

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the Victorian Auditor-General's Reports No. 99: Follow up of Regulating Gambling and Liquor (2019) and No. 213: Reducing the Harm Caused by Gambling (2021)

Melbourne – Monday 24 July 2023

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Paul Hamer

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O'Brien

Ellen Sandell

WITNESSES

Mr Andrew Greaves, Auditor-General, and

Mr Tony Brown, Senior Manager, Victorian Auditor-General's Office.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee. I ask that mobile telephones please be turned to silent.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting here today, and we pay our respects to them, their elders past, present and emerging, as well as elders from other communities who may be here with us today.

On behalf of the Parliament the committee is conducting this follow-up inquiry into the Victorian Auditor-General's reports on regulation of gambling and liquor and the reduction of gambling harm here in Victoria.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside of this hearing may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check, and verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome you, Mr Greaves, Victorian Auditor-General, and Senior Manager Tony Brown from the Victorian Auditor-General's Office. You are very much welcome here today. I am going to invite you to make an opening statement or presentation, and this will be followed by questions from the committee. Over to you.

Andrew GREAVES: Thank you very much, Chair. Auditor-General Andrew Greaves, as you said, and Tony Brown, Senior Manager in my performance audit division. Tony was actually on the initial audit of regulating gambling and liquor in 2017 and was the quality control reviewer on the follow-up audit, which you are inquiring into today. I do not have a staff member with me today who was on the harm audit, so I am going to represent my office in relation to the harm audit. I do not have a presentation but I do have some opening remarks, understanding the terms of reference of the committee.

Before I start I would like to acknowledge and welcome and thank the committee for its interest in my work and in my reports and for undertaking this inquiry. It is recognised best practice that an oversight committee works with the Auditor-General as closely as it can. It not only serves to strengthen and improve my organisation but hopefully it helps the committee discharge its function, so I am very pleased to be appearing here today.

In preparing for today I have done two things. I have looked at the original report in 2017 in particular, as it goes to regulation, and I have focused my comments on that because, in my estimation, of the two reports we are inquiring into today that was certainly the most serious and had the most significant findings that spoke to regulatory failure, whereas if I look at the tenor of the reducing gambling harm report, by and large it was a reasonably positive report. Our recommendations were directed towards – I would characterise it as – continuous improvement and refinement of processes, which is in stark contrast to the 2017 report into the then regulator on gambling and liquor, which found significant and serious and systemic failings in regulation.

So in preparing for that I then looked back over the last decade, and I thought it might be useful to draw the committee's attention to at least three reports that my office has prepared since 2011 that have spoken to systemic regulatory failure. I draw your attention to that because I would hope that the committee would have this in mind when it is now inquiring into what actions have been taken since the 2017 report. So with indulgence of the committee, I will just make a few quotes from a few reports. The one that I looked at first was the then Building Commission in 2011 and, in brief, found that the commission had failed to develop a framework to monitor the effectiveness of the building control system more than 17 years after it had been established. Notwithstanding this fundamental issue had been raised over 11 years and 6 years ago, there is something in that as it goes to now the new arrangements with the VGCCC, I think, post establishment – what is being done to rectify known problems.

We looked at managing landfills in 2014, the Environment Protection Authority. Again there had been a series of reviews in the late 2000s – 2009, 2010 – and in fact the EPA itself had also examined its own performance and found that it had systemic issues with its regulatory approach. In 2014 we came to revisit this area in terms of managing landfills and found there were still shortfalls in its current implementation and in the transparency of its risk-based approach and also that the EPA had not effectively translated its risk-based approach into licensing, auditing and compliance reporting requirements.

Then we go forward to the February 2017 audit on regulating gambling and liquor. An extract from that report, which you will be aware of because of the follow-up work we have done, said that there were ongoing challenges in merging the people, systems and cultures from the VCGLR's two predecessor regulatory bodies along with a lack of a sufficiently risk-based approach, which had precluded the regulator from fully realising the benefits expected when they created a single regulator. Well, as we sit here today, we now have split the regulator and created a single regulator in terms of gambling and casino control, and I would hope that the committee in seeking information and evidence from the VGCCC and the liquor regulator would be probing into how it is assuring itself that we will not have a repeat of the circumstances we have found previously over the last decade, where if we come back two or three years from now, we will be asking the same questions. I guess that is the key point.

