

CORRECTED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2002–03 budget estimates

Melbourne – 24 May 2002

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Ms C. Campbell, Minister for Consumer Affairs;
Mr A. Clayton, Acting Secretary, Department of Justice;
Mr D. Fitzgerald, Acting Director; and
Ms S. Maclellan, Assistant Director, Consumer Service and Compliance,
Consumer and Business Affairs Victoria.

The ACTING CHAIRMAN (Mrs Maddigan) — I declare open the Public Accounts and Estimates Committee hearing on the budget estimates for the consumer affairs and senior Victorians portfolios. I welcome Christine Campbell, the Minister for Senior Victorians and the Minister for Consumer Affairs; Mr Alan Clayton, Acting Secretary, Department of Justice; Mr Denis Fitzgerald, acting director, Consumer and Business Affairs Victoria; Ms Sue Maclellan, assistant director, consumer service and compliance, Consumer and Business Affairs Victoria; other departmental officers; members of the public; and others. All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded by Hansard and witnesses will be provided proof versions of the transcript early next week.

Minister, we will do the consumer affairs portfolio first, so I invite you to make a 10-minute presentation and then we will go into questions.

Ms CAMPBELL — Thank you for the opportunity to present a report to the Public Accounts and Estimates Committee on my portfolio responsibilities. We will begin with the role of consumer affairs.

Overheads shown.

Ms CAMPBELL — Consumer affairs has three primary roles: for consumers, for business and for the community. To highlight the role for consumers, a significant portion of our work is on dispute resolution services. There is a significant success rate with that dispute resolution service, and I will go into that in detail a little later. For business, a primary role of consumer affairs is the licensing of businesses and occupations. The government and the community recognise and acknowledge consumer affairs particularly for its work in the area of prosecution of traders who breach consumer protection laws. The consumer affairs objective is to improve access to consumer protection services, particularly for the vulnerable. The key drivers in that are outlined for you in the overhead. Services are focused on customers who most need them, and they include accessible services, partnerships and cooperation.

The consumer protection framework's key components are the statutes. I am responsible for over 40 statutes and this legislation can be broadly broken into two groups. The first is the general protection framework — down that left-hand column where you can see legislation such as the Fair Trading Act, the Consumer Credit Act, the Business Names Act and the Goods Act. On the right-hand side you can see reference to the regulation of particular industries and occupations. The key consumer services provided relate to not only consumer inquiries but also tenancy inquiries. Our call centre in the city handles around 1000 calls a day. It also has the ability to cope with peak periods, such as during the Ansett crisis when the team were able to look after calls and resolve issues for 4000 people per day. That was done not only through one-on-one conversations; it was also done through other technical aids that use the telecommunications system.

As you can see, tenancy accounts for 30 per cent of our work and the calls handled, so the Residential Tenancies Act is a key component of the work of consumer affairs administration. Other key inquiry areas are motor vehicles, which is 7 per cent of our work, and building, which is about 6 per cent. That is outlined percentage wise on the overhead. As you can see, in the next financial year our budget is \$45.3 million, which comprises consumer awareness and protection at \$29.6 million, and business licensing and registration making up \$15.7 million. The appropriations provide for only 34.5 per cent of consumer affairs expenditure, with the balance coming from trust funds. We provide a diverse range of activities in administering those 40 statutes. Our major areas of activity are: information and education, and I have brought examples of that today; compliance looks primarily at conciliation, investigation and prosecutions; inquiries, particularly the call centre, and also through our funded community-based organisations, which are spread around the state. We engage proactively in policy development. I have also mentioned the administration of the Residential Tenancy Bond Authority.

Business Affairs provides for the registration of business names, incorporated associations, cooperatives and limited partnerships, and the provision of access to the registers by consumers who need to know details of who they are trading with. Licensing is also a significant part of our work —

11 per cent — and involves the provision of licensing services across a range of occupations and industries, including real estate, prostitution, car traders and travel agents. And, of course, we also have grants.

