNow completed. This has now been converted back to an out-of-the-box solution removing significant customisation. Next phase has commenced involving redesign of HR processes to remove manual tasks and forms, simplify processes and automate where possible. This will deliver significant process efficiencies.

- A new call centre has been established. This is an innovative solution delivered through Microsoft Teams and Power BI, with business requirements delivered at zero on-going ICT costs.
- Azure baseline environment has been established. This is the first phase of enablement to move on-premise systems to the Cloud.
- Uplift in cyber security posture is being delivered through the following: 24/7 Security Operations Centre proof of concept is underway, email phishing training program has commenced, email protective markings have been implemented and Essential Eight (ES8) security assessment has been completed.
- Re-implementation of Microsoft Office 365 has commenced and will be completed by September 2023. This project will deliver significant improvement in employee experience, process efficiencies, better communication through a new intranet, and Victorian Protective Data Security Standards (VPDSS) compliance. A key outcome will be the replacement of TRIM and implementation of 100% cloud operations for Microsoft Office and Records Management.
- A project has commenced to build a new VGCCC website with research and information architecture components completed. A Request for Proposal for the website build has commenced. The new web site is expected to go-live by November 2023.
- Liquor Control Victoria separation is well advanced, and all tasks that can be completed by us have been finalised. Remaining tasks are dependent on Service Victoria delivering a regulatory solution to replace legacy on-premise systems and applications which continue to be hosted on our network.
- Laptops have been deployed to all staff to enable flexible work and staff mobility.

DIGITAL TRANSFORMATION ROADMAP

This initiative involves designing (and ultimately implementing) a fit-for-purpose digital transformation roadmap to enable the delivery of our strategic ambitions, with particular emphasis on evolving our regulatory approach. The Digital Transformation Roadmap is a 'living' roadmap that, at the strategic level, assists our staff to understand and be engaged by the ways in which our digital transformation will better enable them over the coming years. At a technology level, it covers digital transformation across the following six elements:

- IT Infrastructure
- enterprise applications
- regulatory technology
- mobility
- security
- data.

Progress to date:

- The ICT Strategy and Roadmap 2023–25 has been completed.
- The Data Strategy has been completed and the first phase of implementation commenced. This phase includes implementation of a new data warehouse, Power BI for dashboard and operational reporting and replacement of the legacy Gammon solution. Data systems architecture will be fully cloud enabled in the Microsoft Azure environment.

- The Cyber Security Strategy has been completed which includes baselining against three frameworks (VPDSS, ES8 and Centre for Internet Security (CIS)) providing a comprehensive and structured assessment of our current cyber posture with a roadmap to achieve the desired cyber posture.
- A new regulatory system tender process has been completed with Salesforce chosen as the platform. The project has a dependency on the new regulatory approach project which will mean project commencement will be October 2023. A staged implementation will be adopted with anticipated full completion by April 2025.
- The Cloud migration strategy is completed. Migration of applications will commence in September 2023 once the Azure environment is fully operational and secure. Once migration is completed, significant operational efficiencies, improved compliance and an improved security posture will be delivered. Project completion is planned for early 2025.

Information and communication technology (ICT) expenditure

All operational ICT expenditure		ICT expenditure related to projects to create or enhance ICT capabilities	
Business as usual (BAU) expenditure	Non-BAU expenditure	Operational expenditure	Capital expenditure
\$ (ex GST)	\$ (ex GST)	\$ (ex GST)	\$ (ex GST)
7,437,706	2,436,264	1,862,091	574,173

Total = operational expenditure + capital expenditure

CONSULTANCY EXPENDITURE

We contracted eight consultancies where the total fees payable to the consultant were \$10,000 or greater. These contracts totalled \$1,297,166 excluding GST.

We did not 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

Consultancy	Purpose	Start date	End date	Total approved project fee \$ (ex GST)	Expenditure 2022-23 \$ (ex GST)	Future expenditure \$ (ex GST)
KPMG	Deliver VGCCC Enabling Priority: Evolving our regulatory approach	February 2023	July 2023	892,966	446,483	446,483
The CapabilityCo Pty Ltd	Deliver VGCCC Enabling Priority: Evolving Performance Management and Capability Development	April 2023	December 2024	630,000	121,822	508,178
Intrepid Technologies Pty Ltd	VGCCC Strategy Reset, Enterprise Planning and deliver VGCCC Enabling Priorities: Measurement Framework and Purpose and Culture Activation	September 2022	June 2024	346,500	301,500	45,000
Proximity	Review of delegated statutory decision-making framework	March 2023	June 2023	225,952	225,952	0
CourtHeath Consulting	Probity Advice Services	February 2023	June 2024	200,000	13,425	186,575
Comprara Group Pty Ltd	Review of Procurement Transformation	June 2023	December 2023	188,980	85,582	103,398
CourtHeath Consulting	Probity Advice Services	October 2022	June 2024	36,000	6,150	29,850
Grant Thornton	Risk Review Project	November 2022	June 2024	96,252	96,252	0

ADVERTISING EXPENDITURE

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

DISCLOSURE OF EMERGENCY PROCUREMENT

In 2022-23, we activated 'nil' Emergency Procurement activities.

Strategic risk review

We have undertaken work during 2022-23 to identify key strategic risks for the organisation, with 13 strategic risks identified. We have also identified our risk appetite in relation to those risks, our approach to mitigating those risks and the extent to which the risks are being managed in accordance with our risk appetite. Additional work to identify further mitigating treatments to bring risks to within our risk appetite has been completed.

Our focus has now moved to ensuring we embed and operationalise our approach to managing strategic risks and to enabling this through a digital risk management and compliance tool to support ongoing monitoring and reporting. The key strategic risks identified fall into the following categories:

- people and culture
- funding and finance
- digital and data
- regulatory and operations
- community and government expectations.

We will continue to progress the refinement of our risk management approach with a review of organisational operational risks planned for 2023-24. This review will further embed risk management, ensure that we have a detailed understanding of our operational risks and ensure risks are mitigated appropriately and escalated as strategic risks when required.

RISK MANAGEMENT FRAMEWORK

We have an established Risk Management Framework that aligns with the Victorian Government Risk Management Framework. The Risk Management Framework sets out the principles, policy, and processes for risk management at the VGCCC. It details our system of identification, assessment and management, reporting and monitoring of risks. Effective risk management protects and creates value for the organisation by enabling:

- informed decision making
- setting and achievement of objectives
- improved performance.