In terms of the two audits that you are looking at, the follow-up audit – the committee will be aware that in my program I routinely pick a couple of audits to do a follow-up into, so we did follow up the regulating gambling and liquor audit from 2017 and 2019. But since then and since I have been the Auditor-General in Victoria, more recently I have also undertaken what I call a limited assurance review, where I do a progress report on the status of recommendations of all my previous audits. The committee may be aware of those progress reports I produce. I produced a progress report in June 2021, and in that progress report we did have some representations from the VCGLR as it goes to the original audit on regulating gambling and liquor. And then in 30 June 2022, which is my latest public report, we had responses from the Victorian Responsible Gambling Foundation and then from the VGCCC updating the status of its recommendations. I know that this is something that the committee wants to inquire into today. So I hope that those status updates are useful for the committee.

I am presently working on my latest status update. It is not available right now, unfortunately, but I am sure all the preparatory work that the agencies have done in providing me with responses – I do have their responses, their most recent responses, and I will be tabling a report on their responses in August this year. So hopefully the work they have done in updating my office on where they are with the status of the recommendations that are still unactioned will be able to be used by the committee potentially today when it hears from witnesses later on. My understanding is, based on the most recent public information, that the VGCCC and its predecessor had implemented and completed all but two of the 13 recommendations from the original report. The two very significant recommendations, I might add, still to be completed are recommendation 8 and recommendation 9, relating to its risk-based approach to compliance and its quality assurance frameworks for compliance. So that is my understanding of the status there.

On *Reducing the Harm Caused by Gambling*, in my June 2022 report the foundation had reported that it implemented only one of the eight recommendations. But that was a significant recommendation which related to its outcomes framework, and notwithstanding that it had not fully implemented the other seven recommendations, we had evidence from their assertions they made to us that they had made some significant progress on the other seven. So that is my current understanding of the status. I am now very happy to take questions from the committee in relation to these two reports.

The CHAIR: Thank you, Auditor-General. I am going to start with a question from my Deputy Chair.

Nicholas McGOWAN: I do not have a question, really; it is more a statement for the people who are watching at home and elsewhere, and it is just so that people fully understand. I appreciate your presentation, Mr Greaves, and all the work you have done previously, but as I am sure you also appreciate, given the recommendations of independent officers of the Parliament previously, this committee is a government-dominated committee and of course any outcome from this committee is really a government-decided outcome. So just to be clear for those at home and those watching today: this committee, for all its good intentions and all the submissions we are about to receive in the following days, is nonetheless hamstrung – handcuffed – by the government in any position it takes, because it is government-dominated. I will leave it there.

The CHAIR: No other questions, Deputy Chair?

Nicholas McGOWAN: No.

The CHAIR: Thank you. We will go straight to Mr Hamer.

Paul HAMER: Thank you, Chair. Thank you, Mr Greaves. I was just wondering if we could start by looking at Racing Victoria. I understand that that was excluded from the original report. I was wondering if you could just explain what the thinking was there.

Andrew GREAVES: So are we talking about the 2017 audit now and the scope of it?

Paul HAMER: Yes.

Andrew GREAVES: I will have to now search my databanks. I cannot give you an answer off the top of my head as to why that was excluded at the time. So when we looked at the VGCLR – I am not sure if Mr Brown has a recollection at all about the scoping of the audit.

The CHAIR: Mr Greaves, it is okay to take it on notice if you want to provide us with something in writing.

Andrew GREAVES: Thank you, Chair. I will go back through our planning for that audit and try and understand when we were doing the scoping why we left Racing out of that audit, yes.

The CHAIR: Okay.

Paul HAMER: That is okay. If I could also just ask – you talked a little bit about the foundation and how they have implemented or not implemented some of the findings from the original audit. The report – *Reducing the Harm Caused by Gambling* – found that there was not always a clear link between the research evidence and the program design. Would that be a correct assumption?

Andrew GREAVES: I think that is a fair assessment, yes.

