

Report of Independent Review Panel

Gaming Machines Licensing Process:
regulatory review

9 July 2018

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Report of Independent Review Panel Gaming Machines Licensing Process: regulatory review

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**Gambling and Lotteries Licence
Independent Review Panel**

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9 July 2018

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

Dear Minister

Re: Gaming Machines Licensing Process: regulatory review

Attached is the Report of the Independent Review Panel in relation to the Gaming Machines Licensing Process: regulatory review.

This report is provided to you pursuant to s10.2A.10(1) of *the Gambling Regulation Act 2003*.

Yours sincerely

Geoff Giudice AO
Chair
Gambling and Lotteries Licence Independent Review Panel

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1. Purpose of this report

This is a report to the Minister for Consumer Affairs, Gaming and Liquor Regulation (**the Minister**) by the Independent Review Panel (**the Panel**) in relation to the allocation of gaming machines in the State of Victoria from 16 August 2022. The report is provided to the Minister pursuant to section 10.2A.10(1) of the *Gambling Regulation Act 2003* (the **Act**). Publication of the report is dealt with in section 10.2A.11 of the Act.

2. Role of the Panel

The Panel is established under section 10.2A.2 of the Act. The role of the Panel is to report to the Minister on the process associated with the allocation of gaming machine entitlements in Victoria from August 2022 (**Gaming Machines Licensing Process**) in accordance with the section 10.2A.3(1) of the Act. The Panel consists of a chairperson and three other members appointed by the Governor in Council on the recommendation of the Minister.

3. Gaming Machines Licensing Process: steps

The Gaming Machines Licensing Process consists of two stages:

- Stage 1: regulatory review; and
- Stage 2: allocation.

3.1 Regulatory Review

This stage involves a review of the policy and regulatory framework pertaining to the regulation of gaming machines in the period prior to 2022 and consideration of options for the process and timing of the allocation of gaming machine entitlements post-15 August 2022 (**post-2022**).

This report relates to the conduct of the regulatory review and the policy decision-making process made up to the date on which the Minister announced the final policy decisions arising from that review, 11 August 2017, and before the introduction of legislative amendments giving effect to those decisions.

3.2 Allocation of gaming machine entitlements

This stage involves the implementation of legislative amendments and allocation of the post-2022 gaming machine entitlements.

The Panel will report separately on the allocation of post-2022 gaming machine entitlements once that process is finalised.

4. The Review Process

The regulatory review commenced with the publication of the review terms of reference in August 2015. A public consultation paper was issued in December of that year. The review was managed by the Gambling Licensing Program (GLP) project team within the Office of Liquor, Gaming and Racing in the Department of Justice and Regulation under governance arrangements described in section 6, below. The review concluded in the latter half of 2017. High level policy decisions were announced by the Minister on 7 July 2017. The final, and more detailed, policy decisions were announced on 11 August 2017. Legislative amendments giving effect to those decisions were introduced into the Victorian Parliament on 19 September 2017.

4.1 Terms of Reference

As just noted, on 7 August 2015 the Minister announced the terms of reference for the regulatory review. These required that the review consider the following matters:

- whether the gaming venue operator model had met its objectives;
- whether the regulatory settings for the venue operator model (cap and distribution of entitlements) should be retained, namely:
 - the 27,372 cap on the number of entitlements;
 - 105 machine venue level cap;
 - the 35 per cent ownership restriction;
 - the requirement that 20 per cent of entitlements be in non-metropolitan municipalities; and
 - that entitlements are divided equally between clubs and hotels;
- whether revenue from gaming is fairly distributed (the structure of gaming machine taxes and the tax differential between clubs and hotels, including how clubs demonstrate their community benefit (taxation arrangements));
- the appropriateness of the current 10-year term or whether entitlements should be issued for a shorter or longer fixed-term, or in perpetuity (term of entitlements);
- how any new entitlements should be allocated (method of allocation);
- how the price of any new entitlements should be determined (price of entitlements);
- how and when entitlements should be paid for (payment of entitlements); and
- how the entitlement transfer market should operate (transfer market).