A key component of our work and one of our major objectives is to provide services to the vulnerable. Since our government was elected we have been really proactive in trying to promote consumer affairs to the vulnerable. How do we track that? We go to the Australian Bureau of Statistics indexes that are based on factors such as income, occupation, qualifications and labour force status of the people living in an area. As well as that, we are conscious of our own experience and that of funded agencies in trying to identify vulnerable groups. There are disadvantaged areas. The 57 areas that are the most homogenously disadvantaged postcodes in Victoria based on the ABS socioeconomic indices are areas like Broadmeadows, Springvale, Heidelberg West and Lake Tyers. We monitor the number of inquiries per 1000 population and the number of written complaints per 10 000 population, for advantaged areas and for disadvantaged areas, and compare those with the ratios for all over Victoria. We aim to continue to improve our work as seen in that graph — and you have a copy of it in front of you — and you can see that the chart relates to the ratio of written complaints per 10 000 population and shows a very positive trend.

The ACTING CHAIRMAN — You have only got 10 minutes, Christine, so I will give you a timely warning so you can get through all you need to, otherwise you are going to run out of time.

Ms CAMPBELL — Okay. Our achievements are outlined there. I draw your particular attention to no. 1 and no. 4, the HHH rescue package. The HHH rescue package involved the government-owned Housing Guarantee Fund taking over claims by home owners that would have been handled by HHH. By the end of April we had 189 claims that had been paid out totalling \$4.5 million, and there is \$35 million allocated for that over an eight-year period. The collapse of Ansett I have already mentioned. A significant achievement of working in partnership with all stakeholders in the real estate industry is the estate agents resolution service. That service provides advice, information, complaints handling, mediation, investigation and dispute resolution for all types of estate agency matters. It also does policy development work. We are looking at about 50 calls per day in that area.

Moving a couple of slides along, we have got the achievements in the product bans and warnings, where consumer affairs is quite proactive and is increasing its profile in the community on the work it has done in banning unsafe products.

The ACTING CHAIRMAN — You are not banning show bags from the Royal Melbourne Show, are you?

Ms CAMPBELL — I appreciate that that is very close to your electorate.

The ACTING CHAIRMAN — It is in my electorate!

Ms CAMPBELL — We looked at 317 show bags and issued appropriate warnings or removed them, as you no doubt know; so when your constituents and mine head off to the show they can have a happy and safe time.

On the achievements side, there is some really spectacular work being done by the consumer affairs team in enforcement, and a couple of examples are given to you there. One of the most sinister and well-publicised cases was the Andrew Savva case, where he appeared in the Melbourne Magistrates Court in March charged with two breaches of the Fair Trading Act. He was fined \$8000 without conviction and ordered to pay \$3000 in court costs. He was selling therapy pills from his clinic and made representations to a quadriplegic lady that a course of pills costing her \$36 000 would make her walk again. Other achievements are listed there. How are we going for time?

The ACTING CHAIRMAN — You are running out.

Ms CAMPBELL — You have before you that we are working conscientiously to ensure advice and support services are accessible around the state. You have a map before you of the Victorian rural and regional funded agencies that are currently covering all parts of the state. We have undertaken to provide a breakdown as requested as to where they are located and how much. We have the metropolitan map there for you. Regarding targeted consumer information, I have brought a couple of kits along I thought you may be interested in. Not only do we do those kits containing very good consumer information in English, we have packs covering a range of information for culturally and linguistically diverse communities.

I want to conclude on our priorities for 2002–03. Within our framework of refocusing on consumers and direct services to those most at risk, our priorities are particularly those you see before you. They are not necessarily in strict order of priority, but they are our high priority list. The first is the online dispute resolution service. We have worked to make sure people have locally accessible consumer advice and support; and just in the time I have been consumer affairs minister I have met with the funded agencies on two occasions and been out to a couple of their sites to reinforce how important it is that they get the message out there — out of their office — not just operating from an office and a telephone but out there in the community.

Regarding the estate agents strategy, we have had very good cooperation from the real estate industry and particularly the Real Estate Institute of Victoria and the Estate Agents Council, which have been instrumental in the development of that strategy. A review of the Fair Trading Act is progressing, and a lot of data has been collected within consumer affairs and the funded agencies. I want to make sure that that is more systematically used and that we can come up with systemic remedial action. About educating consumers, publications is one of many ways we can do that. With regard to culturally and linguistically diverse citizens I want to reinforce that I think consumer affairs has to be far more proactive in this regard in 2002–03, and with a range of communities we are working to implement strategies there. The domestic building disputes resolution service will be absolutely critical to Victorians from 1 July as the government implements its 10-point plan following the collapse of the domestic building insurance market.