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 six 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 internal audit
- reviewed and monitored compliance with the *Financial Management Act 1994*, 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 management, compliance and risks of our financial affairs
- 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.

2022–23 membership

- Mr David Boymal AM, Audit and Risk Management Committee Chair (to 31 August 2022)
- Mr John O’Grady, Audit and Risk Management Committee Chair (current Chair, commenced 1 September 2022)
- Commissioner Claire Miller
- Commissioner and Deputy VGCCC Chair Andrew Scott.

In 2022–23 HLB Mann Judd provided our internal audit services.

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 and casino offices are in multi-tenanted buildings, we are unable to report on our specific waste production, recycling and water usage.

Item	Use	2019–20				Initiatives to reduce our environmental impact
		2019–20	2020–21	2021–22	2022–23	
Waste	Not available	Not available	Not available	Not available	Not available	Separate waste, recyclables and compost Recycle waste toner cartridges
Paper	3,250 reams used (13.2 per FTE)	2,400 (11.2 per FTE)	2,400 (11.2 per FTE)	2,152 (9.1 per FTE)		Use only 100% recycled paper Use FollowMe printing to reduce uncollected printing and other costs
Energy	1,532.8 gigajoules of power consumed (greenhouse gas emissions of 455.6 tonnes of CO2-e)	1,517.5 gigajoules (451.0 tonnes of CO2-e)	1,571.3 gigajoules (467.0 tonnes of CO2-e)	1,525.42 gigajoules (389.83 tonnes of CO2-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	Not available	Not available	Use combination of waterless toilets and harvesting of rainwater to flush toilets

Transport

We maintained a fleet of 15 operational vehicles and three executive vehicles leased from the Department of Treasury and Finance VicFleet. Six vehicles were transferred to the Department of Justice and Community Safety on 17 February 2023. Three vehicles were disposed of on 3 March 2023 as per the VicFleet lease agreement. One of the three executive vehicles was subsumed into the operational fleet on 18 April 2023, leaving a total of seven vehicles in the operational fleet and two vehicles in the executive fleet.

Due to the reduced number of vehicles in our operational and executive fleets our overall fuel consumption was significantly lower in the 2022–23 financial year.

Petrol use

All vehicles	2019–20	2020–21	2021–22	2022–23
Litres of petrol used	30,072.08	28,942.36	25,819.2	9,352.13
Litres per vehicle (average)	1,768.95	1,702.42	1,122.6	623.5

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

PROCUREMENT

We purchased only 100% recycled paper and operated multi-function devices that are environmentally endorsed. We purchase energy-efficient equipment wherever it is cost effective to do so.

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 1993*.

Freedom of information

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.

We received 15 new requests between 1 July and 30 June 2023 and finalised 16 applications. Two requests from the previous period were determined in the current period and one application is still in process. No decisions were reviewed by the Office of the Victorian Information Commissioner.

Freedom of Information (FOI) requests outcomes

Initial outcome	Requests
Granted in full	0
Partially granted	2
Denied	3
Previously released	0
In process	1
Non-existent document requested	1
Not proceeded with	0
Withdrawn	2
Transferred to another agency	8
Outside the <i>Freedom of Information Act 1982</i>	0
Total	17

We processed requests within an average of 37.33 days. This is longer than the statutory requirement of 30 days. However, we sought and were granted time extensions (15 or more days) in three instances. Those requests were then processed within the extended time period.

This year we received an increased number of FOI requests that were transferred to another agency. This was due to the separation of gambling and liquor as the FOI requests transferred sought information wholly related to liquor licensed premises.

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 <https://online.foi.vic.gov.au/foi/request.doj> or in writing to our Freedom of Information Officer. Applicants are asked to provide their requests in writing, and clearly identify what types of material and documents are being sought.

The address where requests can be sent is:

**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 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 via 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 is 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 Anti-Corruption 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.

Additional information

Information available on our website includes:

- Commission decisions and reasons
- licence fees and penalties
- major licence details and obligations (including casino, gaming machine monitoring, keno, lotteries and wagering and betting licences)
- gambling licence details and obligations (including bingo centres, bookmakers, commercial raffle organisers, community and charitable organisations, manufacturers, suppliers and testers, gaming venues and WSPs)
- gaming machine entitlements and limits
- gaming machine expenditure data by local government area (monthly), venue (six-monthly) and population (annually)
- community benefit statements
- responsible gambling codes of conduct
- laws, regulations and Ministerial Directions
- technical standards and VGCCC Directions and guidelines.

Glossary of abbreviations

AAVR	Accounting and Auditing Venue Requirement
AFP	Australian Federal police
ALH	Australian Leisure and Hospitality Group Pty Ltd
AUSTRAC	Australian Transaction Reports and Analysis Centre
CBS	Community benefit statement
CCTV	Closed circuit television
CEO	Chief Executive Officer
EBT	Electronic betting terminal
EFT	Electronic funds transfer
EGM	Electronic Gaming Machine
ELT	Extended Leadership Team
ES8	Essential Eight
EVP	Employee Value Proposition
FOI	Freedom of Information
FTE	Full-time equivalent
ICT	Information and communication technology
IGS	Intralot Gaming Services
LCV	Liquor Control Victoria
NCPF	National Consumer Protection Framework
RG	Responsible gambling
RSG	Responsible service of gaming
TLC	The Lottery Corporation
VCGLR	Victorian Commission for Gambling and Liquor Regulation
VGCCC	Victorian Gambling and Casino Control Commission
VPDSS	Victorian Protective Data Security Standards
VPS	Victorian Public Service
VRGF	Victorian Responsible Gambling Foundation
WSP	Wagering Service Provider

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 1994*.

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 has no material compliance deficiencies with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Fran Thorn
Chair, Victorian Gambling and Casino Control Commission
15 September 2023

Disclosure index

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

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Financial statements

For the year ended 30 June 2023

Victorian Gambling and Casino Control Commission Financial Statements

How this report is structured

Victorian Gambling and Casino Control Commission (VGCCC) has presented its audited general-purpose financial statements for the financial year ended 30 June 2023 in the following structure to provide users with the information about VGCCC's stewardship of resources entrusted to it.

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Declaration on the financial statements

The attached financial statements for VGCCC have been prepared in accordance with Direction 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 2023 and financial position of VGCCC at 30 June 2023.

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 13 September 2023.



