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Regulating Gambling and Liquor Follow up

Tabled 28 November 2019

VAGO

This presentation provides an overview of the Victorian Auditor-General's report Follow up of regulating gambling and liquor, which was tabled in Parliament on 28 November 2019.

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Overview

Benefits	Impacts
• **>$1.83b** raised in tax and licence fees • **>130 000** Victorians employed • important role in tourism industry	• Significant harm to individuals, families and the community • **$5.87b** player loss in gambling industry

Alcohol and gambling provide benefits through tax revenue, employment and tourism in Victoria. However, their misuse and abuse can cause significant harm to individuals, families and communities.

Background

- The Victorian Commission for Gambling and Liquor Regulation (VCGLR) is responsible for industry integrity and harm minimisation

- We made 13 recommendations to VCGLR in our 2017 audit

- We have followed-up on VCGLR's progress against our recommendations

The Victorian Commission for Gambling and Liquor Regulation (VCGLR, or the Commission) is Victoria's independent regulator for the gambling and liquor industries.

Our 2017 audit included three agencies—the Commission, Victoria Police and the former Department of Justice and Regulation. In this follow-up audit we focused on the Commission and assessed how it has responded to the 13 recommendations we **made to it** in 2017.

These recommendations covered four key areas:

- Licencing industry participants
- Assuring compliance
- Supervising Crown Casino and
- Measuring performance and collaborative enforcement

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In our assessment, we considered liquor and gambling separately as work in these areas is at different stages of development.

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What we recommended in 2017

Licensing industry participants (6)

Assuring compliance (4)

2017 Recommendations

Supervising Crown Casino (1)

Measuring performance and collaborative enforcement (2)

Licensing industry participants helps mitigate the potential harm associated with gambling and liquor.

In 2017 we found significant issues with existing licensing processes and made six recommendations. The Commission has now completed three of these recommendations, with the remaining three in progress.

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As a result, the Commission has improved processes for applicants to disclose information and for staff to assess applications against all legal requirements.
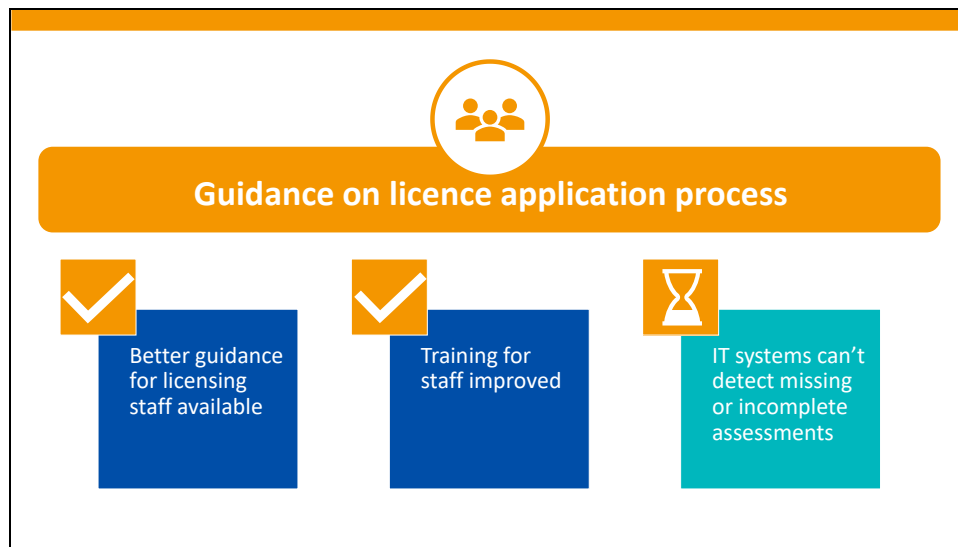
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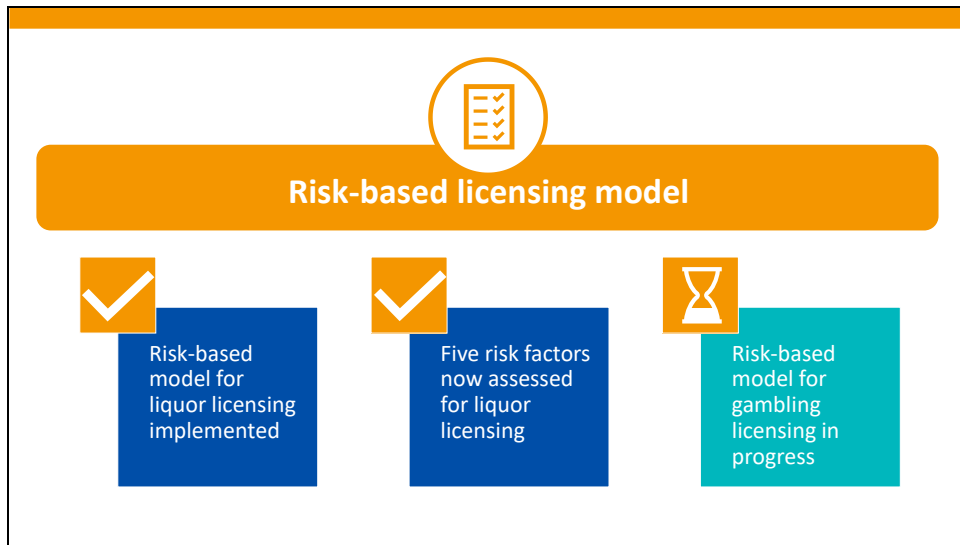
The Commission has also improved its risk-based approach to liquor licensing.