Paul HAMER: I was just wondering how that might compare to some of the public health approaches to other harmful behaviours, perhaps in some of the other audits that you have prepared. Would you say that that is a fairly sort of common approach in terms of how the design might reflect the evidentiary base?

Andrew GREAVES: So if I understand the question, the question is related to the research that the foundation was undertaking and whether or not it was taking account of that research in the design of its services, both prevention and treatment services, which is a fair observation – this is what the report did say. I do not think I can then generalise that in relation to other audits, because it is not necessarily an area that we have considered in other audits. In relation to the foundation, I do note that they do have a significant research effort, if you like. So I would be reluctant to generalise to say whether or not this was a general feature of the public sector as to how they undertake research and how they translate research into system design, into program design, into service delivery design. But certainly we did find in the context of this audit that again the research in and of itself was quite targeted towards its role. But as I said in my opening remarks, we simply thought that they could do more with the outcomes of the research by considering it in things like issues to do with the stigma associated with being identified as someone who is experiencing gambling harm. We made some commentary about some of the information that came from research about reducing stigma and trying to stay in contact with the person or contact the person as soon as possible after they reach out for help, and we contrasted that to their five-day time frames, for example, as opposed to the 72 hours that the research would indicate. So that was the tenor of the finding. But suffice to say, in the context of the responses that we have had from the foundation, they have indicated to us – and we have not audited these responses; these are simply assertions they have made to us, and I guess it is for the committee now to ask the foundation about their progress – and it seems clear to us that they are actually taking steps to now address that weakness that we found.

Paul HAMER: If I can ask another question just on that report – the *Reducing the Harm Caused by Gambling* report – it was found in the report that while Gambler's Help providers know that the services help some individuals, the foundation does not know whether it is effective overall because it does not have an outcomes-based framework to monitor service performance. You just sort of touched on some of that, and

presumably that will be a focus of the subsequent piece of work that you are doing. Do you have any early thoughts or opinions on how the new outcomes-based framework has demonstrated its effectiveness?

Andrew GREAVES: Sorry; I did not get the last part of the question.

Paul HAMER: Sorry. Do you have any view at the moment on whether the foundation's new outcomes-based framework has demonstrated its effectiveness?

Andrew GREAVES: Thanks for the question. The short answer is no, I do not have, if you like, an informed view because it is not something that we have examined. So to be clear: in relation to our audits, we do make recommendations and we expect agencies to act upon those recommendations. And even in my annual status updates where I ask for an update, the reason why I call it a 'limited assurance review' is that I am relying on the representation from the agency. The foundation have made it clear, and one of their first orders of business was to develop an outcomes framework. I am aware that that outcomes framework exists, because I found it on their website. If I stand back and look at it just in concept and in construct, it seems to be addressing the issues that we raised in relation to a lack of an outcomes framework – an overarching outcomes framework – but I would not want to give a professional opinion today as to whether or not I think that has addressed that. I think that is a matter that usefully the committee could delve into, and I think the committee could compare the outcomes framework that has been developed by the foundation against some authoritative guidance. For example, I am reminded that in I think about 2016 the Department of Premier and Cabinet did publish an outcomes framework document which kind of had better practice principles about how you establish an outcomes framework. So that could be compared against those principles to see whether or not it actually matches. So that is at the overarching level.

The other point we made throughout the report was about, if you like, outcomes – well, I will call them small-o outcomes – in relation to particular services and particular programs. The observation again we made there was that there were a couple where there were clearly defined objectives and expected outcomes or impacts, but that was not universal across all the programs and services that were being delivered by the foundation. So there is still work to be done at that service level, at that program level, as much as at the entire outcomes framework level.

The CHAIR: Okay. Mr Hamer, I am going to go to Ms Sandell.

Ellen SANDELL: Thank you. Thank you, Mr Greaves, for your work and for your remarks this morning. I just wanted to clarify some of your remarks to make sure I understand them correctly as we go forward. Is it correct that you said that recommendations 8 and 9 from the 2017/2019 report are the two that you understand have not been implemented?

Andrew GREAVES: Correct.

Ellen SANDELL: And so in the 2019 report, if we look at recommendation 8, it says that the VCGLR at the time said it was now implementing its risk-based approach to monitoring compliance of gaming venues. Just so that I am clear, you are saying that since then your understanding is that that is not happening, is that correct?