Fran Thorn
Chair



Annette Kimmitt AM
Chief Executive Officer



Adam Thomas
Acting Director Corporate Services

Melbourne
13 September 2023

Independent Auditor's Report

To the Commissioners of Victorian Gambling and Casino Control Commission

Opinion	<p>I have audited the financial report of the Victorian Gambling and Casino Control Commission (the Commission) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2023 • 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 on 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 2023 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 <i>APES 110 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>Casino related income</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
15 September 2023



Timothy Maxfield
as delegate for the Auditor-General of Victoria

Financial Statements

Comprehensive operating statement

For the financial year ended 30 June 2023

	Notes	2023 \$	2022 \$
Income from transactions			
Grants	2.1	37,799,622	46,810,107
Total income from transactions		37,799,622	46,810,107
Expenses from transactions			
Employee expenses	3.1.1	(21,998,604)	(32,173,217)
Depreciation and amortisation expense	5.1.1	(1,499,221)	(1,563,228)
Other operating expenses	3.2	(14,154,509)	(13,120,467)
Total expenses from transactions		(37,652,334)	(46,856,913)
Net result from transactions (net operating balance)		147,288	(46,806)
Other economic flows included in net result			
Net gains/(losses) on non-financial assets	9.1	(9,083)	(14)
Other gains/(losses) from other economic flows	9.1	21,592	286,444
Total other economic flows included in net result		12,509	286,430
Net result		159,797	239,624
Comprehensive result		159,797	239,624

The accompanying notes form part of these financial statements.

The impact of the separation between VGCCC and Liquor Control Victoria (LCV) resulted in the reduction grants received.

The reduction in employee expenses relates to the transfer of employees from VGCCC to LCV

Balance sheet

As at 30 June 2023

	Notes	2023 \$	2022 \$
Assets			
Financial assets			
Cash and cash equivalents	7.2	826,932	1,448,356
Receivables	6.1	14,876,709	17,134,461
Total financial assets		15,703,641	18,582,815
Non-financial assets			
Property, plant and equipment	5.1	315,914	1,011,993
Intangible assets	5.2	2,478,376	3,044,476
Prepayments		674,904	784,836
Total non-financial assets		3,469,194	4,841,305
Total assets		19,172,835	23,424,120
Liabilities			
Payables	6.2	3,401,641	1,967,330
Leases	7.1	53,993	495,904
Provisions	3.1.2	4,742,041	10,145,522
Total liabilities		8,197,675	12,608,755
Net assets		10,975,161	10,815,365
Equity			
Accumulated surplus/(deficit)		3,073,497	2,913,701
Contributed capital		7,901,664	7,901,664
Net worth		10,975,161	10,815,365

The accompanying notes form part of these financial statements.

Cash flow statement

For the financial year ended 30 June 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Receipts			
Receipts from government		39,920,578	43,606,204
Other receipts from customers		298,827	243,450
Goods and services tax recovered from the Australian Taxation Office (ATO) (i)		1,107,483	1,487,481
Total receipts		41,326,888	45,337,135
Payments			
Payments to suppliers and employees		(41,260,273)	(44,802,701)
Total payments		(41,260,273)	(44,802,701)
Net cash flows from/(used in) operating activities	7.2.1	66,615	534,434
Cash flows from investing activities			
Purchases of non-financial assets		(574,799)	(598,895)
Net cash flows from/(used in) investing activities		(574,799)	(598,895)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities(ii)		(113,240)	(170,513)
Net cash flows from/(used in) financing activities		(113,240)	(170,513)
Net increase/(decrease) in cash and cash equivalents		(621,424)	(234,974)
Cash and cash equivalents at the beginning of the year		1,448,356	1,683,330
Cash and cash equivalents at the end of the year	7.2	826,932	1,448,356

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) 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.

Statement of changes in equity

For the financial year ended 30 June 2023

	Accumulated surplus	Contributed capital	Total
	\$	\$	\$
Balance at 1 July 2021	2,674,076	7,901,664	10,575,740
Net result for the year	239,624	-	239,624
Balance at 30 June 2022	2,913,700	7,901,664	10,815,365
Net result for the year	159,797	-	159,797
Balance at 30 June 2023	3,073,497	7,901,664	10,975,161

The accompanying notes form part of these financial statements.

1. About this report

The financial statements include the controlled and administrative activities of the Victorian Gambling and Casino Control Commission (VGCCC). Formerly the Victorian Commission for Gambling and Liquor Regulation (VGCLR), we became VGCCC on 1 January 2022. These changes were pursuant to the *Casino and Gambling Legislation Amendment Act 2021*, which was passed in December 2021.

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.

1.1.1 Machinery of Government Change

As of 1 July 2022, all liquor licensing and regulation matters have been transferred from VGCCC to Liquor Control Victoria (LCV). This was a result of the *Gambling and Liquor Legislation Amendment Bill 2022* and the *Casino and Liquor Legislation Amendment Bill 2022* that was passed in June 2022.

As part of this restructure, VGCCC transferred a number of employees and other net assets to LCV. The net assets transferred out of VGCCC as a result of the machinery of government changes were transferred at the carrying amount of those assets in the balance sheet immediately prior to the transfer.

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

VGCCC operates within the scope of gambling legislation *Gambling Regulation Act 2003*, *Casino Control Act 1991*, *Racing Act 1958* and *Casino (Management Agreement) Act 1993*. 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 VGCCC.

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 regulations of the gambling industry in Victoria to ensure the ongoing integrity and probity of these industry.

As a result of Government amendments to the *Casino Control Act 1991* (CCA), a new casino supervision charge was introduced for the current financial year. The Act requires the supervision charge to be paid by the Casino Operator to VGCCC.

2.1 Summary of income that funds the delivery of our services

	2023 \$	2022 \$
Income recognised under AASB 1058 Income of Not-for-Profit Entities (AASB 1058)		
Grants	22,425,472	42,421,620
Specific purpose grants - Other(i)	-	2,002,500
Other Income(ii)	15,374,150	
Revenue recognised under AASB 15 Revenue from Contracts with Customers		
Specific purpose grants - HRIEEO trust account(iii)	-	2,385,987
Total income from transactions	37,799,622	46,810,107

Notes:

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

(ii) In 2022-23, VGCCC received other income of \$15.86m relating to the Casino Supervision Charge. Based on the expenditure allocated against the new charge, only \$15.374m could be recouped. This has been recognised under Other Incomes.