I am responsible for the Retirement Villages Act with two hats on: both in the seniors portfolio and in this one. This has been a good example of having the two portfolios dovetail in nicely. The Retirement Villages Act has not been considered for many, many years — over a decade — so that is back on the agenda. We are continuing to roll out online services to business. That will be of great benefit particularly to rural and regional businesses and will enable those people to access our services promptly at any time of the day or week, and of course that will be far more cost effective than spending time, money and energy getting into the city.

The ACTING CHAIRMAN — Thank you very much for that. I might start off if I may with questions. On page 198 of budget paper 2, *2002–03 Budget Statement*, there is a section headed ‘Strengthening alternative dispute resolution’. I will not read it all, but it says, ‘Funding is provided for a pilot program to develop online tools to aid Victorians in resolving their own disputes without having to refer the matter to a court’. Could you give us some indication of what that program will involve, how it will roll out and what it hopes to achieve?

Ms CAMPBELL — The budget announced \$3.7 million over four years to strengthen alternative dispute resolution. From our point of view in consumer affairs it is really important to be able to give people the opportunity to have mediation, to have alternative dispute resolutions: one, for speed; and two, to assist them by way of cost so they do not get involved in a legal and costly spiral. ADR Services promotes prompt conflict resolution and aids the parties to resolve their disputes without resorting to courts and tribunals.

From my point of view it is also important that they raise awareness of Victorians’ rights and responsibilities. When people feel they can access affordable dispute resolution they speak highly of the importance of their rights and having them resolved. When you contrast that to costly and time-consuming cases in the courts, often people give up on their rights because it just becomes all too hard. Consumer affairs will be providing this free of charge. Given that one of our priorities is vulnerable consumers, this will be one way for them to obtain redress. It is also a way to send a message out to business that consumers can have their rights protected without having what is often an unfair advantage given to those who have the money to go through the courts — one and all have to have their rights protected.

In brief, the initiative will assist both consumers and businesses by providing tools for both sides to enable them to resolve their disputes. We are aiming to have a range of ethnically and linguistically diverse communities involved in that dispute resolution. Again the courts can become quite scary and alien if people’s first language is not English. We are working proactively to have a range of community languages woven into our work.

There are five main components to the initiative. Firstly, a web site and online tools will be developed. Then there is the dispute resolution centre in Victoria, and consumer affairs will pilot the

online component of that. Consumers and tenants will benefit by being able to interact on that web site. If it is successful it is intended that the ADR will be applied state wide, across state and local governments. That is really quite exciting. The second component of it is to develop protocols between the Magistrates Court and communities and neighbourhoods to keep community disputes away from the Magistrates Court. I think consumers will benefit: one, from awareness; two, from ease of access; and three, from costs.

Mr CLARK — I refer to your news release of 8 March this year about outlawing dummy bids, late bids, and underquoting by estate agents. You also announced you would have a series of random inspections of auctions to back that up. Can you tell the committee how many officers you expect to have involved in this system of enforcement and random inspection of auctions? What percentage of auctions do you expect to be able to cover?

Ms CAMPBELL — That's a long list, I will write down all the things you want.

Mr CLARK — The number of officers involved in the inspections; what percentage of auctions you expect to cover; how many officers you expect to be diverting from other areas in order to carry out the inspections; and are you still intending to introduce the legislation for this in the current session of Parliament?

Ms CAMPBELL — I will just check on one of those points. We have six officers operating. They are dedicated officers; they will not be diverted. We are doing random inspections of auctions, so the officers will not be diverted from any other work in consumer affairs, and the legislation is on track. I have advised the estate agents that they will also have the opportunity to give comment on that legislation.

Mr CLARK — When you say they are dedicated officers, do you mean they are additional officers who have been brought in to fulfil this role rather than taken out of other areas?

Ms CAMPBELL — They are officers who are currently working in estate agency work, and they are dedicated officers for that.

Mr CLARK — So they will broaden their responsibilities to do the inspections as well as the other work they are already doing in the estate agents area?

Ms CAMPBELL — Yes.