4.2 Policy options analysis

The Government sought public and stakeholder consultation in relation to the terms of reference. Over the period to July 2016 the Gambling Licensing Program Steering Committee, supported by the Department, undertook detailed analysis of options in relation to each of the policy issues under review. This process culminated in a report and recommendations to the Minister regarding whether or not there was a case for change to existing policies.

4.3 High level policy design

Between August 2016 and April 2017 Government gave consideration to the key features of the allocation process. In particular, it considered the method of allocation, state wide and venue caps on gaming machine numbers, the proportion of entitlements to be allocated to metropolitan and non-metropolitan venues and ownership restrictions in the hotel entitlement market.

Consideration was also given to the term of entitlements, taxation arrangements, the pricing model as well as further design features of the allocation process. On 10 April 2017 Government endorsed the high level policy design and detailed policy decisions were made subsequently up until the introduction of the Gambling Regulation Amendment (Gaming Machine Arrangements) Bill 2017.

4.4 Policy decisions announced publicly

On 7 July 2017, the Minister, the Hon Marlene Kairouz MP, issued a media release announcing further policy detail with respect to:

- cap and distribution of entitlements;
- taxation arrangements;
- term of entitlements;
- method of allocation; and
- price of entitlements.

The Minister also wrote to incumbent venue operators advising them of these decisions. In order to mitigate the risk of market manipulation, the number of entitlements held by each operator was fixed as at the date of the announcement.

Subsequent to this announcement further recommendations were made to the Minister concerning the implementation of a number of these higher level policy decisions before her final announcement on 11 August 2017.¹

4.5 Legislative amendments

On 19 September 2017 the Government introduced the Gambling Regulation Amendment (Gaming Machine Arrangements) Bill 2017 to give effect to the policy reforms resulting from the regulatory review. The legislation was passed on 30 November 2017 and received Royal Assent on 12 December 2017.

5. Criteria and scope of the Panel's inquiry

Under s.10.2A.3(1)(a) of the Act the Panel *is to consider, and report to the Minister, whether, in the preparation of recommendations or reports to the Minister by a **relevant entity** with respect to a regulatory review—*

- all parties interested in a relevant activity have been treated impartially and have been given the same opportunity to access information and advice in relation to the review process; and*
- information received from parties referred to in subparagraph (i) has been managed to ensure the security and confidentiality of intellectual property and proprietary information; and*
- every relevant entity involved in the regulatory review has been required to declare any actual or perceived conflict of interest before participating in the regulatory review;*
- any conflict of interest referred to in subparagraph (iii) has been appropriately addressed; and*
- there has been any improper interference with the making of a recommendation or report; and*
- the preparation of a recommendation or report discloses bias or anything that could lead to a reasonable apprehension of bias.*

It is not the role of the Panel to review decisions made by the Minister. The Panel's role is limited to the procedures implemented by the Department in carrying out the regulatory review, including the conduct of public and stakeholder consultations and other aspects of its preparation of recommendations or reports to the Minister.

¹ <https://www.premier.vic.gov.au/a-fairer-pricing-system-for-gaming-machines-in-victoria/> (11 August 2017 media release)

6. Relevant Entities

The term 'relevant entity' is defined in s.10.2A.1 of the Act as follows:

- (a) the Commission; or
- (b) a public official (within the meaning of the *Public Administration Act 2004*) employed in—
 - (i) the Department administered by the Minister; or
 - (ii) the Department administered by the Premier; or
 - (iii) the Department administered by the Treasurer; or;
 - (iv) a person engaged to provide services to an entity referred to in paragraph (a) or (b).

For the purposes of this report, the Panel has identified the following **relevant entities**:

- relevant public officials within the Department of Justice & Regulation (the Department), the Department of Treasury and Finance (DTF) and the Department of Premier and Cabinet (DPC);
- the legal advisors to the Department, Corrs Chambers Westgarth (Corrs) and the Victorian Government Solicitor's Office (VGSO);
- the Victorian Commission for Gambling and Liquor Regulation (VCGLR);
- the probity advisors to the Department, O'Connor Marsden and Associates (OCM);
- the commercial advisors to the Department, Allegianz ACIL Allens Consulting and Ernst and Young.