(iii) VGCCC received \$2.38m in last financial year from the DJCS for High-Risk Industries Engagement and Enforcement Operation (HRIEEO). The HRIEEO funds are specifically allocated to meet the cost of VGCCC's enforcement operational project cost. This operation ceased 30 June 2023.

Income that funds the delivery of 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 VGCCC does not have control are disclosed as administered items (see Note 4.1).

Grants recognised under AASB 1058

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.

Income from grants without sufficiently specific performance obligations, or with performance obligations that are not enforceable, is recognised when VGCCC has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, 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*.

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. Revenue is recognised when VGCCC satisfies the performance obligation by providing the relevant services.

Annotated income agreement

Under section 29 of the FMA, DJCS has certain state income which is collected by 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 DJCS, which then passes this on to VGCCC as a grant. This in effect allows 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, VGCCC received \$2.0m in annual grant under section 29 of the FMA agreement (2022: \$0.768m).

3. The cost of delivering services

Introduction

This section provides an account of the expenses incurred by VGCCC in delivering services and outputs.

3.1 Expenses incurred in the delivery of services

	Notes	2023 \$	2022 \$
Employee expenses	3.1.1	21,998,604	32,173,218
Other operating expenses	3.2	14,154,509	13,120,468
Total expenses incurred in delivery of services		36,153,113	45,293,685

3.1.1 Employee benefits in the comprehensive operating statement

	Notes	2023 \$	2022 \$
Employee expenses			
Salaries and wages, annual leave and long service leave		17,402,033	25,289,462
Other on-costs (payroll tax, workcover levy and fringe benefits tax)		1,190,950	1,529,580
Superannuation		1,901,356	2,372,816
Termination benefits		1,504,265	2,981,360
Total employee expenses		21,998,604	32,173,218

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. 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 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

	2023 \$	2022 \$
Current provisions		
Employee benefits – annual leave (i)		
Unconditional and expected to settle within 12 months	1,639,350	2,265,708
Unconditional and expected to settle after 12 months (ii)	261,048	377,801
Employee benefits – long service leave (i)		
Unconditional and expected to settle within 12 months	285,938	492,140
Unconditional and expected to settle after 12 months (ii)	1,529,647	2,765,731
Provisions relating to employee benefit on-costs		
Unconditional and expected to settle within 12 months	290,196	424,394
Unconditional and expected to settle after 12 months (ii)	284,544	526,528
Early retirement scheme		
Unconditional and expected to settle within 12 months	-	2,442,606
Total current provisions	4,290,723	9,294,909
Non-current provisions		
Employee benefits - long service leave (i)	389,274	727,467
Employee benefit on-costs	62,044	123,146
Total non-current provisions	451,318	850,613
Total provisions	4,742,041	10,145,522

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 on-cost provision

	2023 \$	2022 \$
Opening balance	1,074,068	1,094,026
Additional provisions recognised	151,523	321,080
Transfer to LCV	(259,699)	-
Reductions arising from payments/other sacrifices of future economic benefits	(329,108)	(341,037)
Closing balance	636,784	1,074,068
Current	574,740	950,922
Non-current	62,044	123,146
Total employee benefits related on-costs	636,784	1,074,068

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 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 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 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, workers compensation and superannuation 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 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.

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

As part of the machinery of government the amount of \$2.1m was transferred to Liquor Control Victoria which includes annual leave and long service leave provisions.

3.1.3 Superannuation contributions

Employees of VGCCC are entitled to receive superannuation benefits and 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. There were no outstanding contributions payable as at 30 June 2023 (2022: nil).

	Paid contribution for the year end	
	2023	2022
	\$	\$
Defined benefit plans(i):		
Emergency Services and State Super	79,888	174,903
Defined contribution plans:		
VicSuper	664,142	1,250,380
Various other	1,157,327	1,016,565
Total	1,901,357	2,441,848

Note:

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

3.2 Other operating expenses

	2023	2022
	\$	\$
Supplies and services		
IT licence and maintenance	3,025,247	2,828,417
Contractors and professional services	7,672,270	5,689,298
Occupancy costs (i)	1,466,350	2,266,054
Other occupancy related costs	890,009	1,067,744
Low-value lease expenses	-	8,996
Postage and advertising	81,230	87,267
Printing, stationery and office requisites	104,678	188,715
Training and development	264,918	177,202
Motor vehicle running costs	103,480	183,006
Telephone and other communication expenses	156,183	115,447
Travel and related expenses	53,795	68,843
Interest expense	5,627	13,010
Other	330,720	426,468
Total other operating expenses	14,154,509	13,120,468

Notes:

(i) 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 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 with a term less than 12 months
- low-value leases – leases with 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, VGCCC collects revenue amounts which are paid directly into the Consolidated Fund. 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 VGCCC are consolidated into the financial statements of the state.

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 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.

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 Revenue recognition policies

Licence revenue

Revenue from licences is recognised in accordance with AASB 15 *Revenue from Contracts with Customers*.

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

Where licence conditions permit 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, 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. 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 \$161m (2022: \$145.9m).

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. \$60m is recognised as revenue in 2023 (2022: \$72m).

Keno

A new 20-year licence commencing 15 April 2022 has been issued to two licensees.

A total of \$100m for the Keno licences was received upfront, \$25m from The Lottery Corporation on 18 March 2022 and \$75m from Lottoland on 21 March 2022. \$94m has been recognised as a contract liability as at 30 June 2023 (2022: \$99m).

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 \$37m is recognised as contract liability as at 30 June 2023 (2022: \$71.2m).

Electronic gaming machine licences

The previous Electronic Gaming Machine entitlements (licences) were allocated during 2010, becoming operational on 16 August 2012 for a period of 10 years (ending 15 August 2022). 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 10-year allocation is nil as at 30 June 2023 (2022: \$11.5m), as the agreement for these entitlements ended on 15 August 2022.

In July 2018, the venue operators entered into an Entitlement-Related Agreement for Payment with the Minister on behalf of the State of Victoria. In October 2018, the Minister issued each participating venue operator with a letter confirming the number of post-2022 EGM entitlements to each venue operator, to operate gaming machines for a period of 10 years from August 2022. The licence period for the final allocation commenced on 16 August 2022 until 15 August 2032, with a total nominal value of \$1,278m. The payment terms of the licenses allow venue operators to pay the full amount up-front, or to pay quarterly instalments over a 5 to 7 year period. For those venues that elected to pay in instalments, the first and second instalments totalling \$106m have been received in full.