Andrew GREAVES: It is not that that did not necessarily happen. I think what we are saying is that the events – and part of the terms of reference of the committee is to look at what might have changed since the report and since the follow-up report which would shift consideration of the recommendations. It was the establishment of the VGCCC. My advice is that we asked the VCGLR for an implementation status update in June 2021 and they gave us some detailed responses, which are available publicly on my website. By the time we got to the status update in June 2022 it was the VGCCC that responded, because it had been established. Again, I think it would be useful for the committee to ask the VGCCC what it is now doing in this space, because once a new regulator is established, the first thing they would want to do is understand how they are going as a regulator, and they would go through and do their own analysis. The VGCCC in its June 2022 update, which, again, is available publicly through my report to Parliament, gave us an indicator that it had done a fair bit of interim work but that it really was still focusing on its entire approach to compliance and its risk framework. That is why in my introductory remarks I was signalling caution about what has happened in the past with regulators, where we have had a known problem and everyone has come up with very good will and said, 'Right, let's fix this problem.' And then we come back five years later or hence and the problem has not been fixed and to some extent has been exacerbated. The short answer is that while the VCGLR may have

said that they worked on and were implementing that recommendation, my understanding is that the VGCCC are now reconsidering the whole risk framework and the whole compliance framework. I mean, they are broad issues here. There are issues here that go to leadership, that go to culture, that go to organisational design, that go to competency, capability and capacity and that go to information systems, so it is no small thing.

We will quite often find that in an audit we may raise one issue which may just be a symptom of underlying issues. It is quite open and appropriate for an organisation, a governing body, to then go back and do a root-cause analysis. While they might say, 'We've addressed the symptom of your recommendation,' we actually have not addressed the underlying root causes. I think that is where the committee could quite usefully focus its energy and attention with the new regulator – what does it think the underlying causes were for the past regulatory failure, and what is it doing about trying to address that now?

Ellen SANDELL: Thank you for that. You mentioned in your opening remarks as well that there might be some risks or dangers in splitting it in two, if I understand what you said correctly – that splitting it in two might in fact exacerbate some of the issues that we have had. Can you just give us some more on that?

Andrew GREAVES: Yes. Thanks. I hope I did not give that impression. Going back to before the 2017 audit – because the history of this regulator is that they were separate and then they were joined with liquor – we found in that 2017 audit that there were huge problems when they were joined together. You are trying to merge different cultures and different organisations. Now that it has been separated back out into a single gambling and casino regulator – I am minded that we are not looking at the casino today – hopefully that will address some of the problems we found in the 2017 audit. But I am not satisfied that just being a single-purpose regulator would necessarily do that, and in fact you could have still been effective even if you were looking at both liquor and gambling.

Ellen SANDELL: Thank you.

The CHAIR: Thank you, Ms Sandell. Mr O'Brien, do you have any questions?

Danny O'BRIEN: I do, if I may. Thank you, Chair. Thank you, Mr Greaves. It is good to be having another look at this stuff. I acknowledge that we are not looking at the casino this time – I think you are planning an audit next year.

Andrew GREAVES: I am – on casino regulation.

Danny O'BRIEN: Yes. In the context of the findings of both the original audit and the follow-up, did the issues with that oversight – that compliance and the lack of understanding or the lack of control of the framework – lead to some of the issues that we saw at the casino?

Andrew GREAVES: Okay, well, I am minded, sorry, Chair –

The CHAIR: I am just mindful, Mr O'Brien – I know they are burning questions that you have, but in relation to this inquiry, the terms of reference are clear that we are not examining the casino, Crown Casino in particular, as part of this inquiry.

Danny O'BRIEN: No, but the question – I am not trying to be difficult.

The CHAIR: No, I get that.

Danny O'BRIEN: The question goes to what the level of failure was. You can have a regulatory failure that does not really have an impact, it just means we are not oversighting things well. Perhaps I can go at it from another angle, Chair. The casino issues were well known. Did the audits identify other areas of the industry where the failure has actually caused a problem – whether that is in hotels or clubs or specifically?