In allocating gaming machine entitlements across the State the Minister is supported by the Department and VCGLR. The Gambling Licensing Program Steering Committee was established to oversee the review process comprising representatives from the Department, DPC and DTF. The supporting organisation chart at Figure 1 sets out the decision making process for the regulatory review.

Figure 1: Supporting organisational chart



7. Panel's proceedings

The Panel met with the Department and received periodic briefings on the regulatory review. The Panel reviewed a range of documents, including documentation relating to stakeholder consultations, policy working papers, technical and expert reports, briefings to the Minister and submissions to Cabinet on the outcomes of the regulatory review.

To assist it in assessing the management of confidential information and conflict of interest issues, the Panel submitted a number of questions to the Department² and received written responses setting out the manner in which these matters had been managed.

The Panel also reviewed a report by the Department's probity adviser, O'Connor Marsden and Associates, dated 1 June 2018.

The dates that the Panel convened are set out in Appendix 1.

The Panel was supported by a secretariat provided by a separate division within the Department.

To ensure the security and confidentiality of documents considered by the Panel, access was provided to documents remotely through the use of dedicated iPads and secure encryption software provided by the Department.

8. Aspects of the regulatory review considered by the Panel

The Panel has identified a number of aspects of the regulatory review relevant to section 10.2A.3(1)(a) of the Act.

8.1 Recommendation to adopt an administrative allocation method and to give incumbents first preference

8.1.1 Recommended allocation method

As part of the regulatory review the Department tendered advice to the Minister on the best method for allocating gaming machine entitlements across Victoria. In essence, this came down to a choice between:

- a competitive allocation process;
- an administrative allocation process; or
- some combination of a competitive and administrative allocation process.

The Department undertook an assessment in order to determine which of these alternative approaches would best satisfy the following criteria:

- maximise value to the state by encouraging the full allocation of entitlements;
- maintain a viable industry by providing certainty to industry and support the club sector;
- minimise the regulatory burden on industry;
- be fair to incumbent venue operators; and
- provide an opportunity for new entrants.

The Department concluded that an administrative allocation method would better satisfy these criteria than either a competitive allocation or a hybrid competitive/administrative approach. The adoption of an administrative allocation method meant that the price of gaming machine entitlements would also have to be determined administratively.

² Appendix 2

In assessing the alternative methods of allocating entitlements against the criteria set out above, the Department took into account perceived shortcomings with the 2010 gaming machine allocation process. That process included a combination of competitive and administrative allocation. At that time, club venue operators were provided with an opportunity to purchase up to 40 club entitlements at a price calculated by reference to actual gaming machine revenue through a process called the 'pre-auction club offer'. Hotel and club entitlements not allocated through this process were subsequently allocated through a competitive auction at a price calculated according to auction rules.

A report by the Victorian Auditor-General³ was critical of the 2010 allocation process, finding that it did not achieve value for money for tax payers. In particular, the Auditor-General concluded that the presence of high regulatory and financial barriers to entry to the gaming industry had deterred new participants and the rigidity of the regulatory framework also detrimentally affected existing venue operators' willingness to increase the number of gaming machines they operate. Club venue operators that had participated in the pre-auction club offer also contended that the process had not treated them fairly because the administratively determined prices they paid for their entitlements proved on average to be significantly higher than the prices paid by similar venues at the subsequent auction.

The presence of high regulatory and financial barriers to entry into the gaming machine market appears to have been a significant factor in the Department concluding that the scope for new entrants in the gaming machine market was strictly limited. In the club sector in particular, this conclusion appeared to be borne out by the persistence of a pool of unallocated club venue licences available on the secondary market. Although acknowledging that an administrative allocation method would favour incumbents, the Department concluded that, with little prospect of competition, an administrative approach would better satisfy the criteria of maximising returns to the State and maintaining the viability of the industry by providing certainty and support to the club sector.