With the new Entitlement-Related Agreement for Payment, the accounting treatment adopted by VGCCC is based on AASB 15 *Revenue from Contracts with Customers*, for recognition of the revenue, receivables and contract liability.

Revenue is recognised over the license period as the performance obligation is satisfied.

Management has applied judgment in interpreting the requirements of AASB 15 to determine at what point in time to recognise a receivable in respect of EGM Entitlement contracts. Consideration has been given to when VGCCC has an unconditional right to receive payments for these non-cancellable contracts given the advance payment terms applied. Management has concluded that VGCCC has an unconditional right to receive payment upon satisfaction of the performance obligations associated with these contracts, and it is at that point that a receivable is recognised.

Amounts received in advance of a performance obligation being satisfied are recognised as a contract liability. As at 30 June 2023, \$192.7m is recognised as a contract liability relating to EGM Entitlement contracts.

Unpaid Jackpot Liability

The Gambling and Liquor Legislation Amendment Bill 2022 (the Bill) repealed s3.6.1B in the *Gambling Regulation Act 2003* (the Act) in relation to the unpaid jackpot liability at gaming venues.

The Bill introduced definitions of jackpot special prize pool (JSPP) and unpaid jackpot funds and inserted new Division 7 of Part 5 of Chapter 3 in the Act which sets out amended requirements for managing the unpaid jackpot liability with effect from 10 March 2023. The changes in the Act in relating to the unpaid jackpot liability included:

If a venue operator retires a linked jackpot arrangement at the venue, the venue operator must either:

- allocate the balance of the jackpot special prize pool of a retired linked jackpot arrangement to another linked jackpot arrangement in the venue within 60 days, or
- pay the unpaid balance to the Commission within 7 days after the end of the above period for further payment to the Responsible Gambling Fund (RGF).

4.1.4 Casino Related Income

Casino Licence

The accounting treatment adopted by VGCCC for the Casino Licence is based on AASB 15- *Revenue from Contracts with Customers*. Crown Melbourne Ltd ('Crown') paid \$250m for approved amendments to the casino licence that became operational on 3 November 2014. Under the agreement, Crown also pays the State:

Under the casino licence agreement an amount of \$250m is payable on 1 July 2033.

Material fine revenue

On 21 October 2022, Crown paid \$0.353m for Commission's costs and expenses of the China Union Pay (CUP) disciplinary action. The work undertaken principally consists of:

- investigating whether the RCCOL's findings about the CUP process constituted grounds for disciplinary action under section 20(1) (dc) of the *Casino Control Act 1991 (Vic)*;
- issuing a request for information and submissions from Crown Melbourne on 5 April 2022 and consideration of the responses received on 21 April and 5 May 2022; and
- preparing for and taking the disciplinary action notified to Crown Melbourne on 30 May 2022.

For the 2022-23 financial year, VGCCC has imposed fines against Crown totalling \$170m, which has been accounted for as income in accordance with AASB 1058 in VGCCC administered accounts. This includes fines totalling \$120m for Crown failing its Responsible Service of Gambling obligations, \$30m fine over its bank cheque practices and a \$20m fine for failure to pay casino tax on category 5 and 8 jackpots.

Crown Suitability Decision Project Cost

Based on the findings of the RCCOL, the Commission will need to make a decision within 90 days of the Special Manager's final report (due mid-January 2024) on whether it is clearly satisfied that Crown is a suitable person to continue to hold its casino licence under the *Casino Control Act 1991 (Vic)*.

If the Commission is not 'clearly satisfied' that Crown is suitable to hold its casino licence, its licence will be cancelled and whether it is in the public interest that the casino licence continue.

To assist the Commission with the suitability decision, and preparation for arrangements in the event the licence is cancelled, VGCCC has established the Crown Suitability Decision led by the Strategic Project Director.

The *Casino Control Act 1991 (Vic)* gives the VGCCC the power to require Crown to pay the reasonable costs and expenses related to the performance of VGCCC's functions relevant to the making of the suitability decision.

Other tax issues under consideration

The Victorian Royal Commission into the Casino Operator and License (RCCOL) final report found that other loyalty benefits provided to members may also form part of Gross Gaming Revenue (GGR). One such benefit is '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 and other loyalty benefits in relation to the assessment of GGR, no further amounts have been recognised as at the date of the 2022-23 Financial Report.

On 19 July 2022, Crown paid \$0.450m for the additional payment that relates to understated June 2022 gaming tax, from an error on the State Tax Credit. The next day they paid the penalty interest of \$0.002m for the late payment of these charges.

4.1.5 Transactions on behalf of the government

	2023 \$'000	2022 \$'000
Administered income		
Appropriations-Payments on behalf of the State	45,729	44,956
Gaming taxation	1,242,571	846,078
Gambling licence and application fees	421	407
Minor gaming	15	31
Keno	6,205	8,911
Casino taxation	168,379	130,387
Casino lease income	11,517	11,517
Public lotteries	653,993	671,259
Tabcorp supervision fee	1,749	2,480
Tattersall's supervision fee	724	528
Venue operators supervision fees	5,137	5,091
Lottery premium payment	12,000	12,000
Liquor licence and application fees	-	2,219
Gambling venue licence fees	121,794	93,655
Wagering and betting taxation and licence fees	34,167	34,167
Casino statutory fines (i)	170,002	81,000
Miscellaneous	26,288	30,906
Total administered income	2,500,690	1,975,590
Administered expenses		
Payments made to other jurisdictions	(45,729)	(44,956)
Payments to consolidated fund	(2,421,901)	(1,896,909)
Bad and doubtful debts	(1,384)	(11)
Total administered expenses	(2,469,015)	(1,941,876)
Administered other economic flows		
Net gain/(loss) on financial assets	-	(20)
Total administered other economic flows	-	(20)
Administered net result from transactions (net operating balance) and comprehensive result	31,676	33,694

Notes:

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

	2023 \$'000	2022 \$'000
Administered current assets		
Receivables	178,269	135,162
Contract Assets	5,017	10,519
Total current assets	183,286	145,680
Non-current assets		
Contract assets	153,403	145,393
Total non-current assets	153,403	145,393
Total assets	336,689	291,073
Liabilities		
Current liabilities		
Contract liability	80,976	74,208
Payables	4,846	3,554
Total current liabilities	85,821	77,762
Non-current liabilities		
Contract liability	418,038	412,158
Total non-current liabilities	418,038	412,158
Total liabilities	503,859	489,920
Net assets	(167,172)	(198,847)
Equity balance at 30 June	(167,172)	(198,847)