Mr HOLDING — I would like to ask about vulnerable consumers; it was one of the things that came through in your presentation. One of the bar graphs particularly looked at inquiries in terms of consumer complaints and consumer inquiries and broke them down by whether they were seen as disadvantaged or vulnerable consumers versus the rest of the state. This comes through also in the budget papers, particularly budget paper 3, on page 189. In the departmental outlooks section there is a heading 'improve access to consumer protection services, particularly for vulnerable groups', which seems to be a central part of the consumer justice strategy. Can you provide the committee with some information on how it is you define a vulnerable consumer? What are the characteristics of this group? I was interested when you were analysing the break down in statistics that you mentioned — for example, the Springvale Community Aid and Advice Bureau, which is one of the funded agencies from that perspective, as being one of the more disadvantaged areas in Melbourne. I am interested in some feedback on how it is that the department defines a vulnerable consumer, or that group anyway.

Ms CAMPBELL — I tried to give the committee a short synopsis in the overheads. We use the Australian Bureau of Statistics census definitions. We use clients' postcodes and the ABS socioeconomic indices for areas. For tracking purposes our definition of 'vulnerable consumers' is based on the ABS postal areas, so we stick with those. The three indices used were: index of relative socioeconomic advantage, the urban index of relative socioeconomic advantage, and the rural index of relative socioeconomic advantage. The ABS indices are derived from a range of socioeconomic factors. For purposes other than statistical tracking the following are treated as disadvantaged: if for argument's sake you have a caravan park in Toorak — hypothetically — all caravan parks in this state are counted, and also rooming houses. We have persons who lack access to infrastructure such as community services, transport or shops; people of advanced age or minors; people with high levels of personal debt — they could have a high income but they may have a high level of personal debt, so long as it is without corresponding assets.

And then there are persons with personal disabilities. We have also answered your questionnaire on measures we have taken to address vulnerability. We have done, for example, the regulation of payday lending and improved the regulation of fundraising and pawnbrokers. We have surveyed consumer protection needs and gathered data on the delivery of services to vulnerable consumers. We have initiated information projects aimed at the consumer information needs of cold communities, and we have directly targeted consumer information — for example, the renters magazine went out to all renters.

One of the great strengths of a meeting recently with the funded community sector was that they commented that they were prepared to share the work they had done in looking after the vulnerable, particularly non-English-speaking communities. They commented that because their funding and service agreements would continue and they were not going through a compulsory competitive tendering process they were able to share and offer each other advice. That work is being coordinated within the department by our community programs people. Also, we are meeting up with ethnic media organisations and trying to alert consumers of our services; and publications such as this, that are recommended by shopping centre management, are going to be reprinted. The best of our publications are being reprinted in community languages and put on our web site.

Mr RICH-PHILLIPS — Minister, I would like to ask you about your Don't Swing on the Ring campaign, which you launched on 30 April. Your press release talks about the set of stickers which is part of that campaign. Can you inform the committee how many stickers have been produced as part of that campaign, how many have been distributed, how they have been distributed, and what the cost of that campaign was?

MS CAMPBELL — Yes. There were 100 000 printed. We have put in a further order.

Mr RICH-PHILLIPS — Is that 100 000 total or 100 000 of each?

MS CAMPBELL — Total. They have been distributed through a range of sites, starting with MPs — all MPs' offices were notified and asked to alert the community; basketball stadiums; basketball clubs; the Australian Retailers Association's Victorian executive officer has met with me; National Basketball Association local contacts; and schools — school councils have got notices. We have tried to absolutely saturate this state. They have gone to local government — I am just thinking of them as I go along. We have attempted to get this information out far and wide, and I must say that, from the young people's point of view, they welcome the stickers and in fact they are putting them on rings and also — —

The ACTING CHAIRMAN — School bags.

Ms CAMPBELL — School bags — —

The ACTING CHAIRMAN — Their foreheads!

Ms CAMPBELL — It is one of the most cost-effective advertising campaigns I have come across. In terms of the actual expenditure on it, around \$12 000.

Mr RICH-PHILLIPS — You mentioned you were about to order more. Is that right?

Ms CAMPBELL — Yes, and the next ones we are going to get printed in two sizes: the smaller ones which, as I said, are being used extensively, and we have had feedback that some people want bigger ones, and they are being printed as well. So the next run will have two sizes.

The ACTING CHAIRMAN — We had the Minister for Employment here this morning. He spoke a bit about what employment programs are available for Ansett employees — or I suppose Ansett ex-employees is more correct. Of course, consumers of Ansett were also affected by the collapse of Ansett. Now there is a package, I understand, for them — a \$1.25 million Travel Compensation Fund — but it is not in the budget. Can you tell us a bit about that? What services were offered and how these services were funded?