8.1.2 First preference to be given to incumbent venue operators

The Department recommended that incumbent venue operators be given first preference in the allocation of entitlements to be made available post-2022. Potential new entrants would subsequently have an opportunity to apply for entitlements not taken up by incumbent operators through the initial offer, subject to the prescribed caps on the number of entitlements available to clubs and hotels respectively.

The stages of the proposed post-2022 allocation method, subsequently endorsed by the Minister, were as follows:

First Stage

All incumbent venue operators would be given first preference to purchase up to the number of entitlements they held on 7 July 2017.

Second Stage (Clubs)

- Club entitlements not taken up through the first round offer would then be made available to potential new entrant clubs up to a maximum of 420 entitlements for each new proposed club venue.
- Any surplus club entitlements not taken up by new entrants would then be made available to meet requests by existing venues for up to 420 additional entitlements.
- Requests by clubs seeking more than 420 entitlements in total would then be allocated as the final step in the allocation of club entitlements.

³ Auditor General of Victoria, *Allocation of Electronic Gaming Machine Entitlements - Victorian Auditor General's Report, Session 2010-11, PP No 41*

Third Stage (Hotels)

- Potential new entrant hotels would be invited to apply for any hotel entitlements not taken up by incumbents in the first round offer.
- Surplus hotel entitlements not taken up by new entrants would then be made available to incumbent hotels to meet requests for additional entitlements for existing venues.
- Finally, any remaining unallocated hotel entitlements would be offered to incumbent hotels for proposed new venues.

8.1.3 Treatment of incumbents and potential new entrants

The Panel notes that the choice of an administrative allocation method, in combination with the decision to give incumbent venue operators first refusal in the allocation of new entitlements based on the number of entitlements held as at 7 July 2017, limited opportunities for potential new entrants. This raises a question as to whether, in the preparation of its advice to the Minister, the Department treated both incumbents and potential new entrants interested in obtaining gaming machine entitlements impartially or whether the Department's recommended approach discloses bias or anything that could lead to a reasonable apprehension of bias in favour of incumbent operators.

Giving incumbents first right of refusal for existing entitlements meant that potential new entrants would initially only have an opportunity to apply for entitlements not taken up by incumbents through the first round offer. The Panel notes that the Department did receive expressions of interest from 25 potential new entrants. Nevertheless, the Panel acknowledges that the analysis undertaken by the Department - including the evidence that a pool of unallocated club entitlements had never been taken up by new entrants through the secondary market - gave it reasonable cause to conclude that new entrants would in any case be deterred by high regulatory and financial barriers to entry. Additionally, the Panel acknowledges that the objective of encouraging new entrants had to be weighed against other objectives, including maximising returns to the state by encouraging the full allocation of entitlements, and maintaining a viable industry by providing certainty to industry. Further, the Panel notes that the Department's recommended approach was designed to ensure that potential new entrants would receive preference in the allocation of entitlements not taken up by incumbents.

The Panel considered it possible that alternative approaches to the allocation might have provided greater opportunities for potential new entrants whilst at the same time satisfying the objectives of value to the state and protecting industry viability. However, while this raises the question of whether all reasonable alternatives for achieving these objectives were canvassed in the preparation of reports and recommendations to the Minister on the proposed allocation process, on balance the Panel makes no finding of bias or lack of impartiality in those recommendations.

8.2 Consultation and communication process

Prior to the commencement of the regulatory review, on or about 26 August 2013, a number of industry stakeholders wrote to the Premier requesting the term of gaming machine entitlements be extended beyond the current term of ten years. The previous Government instructed the Department and the DTF to conduct a review in relation to the request.

As part of this review an industry roundtable was established to facilitate engagement with the industry peak bodies. The industry roundtable included representatives from:

- Australian Hotels Association;
- Returned Services League of Australia (Victorian Branch); and
- Community Clubs Victoria.

An initial public consultation process then took place commencing with the release of the paper *Review of Gaming Machine Entitlement Term Issues* on 13 June 2014. Twenty-two submissions were received in response to the paper and published on DTF's website.