5. Key assets available to support output delivery

Introduction

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

5.1 Property, plant and equipment

	2023 \$	2022 \$
Leasehold improvements		
At fair value	6,520,522	6,520,522
Less: Accumulated depreciation	(6,520,522)	(6,520,522)
	-	-
Computer and communication equipment		
At fair value	1,735,038	1,876,957
Less: Accumulated depreciation	(1,535,422)	(1,456,939)
	199,616	420,018
Plant, equipment and vehicles		
At fair value	100,589	183,409
Less: Accumulated depreciation	(39,616)	(108,966)
	60,973	74,443
Leased vehicles		
At fair value	157,086	770,367
Less: Accumulated amortisation	(101,761)	(274,145)
	55,325	496,223
Capital work in progress		
At cost	-	21,305
	-	21,305
Total property, plant and equipment		
Gross carrying amount	8,513,235	9,372,560
Less: Accumulated depreciation and amortisation	(8,197,321)	(8,360,572)
Net carrying amount of property, plant and equipment	315,914	1,011,989

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

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 to restore the underlying asset or the site on which it is located.

Right-of-use asset – Subsequent measurement

VGCCC depreciates 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.

Leased vehicles are valued using the depreciated cost method. 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.

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.

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

	2023 \$	2022 \$
Depreciation of property, plant and equipment		
Computer and communication equipment	234,368	269,626
Plant, equipment and motor vehicles	13,317	7,441
Amortisation expense		
Leased vehicles	111,263	168,231
Internally developed software	1,140,273	1,117,929
Total depreciation and amortisation expense	1,499,221	1,563,228

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 Assets	
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.

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

5.1.2 Carrying values by 'purpose' groups

	Computer and communication equipment at fair value		Plant, equipment and vehicles at fair value		Leased vehicles at fair value		Capital work in progress at cost		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	420,018	670,667	74,443	27,820	496,224	409,833	21,305	-	1,011,989	1,108,321
Additions	-	18,977	-	54,064	191,596	327,302	21,305	191,596	421,649	
Transfer from intangibles	-	-	-	-	-	-	-	-	-	-
Capitalisation from capital work in progress	21,305	-	-	-	-	-	(21,305)	-	-	-
Disposals	(7,338)	-	(153)	-	(382,978)	(47,615)	-	-	(390,469)	(47,615)
Transfer to LCV	-	-	-	-	(138,254)	(25,065)	-	-	(138,254)	(25,065)
Depreciation and amortisation expense	(234,368)	(269,626)	(13,317)	(7,441)	(111,263)	(168,231)	-	-	(358,948)	(445,298)
Closing balance	199,617	420,018	60,973	74,443	55,324	496,224	-	21,305	315,914	1,011,989

5.2 Intangible assets

	2023	2022
	\$	\$
Intangible assets		
At fair value	15,818,879	15,449,019
Less Accumulated Amortisation	(13,885,331)	(12,745,058)
	1,933,548	2,703,960
Capital work in progress		
At cost	544,828	340,516
	544,828	340,516
Total intangible assets		
Gross carrying amount	16,363,707	15,789,535
Less Accumulated Amortisation	(13,885,331)	(12,745,058)
Net carrying amount of intangible assets	2,478,376	3,044,476

	Intangibles		Capital work in progress		total	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Opening balance	2,703,959	3,657,859	340,516	-	3,044,476	3,657,859
Additions	-	-	574,173	590,232	574,173	590,232
Capitalisation from capital work in progress	369,861	176,675	(369,861)	(176,675)	-	-
Transfer to PPE	-	-	-	-	-	-
Transfers out of CWIP	-	-	-	(73,041)	-	(73,041)
Disposals	-	(12,644)	-	-	-	(12,644)
Amortisation expense ⁽ⁱ⁾	(1,140,273)	(1,117,929)	-	-	(1,140,273)	(1,117,929)
Net book value at end of financial year	1,933,548	2,703,959	544,828	340,516	2,478,376	3,044,476

Notes:

(i) The consumption of internally generated intangible assets is included in the 'amortisation' line item. 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 or sell 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 finite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired.

There were no indications of impairment of intangible assets during 2022–23.

6. Other assets and liabilities

Introduction

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

6.1 Receivables

	2023	2022
	\$	\$
Current receivables		
Contractual		
Receivables	224,105	314,422
Statutory		
Amounts owing from DJCS ⁽ⁱ⁾	14,331,941	15,872,839
GST Input tax credits recoverable	258,618	96,587
Total current receivables	14,814,665	16,283,848
Non-current receivables		
Statutory		
Amounts owing from the DJCS ⁽ⁱ⁾	62,044	850,613
Total non-current receivables	62,044	850,613
Total receivables	14,876,709	17,134,461

Notes:

(i) The amounts recognised as owing from DJCS represent funding for all commitments incurred and will be drawn down from the Consolidated Fund in the form of a grant 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. VGCCC applies AASB 9 Financial Instruments 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.

6.2 Payables

	2023	2022
	\$	\$
Contractual		
Creditors	87,535	27,721
Accrued wages and salaries	-	2,666
Accrued expenses	3,314,106	1,936,942
Total payables	3,401,641	1,967,330

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 VGCCC prior to the end of a period that are unpaid and arise when 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.

7. How we financed our operations

Introduction

This section provides information on the sources of finance utilised by VGCCC during its operations, and other information related to the financing activities of 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 VGCCC is a lessee is presented below.

Leasing activities

VGCCC leases motor vehicles. The lease contracts are typically made for fixed periods of 1-3 years.

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

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 2023, a total of \$5,627 as interest expense on lease liabilities is recognised in the comprehensive operating statement (2022: \$13,010). The lease interest expense is included in note 3.2.

7.1.1 (c) Amounts recognised in the cash flow statement

For the year ending 30 June 2023, the total cash outflow for leases recognised in the cash flow statement is \$0.441m (2022: \$0.171m).