Tony BROWN: I think we had some broad findings around the design of their approach, training of inspectors, the supporting procedures and guidance for inspectors in terms of performing their work. So that was broadly found across the compliance division, casino and otherwise, in the 2017 audit.

Danny O'BRIEN: Yes. What I am getting at, then, inspectors not well trained, inspectors perhaps not being able to report within a framework that means that we are getting assurance that they are doing a good job of

regulatory oversight – that is one thing. Did that lead to other concerns that VAGO was aware of in terms of poor behaviour within management of EGMs in clubs and pubs, money laundering, any of those sorts of issues?

Tony BROWN: I think our audit raised risks in those areas, but it is not our role to go and do those investigations. We raised issues around liaison and coordination with police, with AUSTRAC in terms of the money laundering issues. So we flagged those issues as things the regulator should be focused on, but we did not actually go and do detailed investigations in that area.

Andrew GREAVES: I think that is fair to say, Chair. I mean, we did not step into the role of the regulator and go out ourselves and look for problems, as Mr Brown has quite rightly said. You read the original report where we talk about a risk-based approach to regulation, licensing and compliance and inspection activities, there is a series of red flags. Those red flags are identified in our report. There are a series of consequences that arise from that which would be fairly self-evident, I would have thought, irrespective of whether we are talking about the casino or a licensed establishment for EGMs.

Danny O'BRIEN: Page 13 of the 2021 report reads:

VCGLR could not demonstrate that it properly examined and assessed all licensing applications in line with legislative provisions before approving them.

It says that was largely in the liquor space. Is that something that has been improved, do you think?

Tony BROWN: In the representations from the regulators since then, in response to that report and, as Andrew referred to, our annual status update on actions by agencies on recommendations, they are asserting that they have taken action to address that recommendation, absolutely.

Danny O'BRIEN: Have you got any assurance that that is more than just – it sounds like it was sort of a desktop exercise: that they effectively said, 'The person who has applied, the applicant, has ticked all these boxes, so we trust them that they have.' Are you satisfied that they are now actually checking that applications are full and complete and accurate?

Tony BROWN: So I think that the follow-up audit in 2019 certainly examined the evidence available on the assessment of liquor licensing applications, and I think we reported that we found improvement but we still identified a couple of areas where there were further opportunities to improve. So I think we found that there was an improved approach, yes.

Danny O'BRIEN: It was improved but could still be improved?

Tony BROWN: Yes.

Andrew GREAVES: I think, Chair, if I might just add to that, we can sometimes get focused on a particular finding, like where they are doing their inspections, without thinking of some systemic issues. I am always thinking, 'What were some of the systemic issues behind this?' I think we alluded to a couple. The two areas I did not talk about in my opening remarks where I think there is work to be done are the general area of information governance – data quality, whether the systems are integrated, whether they are joined up and therefore they can use the information. So we did have problems finding some evidence at times incomplete, so I would want to know that they were not just getting the inspections done but that they were documenting them appropriately.

The other systemic failing that we quite often see, and it certainly manifested itself in this audit, was that the performance indicators were actually creating perverse incentives. If you have a target for a number of inspections, and in the original report of course we talk about an inspector who apparently inspected three places at exactly the same time in different geographic locations – clearly not possible. We wonder whether or not the performance management framework – we talk about outcomes and outputs – was leading to perverse behaviours; we are not measuring the right things. And I would still say, sitting here today having a look at the latest budget papers, BP3 in this space, there is still work to be done in getting the output indicators right and then to actually look at outcomes.

Danny O'BRIEN: Going to the other part of our committee's investigations today, do you have a view from an audit perspective about the processes and the priorities in place of co-locating both the regulatory arm and the prevention of harm arm?

Andrew GREAVES: Do I have a view? I am not sure I do. When you say co-locating –

Danny O'BRIEN: As to whether those two roles are not necessarily mutually exclusive, but whether there is a conflict in them that could cause an issue from an oversight perspective.

Andrew GREAVES: I am not sure that I see that conflict. I would even say that in the context of the regulator, part of the regulator's role is to prevent harm so the fact that there is a separate foundation that is focused on this and has a four-year funding model which is tied to the CSF is good in and of itself, but we should not lose sight of the fact that this is why we have regulators, to actually prevent harm. So I actually see their roles in that respect as complementary rather than contradictory. I think they could work with and learn from each other, understand the regulatory approach to prevention as well as the foundation's approach to prevention.