It was following this consultation and further consideration by the Government, that the Gaming Machine Arrangements Review Project was established.

As noted previously the terms of reference were announced in August 2015. The Panel has taken the view that this marked the commencement of the review for the purposes of section 10.2A(1) of the Act.

The Government undertook to consult with industry, community and other stakeholders to understand their views on the current arrangements. This process was governed by the *Stakeholder and Communications Management Strategy* (Communications Strategy) and a *Probity Plan*. The Communications Strategy applied to all parties with an interest in the project and set out the approach to engagements with specific categories of stakeholders, including the public. The Probity Plan applied across each phase of the project and to all members of the project team and stakeholders relevant to the process and set out guiding principles to underpin the purpose for and goal of communication with stakeholders more generally.

Formal consultation began on 15 December 2015 when the Department released the consultation paper.⁴ The paper provided an overview of the current gaming machine arrangements and regulatory framework and sought submissions on a number of key issues (described under heading 4 above). On the same date the Department circulated a media release announcing the publication of the paper and an associated response form for interested parties.

By the closing date of 26 February 2016 254 submissions had been received by the Department. All submissions were published on the Department's website.

The Department also convened an Industry Advisory Group (**IAG**) to support the work of the project team and to assist with the development of policy. The IAG was made up of three representatives from the Australian Hotels Association, two representatives from Clubs Victoria and two representatives from the Returned Services League. In order to ensure that an open discussion of gaming machine arrangements could take place in an orderly way, the IAG agreed to sign confidentiality deeds. The IAG met monthly between December 2015 and March 2016.

The targeting of stakeholder consultations to organisations primarily representing incumbent operators throughout the stages of policy review that followed the public consultation stage could raise an apprehension of bias against new entrants as the opportunity for potential new entrants was strictly limited after the conclusion of the initial public consultation process in February 2016.

In assessing whether all parties with an interest in the regulatory review were given the same opportunity to access information and advice in relation to the process, the Panel focused on the method of communication and the probity arrangements governing consultation and communication with industry during the course of the regulatory review. The Panel notes that the Communications Strategy and the Probity Plan made specific provision for the manner in which consultations with industry should be managed to ensure consistent messaging, fair and equal treatment and the same opportunity to access information and advice.

The Department also sought supplementary probity advice on the management of this targeted consultation process from both OCM and Corrs.

4 Refer to 4.1 *Terms of Reference* section

The Panel also submitted written questions⁵ to the Department seeking information on what steps it had taken to ensure that all parties interested in the regulatory review were given the same opportunity to access information and advice in relation to the process. In its response the Department advised the Panel that it had adhered to the Communications Strategy and the Probity Plan prepared for the Gaming Machines Licensing Process. In particular, the Department provided the public with the following notices:

- terms of reference via media announcement detailing the scope of the regulatory review and high level timelines;
- a Discussion Paper, via a public notice through print media, inviting the public to comment on specific areas of the regulatory review; and
- a media announcement on the outcomes of Government decisions on the gaming machine framework.

Finally, the Department also published all general information via its Website.

Questioned by the Panel as to why there had been no further opportunity to consult with potential new entrants after the initial public consultation, representatives of the Department provided the following advice to the Panel:

- unless potential new entrants had identified themselves during the initial consultation process, the Department had no way of knowing who such potential new entrants might be in order to engage them in further consultation;
- of the 7 industry representatives on the IAG, only one was associated with a current licensee;
- the membership base of the peak bodies represented on the advisory group was not limited to incumbent venue operators but included potential new entrants; and
- targeted consultation with peak bodies via the Industry Advisory Group was for the purpose of seeking industry feedback on policy options, with no information provided on likely policy directions and at no time did the Department provide information to any industry stakeholder that would have given that stakeholder or any other industry stakeholder an advantage.

So far as the Panel can tell, no potential new entrant sought and was denied further consultation or information either before or after the decision to use an administrative allocation method and give first preference to incumbent operators.