For any new contracts entered into, 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 VGCCC assesses whether the contract meets three key criteria 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 VGCCC and for which the supplier does not have substantive substitution rights
- 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 VGCCC has the right to direct the use of the identified asset throughout the period of use
- VGCCC has the right to make 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 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 to 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

For reasons of practicability, VGCCC has elected to account for short-term leases and leases of low-value assets by recognising the payments for these leases 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

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

	Minimum future lease payments	Present value of minimum future lease payments	MATURITY DATES			
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years
	\$	\$	\$	\$	\$	\$
2023						
Lease liabilities	55,492	53,993	1,244	2,487	11,190	39,072
Total	55,492	53,993	1,244	2,487	11,190	39,072
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

Notes:

(i) 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.

	2023	2022
	\$	\$
Cash and cash equivalents	826,932	815,472
Trust funds	-	632,884
Balance as per cash flow statement	826,932	1,448,356

Due to the State's investment policy and funding arrangements, 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, VGCCC expenditure, including those in the form of payments 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 VGCCC's suppliers or creditors.

7.2.1 Reconciliation of net result for the period

	2023	2022
	\$	\$
Net result for the period	159,797	239,624
Non-cash movements:		
Depreciation and amortisation of non-current assets	1,499,221	1,563,228
(Gain)/loss on sale or disposal of non-current assets	9,083	14
Movements in assets and liabilities		
(Increase)/decrease in receivables	2,257,752	(2,796,772)
(Increase)/decrease in prepayments	109,933	358,281
Increase/(decrease) in payables	1,434,311	(892,012)
Increase/(decrease) in provisions	(5,403,481)	2,062,071
Net cash flows from/(used in) operating activities	66,615	534,434

7.2.2 Non-cash financing and investing activities

During the reporting period, VGCCC acquired right-of-use of vehicles to the value of \$0.19m (2022: \$0.302m).

7.3 Trust account balances

	Opening Balance 1 July	Total Receipts	Total Payments	Closing Balance 30 June
	\$	\$	\$	\$
2023				
Controlled trusts	632,884	-	632,884	-
Total	632,884	-	632,884	-
2022				
Controlled trusts	667,074	2,385,987	2,420,177	632,884
Total	667,074	2,385,987	2,420,177	632,884

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 VGCCC's enforcement operational project cost. 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 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	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Operating and capital commitments						
Payable ⁽ⁱ⁾						
Less than one year	1,812,006	4,400,409	-	52,639	1,812,006	4,453,048
Longer than one year and not longer than five years	458,333	21,457	-	-	458,333	21,457
Five years or more	-	-	-	-	-	-
Total operating and capital commitments	2,270,340	4,421,866	-	52,639	2,270,340	4,474,505

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

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 information about those items that are contingent in nature or require a higher level of judgement to be applied, which for VGCCC relates mainly to fair value determinations.

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 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 VGCCC are financial instruments because, although authorised under 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 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.

VGCCC recognises the following assets in this category: cash and cash equivalents and receivables excluding statutory receivables.

Categories of financial liabilities

Financial liabilities at amortised cost are initially recognised on the date they are originated and initially measured at fair value minus 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.

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 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
	\$	\$	\$	\$
2023				
Contractual financial assets				
Cash and cash equivalents	826,932	-	-	826,932
Funds held in trust (controlled)	-	-	-	-
Receivables(i)	-	224,105	-	224,105
Total contractual financial assets	826,932	224,105	-	1,051,037
Contractual financial liabilities				
Payables	-	-	3,401,641	3,401,641
Lease liabilities	-	-	55,492	55,492
Total contractual financial liabilities	-	-	3,457,133	3,457,133
2022				
Contractual financial assets				
Cash and cash equivalents	815,472	-	-	815,472
Funds held in trust (controlled)	632,884	-	-	632,884
Receivables(i)	-	314,422	-	314,422
Total contractual financial assets	1,448,356	314,422	-	1,762,778
Contractual financial liabilities				
Payables	-	-	1,967,330	1,967,330
Lease liabilities	-	-	495,904	495,904
Total contractual financial liabilities	-	-	2,463,233	2,463,233

Notes:

(i) 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
	\$	\$	\$	\$
2023				
Payables				
Financial liabilities at amortised cost	-	5,627	-	5,627
Total contractual financial liabilities	-	5,627	-	5,627
2022				
Payables				
Financial liabilities at amortised cost	-	13,010	-	13,010
Total contractual financial liabilities	-	13,010	-	13,010

The net holding gain or loss for financial liabilities measured at amortised cost is calculated as the interest expense, plus or minus gains or 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 VGCCC's financial risks within the government policy parameters.

Financial instruments: Credit risk

Credit risk refers to the possibility that a debtor will default on its financial obligations as and when they fall due. Credit risk arises from the financial assets of VGCCC, which comprise cash and deposit and receivables.

VGCCC's exposure to credit risk arises from the potential default of a counterparty on their contractual obligations resulting in a financial loss to VGCCC. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with VGCCC's financial assets is minimal because 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 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 VGCCC's credit risk profile in 2022-23.

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
	\$	\$	\$	\$
2023				
Contractual financial assets				
Cash and cash equivalents	826,932	-	-	826,932
Funds held in Trust (controlled)	-	-	-	-
Receivables(i)	-	-	224,105	224,105
Total contractual financial assets	826,932	-	224,105	1,051,037
2022				
Contractual financial assets				
Cash and cash equivalents	815,472	-	-	815,472
Funds held in Trust (controlled)	-	632,884	-	632,884
Receivables(i)	-	-	314,422	314,422
Total contractual financial assets	815,472	632,884	314,422	1,762,778

Note:

(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

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

On this basis, 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 2022-23 and 2021-22, no ECL was recognised, as the assessment indicates zero per cent probability of default for VGCCC contractual financial assets.

Currently, 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.

Financial instruments: Liquidity risk

Liquidity risk is the risk that VGCCC would be unable to meet its financial obligations as they fall due. 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.

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

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

Financial instruments: Market risk

VGCCC's exposure to market risk is considered to be immaterial. 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. 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.

INTEREST RATE RISK					
	Weighted average effective interest rate %	Carrying amount	Fixed interest rate	Variable interest	Non-interest bearing
2023 Financial assets					
Cash and cash equivalents	2.9	826,932	-	826,932	-
Funds held in trust		-	-	-	-
Receivables ⁽ⁱ⁾		224,105	-	-	224,105
Total financial assets		1,051,037	-	826,932	224,105
Financial liabilities					
Payables ⁽ⁱ⁾		3,401,641	-	-	3,401,641
Borrowings					
Lease liabilities		55,492	55,492	-	-
Total financial liabilities		3,457,133	55,492	-	3,401,641
2022 Financial assets					
Cash and cash equivalents	0.2	815,472	-	815,472	-
Funds held in trust	N/A	632,884	-	-	632,884
Receivables ⁽ⁱ⁾	N/A	314,422	-	-	314,422
Total financial assets		1,762,778	-	815,472	947,306
Financial liabilities					
Payables ⁽ⁱ⁾	N/A	1,967,330	-	-	1,967,330
Borrowings					
Finance lease liabilities	2.5	495,904	495,904	-	-
Total financial liabilities		2,463,233	495,904	-	1,967,330

Notes:
(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government, 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.