Danny O'BRIEN: Thank you.

The CHAIR: Thank you, Mr O'Brien. Mr Galea, you had a question?

Michael GALEA: Thank you, Chair. Thank you for joining us, Auditor-General. In your initial 2017 audit, there was a strong focus on wanting the then VCGLR to favour a risk-based approach to compliance over the approaches that they had already taken. I note that in the follow-up audit I think that had already been complied with fully and was underway for gambling. What are some of the key principles of a risk-based approach? Is it previous non-compliance? Is it any other factors based on the licence type? Is it geography?

Andrew GREAVES: Thanks for the question. It is all of those and more, I would suggest. Sorry, just to go back to an earlier question about what had been completed and what had not been completed, you are right. In terms of the follow up, they were much more advanced in addressing it in relation to liquor, but it was the gambling that was still a work in progress – just to clarify that earlier comment. Tony, are there particular risk factors you would draw attention to?

Tony BROWN: In the 2017 audit obviously we were looking at the licensing and also the compliance inspectorial activity around both liquor and gambling. The risk factors differ across both of those areas of the work of the regulator, but one of the recommendations we had in the liquor space was around developing a collaborative enforcement approach with Victoria Police. At that point in 2017 the regulator was starting to gather intelligence on assaults around licensed premises. They were getting ambulance call-out data and trying to triangulate and use intelligence to try and target when they should be undertaking inspections. Subsequent to that audit they introduced a new performance measure around the number of inspections they undertake at high-risk times, so late-night trading and all that sort of thing. So there are a whole range of factors.

Michael GALEA: Thank you. Specifically in relation to the gambling side of things, I did mention geography before. Is there much difference between, for example, different parts of Melbourne? Is there a different risk profile between regional Victoria and metropolitan Melbourne?

Tony BROWN: I do not think our report went into that level of detail. But I think there is analysis of player loss by, you know, LGA across Victoria in terms of the need to perhaps target media and education campaigns and that sort of thing.

Andrew GREAVES: I think they would be very useful questions to ask the regulator, where they perceive the risks are, particularly if they are location-based risks. In our report – you talk about even the entity, the ownership structures, you know, how mature and sophisticated they are, and we were talking about whether or not they were doing asset searches to see who the associates of the entities were. There is a whole range of intelligence you can get, not just incident intelligence but background intelligence, that helps you frame up your risk assessment – a quite useful line of inquiry, I would have thought, for the committee.

Michael GALEA: That was all I had. Thank you, Chair.

The CHAIR: Thank you, Mr Galea. Mr Hilakari.

Mathew HILAKARI: Certainly. I might have misunderstood this, but in your opening remarks I understood that the VGCCC was really – you are looking more towards continuous improvement as opposed to the previous regulator, or have I misunderstood that?

Andrew GREAVES: Sorry if I was unclear. No, that was the foundation. I was trying to contrast the two reports. So the 2017 report was quite serious and significant in terms of what we found as regulatory failure, whereas I look at the foundation report, and while there are a number of recommendations, they really speak – the foundation was doing good work. It had already identified that it needed to have an outcomes framework, for example, and had already done some service reviews. So if I had to compare the two reports and which one was the most significant and serious, where the most energy and attention was required, it would be on the regulator rather than on the foundation. I am very heartened when I see the foundation's responses; clearly, they are taking the recommendations very seriously. They are putting an action plan in place. I have not gone back and checked those, it is a bit soon, but it looks on the surface that they are actually taking the recommendations very seriously and acting upon them, so that is good. Whereas with the VGCCC I have still got two unactioned recommendations which seem to me to go to the heart of regulatory effectiveness. They may be open for a whole range of reasons, as I mentioned earlier – about questions of organisational design, structure, culture, capability – which cannot be fixed quickly, but we are now six years hence since the audit was done, so we would hope that work was being done actively on that right now and that we would see some resolution to those recommendations in the very near future.

Mathew HILAKARI: And the VGCCC are about one year in, aren't they?