8.3 Managing confidentiality of information and potential conflicts of interest

The Panel is required to satisfy itself that information received from all parties with an interest in a relevant activity has been managed to ensure the security and confidentiality of intellectual property and proprietary information, that every relevant entity involved in the regulatory review has been required to declare any actual or perceived conflict of interest before participating in the regulatory review and that any conflict of interest has been appropriately addressed.⁶

The Probity Plan sets out clear policies and procedures to safeguard the security of confidential information and to ensure that any conflicts of interest were identified and appropriately managed. In assessing how well the Department adhered to the Probity Plan with respect to the management of confidential information, intellectual property and conflicts of interest, the Panel relied in part on the advice of the probity adviser OCM.

⁵ Appendix 2

⁶ see Panel terms of reference ii, iii and iv at Para 5 above).

OCM formed the view that the document management arrangements set out in the Probity Plan satisfactorily covered all aspects of confidentiality and was not aware of any breaches of those provisions.

In addition, in response to the Panel's questions, the Department informed the Panel that the only persons with access to confidential information were members of the GLP team and contractors engaged to formulate input to the administrative pricing model developed for the project. Consistent with the Probity Plan all relevant entities including contractors were required to complete a confidentiality deed prior to accessing any relevant information.

The Probity Plan also required members of the project team responsible for managing the Gaming Machines Licensing Process and relevant stakeholders to consider any actual, perceived or potential conflicts of interest in undertaking any aspect of the process and to complete a related interest declaration Form. The Probity Plan also set out guidance on the procedure for disclosing and managing conflicts of interest.

A register of the confidentiality deeds and related interest declaration forms was made available to the Panel. In addition the Panel reviewed the report prepared by OCM in order to assess whether any potential conflicts of interest had been appropriately identified and managed. The OCM probity report identified that of the 61 people who completed a related interest declaration form, eight declared an interest and that, in the view of OCM, these had all been appropriately managed.

The OCM probity report also concluded that, based on the work performed by the Department, it was not aware of any material probity risks which were not identified, addressed and an appropriate mitigation strategy adopted by the Department to ensure compliance with section 10.2A.3 of the Act.

9. Panel Findings in relation to regulatory review process

In relation to the issues the Panel is required to consider, set out under heading 5 of this report, the Panel makes the findings set out below:

In relation to 10.2A.3(1)(a)(i) - *all parties interested in a relevant activity have been treated impartially and have been given the same opportunity to access information and advice in relation to the review process* - the Panel gave close consideration to the treatment of incumbent venue operators as opposed to potential new entrants and specifically whether new entrants had been treated impartially and given the same opportunity to access information and advice at all stages of the policy consultation process. The Panel found that in the circumstances the Department had done all it could to treat potential new entrants impartially and to give them the same opportunity to access information and advice. Further, the Panel did not find any evidence that any potential new entrant sought and was denied further consultation or information relevant to the policy review process.

In relation to 10.2A.3(a)(ii) - *information received from parties referred to in subparagraph (i) has been managed to ensure the security and confidentiality of intellectual property and proprietary information* - the Panel has reviewed the requirements of the project probity plan in relation to information received from interested parties in the gaming machines licensing process. The Panel notes that the report of the Department's probity adviser OCM concluded that such information has been appropriately managed to ensure the security and confidentiality of intellectual property and propriety. In addition the Panel has sought and received written advice from the Department on how any such information has been managed and is satisfied that the security and confidentiality of such information has been maintained.

In relation to 10.2A.(3)(a)(iii) - *every relevant entity involved in the regulatory review has been required to declare any actual or perceived conflict of interest before participating in the regulatory review, and (iv) any conflict of interest has been appropriately addressed* - the Panel has reviewed the requirements of the probity plan in relation to conflict of interest and related party interests, has reviewed registers of actual or potential conflicts of interest in relation to each relevant entity, and has reviewed the probity advisor's report. The Panel is satisfied that all parties have declared any actual or perceived conflict of interest before participating in the regulatory review and that any actual or potential conflicts of interest have been appropriately managed.