	2023 \$	2022 \$
Contingent liabilities		
Premises make good ⁽ⁱ⁾	480,327	408,091
Total contingent liabilities	480,327	408,091

Notes:

(i) VGCCC has signed a four year agreement with DTF in December 2021, with the contract period from 1 July 21 to 31 August 2025. Under the lease terms of this arrangement, VGCCC would be liable to make good the premises.

VGCCC had no contingent assets for the years covered by this report.

8.3 Fair value determination

This section sets out information on how 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), 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, 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
- for 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 assets and liabilities (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.

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 2022-23 reporting period.

VGCCC financial instruments, cash and deposits are held at fair value and are categorised as Level 1 in the fair value hierarchy. Receivables are categorised as Level 3 in the fair value hierarchy.

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

2023 and 2022	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 & vehicles	Current replacement cost	Cost per unit - office furniture & equipment - security equipment - vehicles Useful life - office furniture and equipment - security equipment - vehicles

The significant unobservable inputs have remained unchanged from 2022. There were no changes in valuation techniques throughout the period to 30 June 2023.

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 Other economic flows included in the 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.

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

9.2 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 persons who held the positions of Responsible Minister, Members of the Commission and Accountable Officers in VGCCC are as follows:

Responsible Minister – Minister for Casino, Gaming and Liquor Regulation

The Hon. Melissa Horne, MP
1 July 2022 to 30 June 2023

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

The Hon. Ben Carroll, MP
16 January to 22 January 2023

The Hon. Anthony Richard Carbines, MP
24 June 2023 to 30 June 2023

Commission Members

Ms Fran Thorn (Chair)
1 July 2022 to 30 June 2023

Mr Andrew Scott (Acting Chair)
12 September 2022 to 28 September 2022

Mr Andrew Scott (Acting Chair)
10 October 2022 to 14 October 2022

Mr Andrew Scott (Acting Chair)
27 December 2022 to 27 January 2023

Dr Ron Ben David (Deputy Chair)
1 July 2022 to 30 June 2023

Mr Andrew Scott (Deputy Chair)
1 July 2022 to 30 June 2023

Ms Claire Miller
1 July 2022 to 30 June 2023

Mr Chris O'Neill
1 October 2022 to 30 June 2023

Accountable Officer Chief Executive Officer

Ms Annette Kimmitt AM (Chief Executive Officer)

Commissioners and Accountable Officer

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

Responsible persons and Accountable Officer

Income Band	2023 \$	2022 \$
\$10,000-\$19,999	0	1
\$20,000-\$29,999	1	0
\$30,000-\$39,999	0	2
\$40,000-\$49,999	1	3
\$50,000-\$59,999	0	1
\$60,000-\$69,999	1	0
\$70,000-\$79,999	1	0
\$80,000-\$89,999	1	0
\$90,000-\$99,999	0	1
\$100,000-\$109,999	1	0
Total numbers ⁽ⁱ⁾	6	8
Total amount ⁽ⁱⁱ⁾	1,262,091	1,223,024

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.

9.3 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.

REMUNERATION OF EXECUTIVES		
Remuneration of executive officers (including key management personnel disclosed in Note 9.4)	Total remuneration	
	2023 \$	2022 \$
Short-term employee benefits	1,440,655	1,038,214
Post-employment benefits	146,231	97,719
Other long-term benefits	29,638	24,172
Termination benefits	135,993	0
Total remuneration	1,752,517	1,160,105
Total number of executives ⁽ⁱ⁾	8.00	4.00
Total annualised employee equivalents (AEE) ⁽ⁱⁱ⁾	8.00	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 9.4).

(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.

9.4 Related parties

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

Related parties of 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

VGCCC received funding from DJCS of \$37.8M (2022: \$46.8m) and made payments to the Consolidated Fund of \$2,292.94m (2022: \$1,896.9m). The payments to the Consolidated Fund relates to the collection of gambling and liquor taxation and licence fees.

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

Key Management Personnel	Position title
Ms Fran Thorn	Chair
Dr Ron Ben David	Deputy Chair
Mr Andrew Scott	Deputy Chair
Ms Claire Miller	Commissioner
Mr Chris O'Neill	Commissioner
Ms Annette Kimmitt AM	Chief Executive Officer
Mr Michael Everett	Director, Corp Services
Mr Adam Thomas	A/Director, Corp 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	2023 \$	2022 \$
Short-term employee benefits	1,386,423	1,123,583
Post-employment benefits	126,919	112,137
Other long-term benefits	4,737	15,259
Termination benefits	135,993	243,984
Total ⁽ⁱ⁾	1,654,072	1,494,963

Notes:

(i) note that key management personnel are also reported in the disclosure of remuneration of the responsible persons (note 9.2) and executive officers (note 9.3).

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 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.

9.5 Remuneration of auditors

	2023 \$	2022 \$
Victorian Auditor-General's Office		
Audit of the financial statements	210,000	188,000
Total remuneration of auditors	210,000	188,000

9.6 Subsequent events

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.

Effective from 1 July 2023, VGCCC will no longer be the receivers and verifiers of Casino, Wagering and Betting and Keno taxes. The collection of which will be undertaken by the State Revenue Office. The expected impact of revenue collected will be \$1.45 billion.

9.7 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 VGCCC.

9.8 Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2022-23 reporting period.

- AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*.
- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*
- AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*.

9.9 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.

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* (AASB 101)
- 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

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 non-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non produced) from their use or removal.

Payables

Includes short-term 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 and 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 2022-23 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of 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 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.

**Victorian Gambling
and Casino Control
Commission**

ABN 56 832 742 797

Level 4, 12 Shelley Street,
Richmond VIC 3121
GPO Box 1988, Melbourne
VIC 3001

T: 1300 99 759
E: contact@vgccc.vic.gov.au
vgccc.vic.gov.au