Andrew GREAVES: I think they are a year and a half. I think in one year they took over it fully, but I think they were established around about the beginning of 2022.

Tony BROWN: Yes, 1 January 2022 was the VGCCC. And if you look at their annual report, the messages in the chair's remarks in that annual report and the CEO's page within that annual report, they are clearly acknowledging that they are on a process of completely reviewing and redesigning their regulatory approach, so it is a work in progress, I think.

Mathew HILAKARI: And I saw a stronger, I think, harms-based approach to certainly some of the statements that they have been making, so I think that is certainly encouraging. In terms of the core risk factors that you consider for the now VGCCC in gambling applications, do you want to just maybe unpack some of that if that is possible?

Andrew GREAVES: That I see for them now – look, I am not sure I would want to express an opinion now. As I said, we do an audit at a point in time. We do not necessarily keep track of that, and we do not keep ourselves up to date on what is going on. So what has changed in landscape – I know, for example, that the committee has a term of reference to look at the growth in online gambling. It is not something that we have looked at either in my planning or in any audits that I have done, so I do not feel as though I could give you an informed professional opinion about the latest risk factors.

Mathew HILAKARI: Certainly.

Tony BROWN: If you look at the legislation, the underlying message from Parliament in the gambling legislation is around ensuring that the industry and the participants remain free from criminal influence and exploitation. There are some pretty strong messages from Parliament in the Act, so you would hope that the regulatory response would be designed to address those risks that are in their mandate, I suppose, and the legislation.

Mathew HILAKARI: Thank you, Chair.

The CHAIR: Thank you, Mr Hilakari. In the short time that we have left, Mr Greaves – we are going to be hearing from lots of different people in the next couple of days, but what would you say are the current risks or continuing challenges that you want to bring to the committee's attention associated with the regulation of liquor and gambling that you think are important for us to look at?

Andrew GREAVES: Thanks, Chair.

The CHAIR: And you may have a couple, but maybe your top three or four ones.

Danny O'BRIEN: Or you could just give us a list of questions to ask, if you like.

Andrew GREAVES: That would be a good question to ask the regulator, I think, Chair. I am also mindful that we have not updated ourselves on what is going on with the new liquor regulation authority either, so I cannot really opine necessarily on liquor.

I would just focus my remarks not so much on the industry, because as I said, we do not track that; it is not our role. We are not the regulator. We are not experts in gambling, so I do not want to pretend I know something that I do not know. Whenever I look, and that is why my opening remarks were quite pointed, at what we call the 'big R' regulators – your environmental regulators, social regulators, economic regulators – it seems to me that we keep finding regulatory failure. I am trying to understand what the root cause of the regulatory failure is. In my experience, both in regulators and in other organisations, it starts with the leadership of the organisation, but it can also be in the design of the organisation: what roles and responsibilities it has had.

We had a question about whether there is a conflict within the program space of the foundation vis-a-vis the regulator. I do not believe there is, that they sit in that same programmatic area, but you can look at org design within it and you can say, 'How have I organised myself? Are my roles and responsibilities clear? Is my governance clear?' I guess, if I could truncate it given the time available, I did look at Better Regulation Victoria's 10 principles for being an effective regulator, and I commend them to the committee. I think these are the principles I would be asking the regulator to talk to in terms of its strategic approach, its operational approach and the enablers it has. That is where we generally find the risks: at strategy, operation and enablers. That is where we have found the risks. So I think that is what I would leave the committee with as my key message.

The CHAIR: That is excellent. Does Mr Brown have anything he would like to add as we come to the end that you want to bring to the committee's attention?

Tony BROWN: No.

The CHAIR: Are there any other questions from committee members? No? That is great. We may have, as we go through and write the report, some other questions that come to us as we are writing. Are you happy if we send them to you to take on notice?

Andrew GREAVES: Indeed. I think I have got one question on notice about the scoping of racing in the original audit.

The CHAIR: Yes, just that one. Okay. Auditor-General and Mr Brown, thank you so much for taking the time to appear before the committee today. The committee will follow up on any additional questions or questions taken on notice in writing, and responses are required within five working days of the committee's request. The committee is now going to take a short 20-minute break before recommencing the hearing. I declare this hearing adjourned.

Witnesses withdrew.