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Voice over:
While there are over 11,000 companies with a liquor licence in Victoria, we found that the Commission currently checks only a small, non-representative sample of these.

The Commission has improved guidance material and training to its staff, however, its IT system cannot detect missing data or incomplete records. This impacts the Commission's ability to monitor whether staff have complied with its new processes.

The Commission conducts inspections to ensure that licensees comply with the legislation and conditions of their licences.

In 2017 we found that inspection data was unreliable, and that inspections did not target high risk areas.

We made **four** recommendations to address this.

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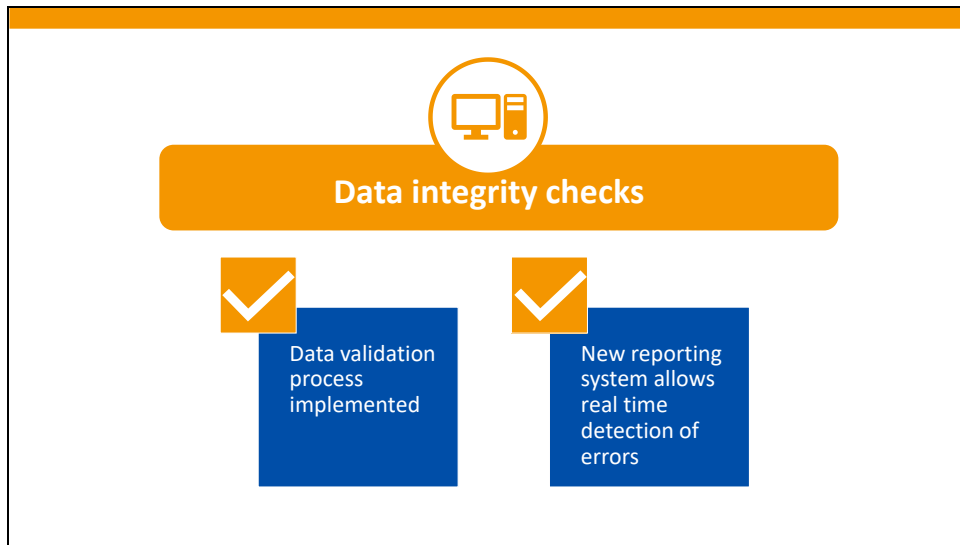
The Commission has improved its data integrity by introducing better validation processes and a new management reporting system, which detects errors in real time.

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Compliance inspectors now also receive better training.

Since 2017, the Commission has developed a tool to identify potential alcohol or gambling-related harms. While it has completed its risk-based model for liquor, the model is in still in progress for gambling.

Compliance quality assurance framework

Quality assurance framework for compliance completed

Some standard operating procedures to be further developed

The Commission has completed its quality assurance framework for compliance activities, but still needs to improve some standard operating procedures to support compliance work.

In 2017, we found that the Commission's regulatory and compliance approach was not proportionate to Crown Casino's scale and risk as the largest gaming venue in Victoria. We made one recommendation to it in response.

During our follow-up audit, the Commission began investigating Crown Casino in relation to alleged money laundering and criminal activities.

The Commission has since addressed the three key issues underlying our 2017 recommendation. It now has a dedicated team to supervise Crown Casino and conducts risk-based audits and inspections. However, we found that it could provide better guidance to its staff on the *Casino Control* Act, and on the roles and responsibilities of other regulatory and law enforcement agencies.

In 2017 we recommended that the Commission report publicly on the effectiveness of its harm minimisation, rather than just on output activities. We also recommended that it develop a joint enforcement strategy with Victoria Police for alcohol-related compliance activities.

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We found that the Commission has now implemented these two recommendations

Overall message

VCGLR progressed all recommendations. Liquor licensing and regulation has improved but VCGLR is still to implement a risk-based approach to gambling and better guidance for casino inspectors.

In summary, the Commission has made progress with all 13 recommendations from 2017.

The Commission has improved its risk-based approaches to licensing and compliance for the liquor sector. However, it still needs to finalise its risk-based approach to the gambling sector and improve guidance for its staff and on the roles of other agencies in relation to Crown Casino.

For further information, please view the full report on our website:
www.audit.vic.gov.au

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