In relation to 10.2A.(3)(a)(v) - *there has been no improper interference with the making of a recommendation or report* - the Panel has reviewed all procedures and protocols, minutes of meetings with the industry advisory group and other stakeholders and relevant reports and recommendations to the Minister and has found no evidence of improper interference.

In relation to 10.2A.(3)(a)(vi) - *the preparation of a recommendation or report discloses bias or anything that could lead to a reasonable apprehension of bias* - the Panel gave close consideration to whether the Department's recommendation that the Minister adopt an administrative rather than a competitive allocation process and, further, that first preference be given to incumbent venue operators in the administrative allocation of post-2022 gaming machine entitlements, could together reflect a lack of impartiality in the treatment of potential new entrants vis a vis incumbent venue operators. The Panel considered it possible that alternative approaches to the allocation might have provided greater opportunities for potential new entrants whilst at the same time satisfying the objectives of value to the state and protecting industry viability. On the other hand, the Panel acknowledges that the Department was required to balance a number of competing objectives in advising on the preferred allocation method. The Department was also strongly influenced by an adverse report by the Auditor-General of Victoria on the competitive allocation process for the allocation of entitlements for the period from 2012 to 2022, and also had reasonable grounds for its assumption that high financial and regulatory barriers to new entrants would likely make for a low level of competition for entitlements from new entrants, with potentially adverse consequences for the State. On balance, therefore, the Panel makes no finding of bias or lack of impartiality in the Department's recommendations to the Minister on the proposed method of allocation of post-2022 entitlements.

10. Conclusion

The Panel has reviewed reports and recommendations in relation to *Gaming Machines Licensing Process: regulatory review* and makes no adverse findings pursuant to s10.2A.3(1)(a).

Dated 9 July 2018



Geoff Giudice AO
Chair



Claire Thomas
Member



Tim Garrod
Member



Bill Jaboor
Member

11. Appendices

11.1 Appendix 1- Panel Meeting Dates

The Panel convened on the following dates:

- 15 May 2017
- 28 June 2017
- 6 July 2017
- 27 July 2017
- 3 August 2017
- 28 September 2017
- 7 December 2017
- 30 January 2018
- 9 April 2018
- 30 April 2018
- 22 May 2018
- 14 June 2018
- 27 June 2018

11.2 Appendix 2 - Questions: confidentiality and conflicts of interests

1. What steps were taken by OLGR to ensure that all parties interested in the regulatory review were given the same opportunity to access information and advice in relation to the review process?
2. During the regulatory review did any parties provide information containing intellectual property and/or confidential information?
3. If the response to question 2 is yes, how did OLGR manage the information so as to ensure the security and confidentiality of that intellectual property and confidential information?
4. Was every relevant entity involved in the regulatory review required to declare any actual or perceived conflict of interest before participating?
5. If any conflict of interest was declared, what steps were taken to ensure the conflict was appropriately addressed?

12. Glossary

The following abbreviations are used through this report

DTF	Department of Treasury and Finance
DPC	Department of Premier and Cabinet
VGSO	Victorian Government Solicitor's Office
OCM	O'Connor Marsden and Associates
AHA	Australian Hotels Association
RSL	Returned Services League
CCV	Clubs Australia and Community Clubs Victoria
IAG	Industry Advisory Group
PSBC	Policy Strategy and Budget Committee
OLGR	Office of Liquor Gaming and Racing

Schedule 1

Report of the Independent Review Panel
Gaming Machines Licensing Process: regulatory review
9 July 2018
Supplementary Report

Under section 8.2 of the Report of 9 July 2018, in the paragraph beginning with "Questioned by the Panel as to why there had been no further opportunity to consult with potential new entrants" , the following bullet point is omitted:

- opportunities for contact with the Department were made available to potential new entrants when the Expression of Interest process was announced and it was clear that a preference being given to incumbent operators, was a possible outcome of the review⁷

Dated 30 July 2018



Geoff Giudice AO

Chair

Gambling and Lotteries Licence Independent Review Panel

⁷ When the Expression of Interest Process was announced, the outcomes of the regulatory review had already been determined by the Government