Ms CAMPBELL — Yes. There is what is known as the Travel Compensation Fund, which is a fund which has contributions made by licensed travel agents when consumers purchase products. The fund was only able to pay out 40 per cent of consumers' refunds, based upon what was in the fund's resources. Collectively the Travel Compensation Fund is operated nationally, and the commonwealth put in money and each state put in money, so that consumers would be reimbursed 100 per cent. Victoria's contribution to that fund was \$1.25 million, and that will enable each and every traveller who booked through a licensed travel agent and who booked either travel or travel and accommodation, to have a full refund. That was announced earlier this week.

Mr CLARK — I raise a fresh question. Could I ask, in relation to my previous question, whether you could give an indication of the percentage of auctions that you expect would be covered by the six inspectors that you referred to?

Ms CAMPBELL — That will depend on how many auctions there are. I can find out what percentage of auctions we have actually inspected now — that would probably be a more realistic figure — and presuming auctions operate with the same regularity as now it will be exactly the same figure.

Mr CLARK — A fair point about the percentage. Perhaps you could just let the committee know what the number of inspections are that you have done and propose to do?

Ms CAMPBELL — Yes, I have got that.

The ACTING CHAIRMAN — You can let us know in writing afterwards if you find you have not got it with you.

Mr CLARK — I was going to ask in relation to slide 4, you have listed a number of acts which are consumer protection framework key components. One of them is the Residential Tenancies Act. I understand that the legislation before the house amending that legislation is being carried by the Minister for Housing. If I am right in that, how is the responsibility for the act divided up between yourself and the Minister for Housing? Is it primarily your legislation or that minister's?

Ms CAMPBELL — It is primarily the Minister for Housing. I have responsibility for the bonds, and the percentage of our work on those bonds is in your overheads. The proposed amendments to the Residential Tenancies Act — there are 82 of them — are primarily the responsibility of the Minister for Housing. I have obviously got a keen interest in it in relation to rooming houses and caravan parks, and consumers who are affected, and as I said to you in the outset, we are really keen to make sure that consumers know their rights. To that end we distribute information — you have got one of the books, the renter's book, that was mailed out to every renter — and we enforce that act.

Mr HOLDING — I would just like to ask about the prosecutions side of consumer protection, I suppose you would call it. You mentioned the importance of education and awareness initiatives, but also in your slide presentation — I am just flicking through now to find the relevant one, slides 12 and 13 — included a list of prosecutions that the department had pursued over the last 12 months. I am wondering if you could provide the committee with some information about how the prosecutions strategy fits into the overall consumer justice strategy that you have been outlining to the committee.

Ms CAMPBELL — Firstly, prosecution aims for redress for the consumer who has been adversely affected. Secondly, it aims to send a very powerful message to businesses that ethical businesses need to be proud of their business practices and promote ethical business practices far and wide, and to those who are breaking the law and behaving to disadvantage consumers, that they need to stop doing it, otherwise they will be taken to court and, hopefully, be heavily fined and become known far and wide as people who are not doing the right thing by consumers. For example, Hilton Publishers and Alexander David McKenzie are known as blowers. These are people who ring around businesses and claim to sell advertising. It is interesting that there are some electorate officers who believe they have been the victims of blowers. You are a middle-level person receiving phone calls from a person who claims that the middle person's senior has put in an order, that the contents of the ad need to be quickly faxed through because they are heading off to print and they quickly need the payment. Businesses have fallen foul of a number of these companies. Hilton Publishing was prosecuted in Frankston Magistrates Court in March 2002 for misleading consumers into paying for unauthorised advertising, and the company was convicted of 256 charges and fined \$128 000. A. McKenzie was fined \$64 000 and was also convicted of 256 charges.

The enforcement activities of the department generally are quite powerful. I will run through prosecutions by industry groups. They are: motor car traders in the year to date, April — 7; real estate agents, 16; domestic building, 20; business names, 6; fair trading, 18; credit, 6. We are looking at a fairly significant number of defendants convicted. In 2000-01, 24; but in 2001-02 we have already hit the 34 mark, and we are also looking at significant fines.

The ACTING CHAIRMAN — Does Alexander McKenzie work for Hilton Publishing, or are these two separate organisations?

Ms CAMPBELL — He is a director. The more you read about these individuals, the more you wonder how they can sleep at night, what with some of the things they have done and the way they rip off people.

The ACTING CHAIRMAN — Sorry, I was distracted there by the introduction agents on the next line. Who were they again?

Ms CAMPBELL — I will fill you in on the details. I think they promised eternal love and happiness. The introduction agents were fined \$54 000 each and had a conviction recorded in February 2002 for deceiving clients who had paid for and expected introductions to potential partners. Instead, some clients found themselves contacting women hired to take phone calls and pretending to be genuinely seeking compatible partners. They were also trading without the necessary approval to operate in this industry. Last year the company trading as Unforgettable Introductions was prosecuted and fined \$200 000. It is no longer in operation. They are the ones that we have been able to take to court and have fines and convictions against. During the week I alerted the public to another scam for the grand total of \$79.95. Marie France, clairvoyant and medium, had had feng shui cosmic rays coming to her, and for the grand total of \$79.95 you could get the winning numbers in what would be a \$100 000 lottery, eternal love and eternal happiness.

The ACTING CHAIRMAN — It's a bargain!

Ms CAMPBELL — And when we opened the letters there was one poor soul from a prison farm in Western Australia — I am not quite sure what they expected — and another man who had written a very heartfelt letter saying that in spite of sending off his \$79.95 he was still in poor health and his faith in human nature had been dashed. So they are going on all the time.

Mr HOLDING — As a quick follow-up to that, may I ask if the office has a media strategy for these prosecutions when they occur? I would have thought that is a really good way of getting across to the public some of the scams that are going on. I heard you on radio, Christine, talking about the Marie France one, but in cases where there have been successful prosecutions it would seem that there is a good opportunity to say, 'This is what is going on; be warned', because it sends a message to businesses that might be engaging in these practices as well as sending a good warning to consumers about some of the things that are going on in the community.

Ms CAMPBELL — For each of these cases, yes, there has been media. Unless they are either salacious or absolutely outrageous like the quadriplegic claim you are battling to get media, but we certainly do it. I suppose you would say those that are further off the planet or more outrageous get the greater airplay — for example, the blowers one. I really think many more businesses have been hit by those people than are prepared to own up and say they have been duped. But we put that information out, and we widely circulated that one in Frankston.

The ACTING CHAIRMAN — This is probably outside your portfolio, but to follow up, is there anything to stop these firms like Hilton Publishing going into liquidation and starting up the next day under another name?

Ms CAMPBELL — If there is a conviction they cannot. Is that correct, Sue?

Ms MACLELLAN — Under another name they can. They can start up phoenix companies.

Ms CAMPBELL — I have just been advised that we can get an injunction against the individual.

The ACTING CHAIRMAN — Okay, to stop them being a director of another company.

Mr RICH-PHILLIPS — Can you do that? Is that practice?

Ms CAMPBELL — I will check whether we have done that in these two cases. No, we have not.

The ACTING CHAIRMAN — We do not know if they have started up another company though, do we?

Ms MACLELLAN — No.

Mr RICH-PHILLIPS — You would get an injunction to prevent them; you wouldn't have an expectation they were going to do it, would you?

Mr FITZGERALD — In some cases I understand we have done that. It is not a generally available remedy but it depends on the case.

Mr RICH-PHILLIPS — I would like to ask you, Minister, about the costs of your output groups. If I can take you to page 219, the first one is the business licensing and registration output

group. Comparing the 2001-02 expected outcome with the target, the cost as shown on page 220 increased by roughly \$6 million, which is approximately a 66 per cent increase over budget. I see there a footnote which indicates that some of that cost is due to the reallocation of costs from your other output group, being consumer protection and awareness. However, in the same period the consumer protection and awareness output group has declined by only \$3 million, which leaves approximately \$3 million unaccounted for in terms of that increase in actual versus budget, and at the same time there was no change in the quantitative performance outcomes. Can you explain to the committee how that extra \$3 million expenditure was incurred?

Ms CAMPBELL — Yes. In the 2000-01 value of output, in allocating that 2000-01 value of output between the two new outputs there was a significant underestimation of the cost of providing business registration and regulations output. As 2001-02 progressed, a more appropriate allocation between the outputs was determined as reflected in the value for the expected outcomes shown. So that is the explanation. If you look at item (b) there is an explanation.

Mr RICH-PHILLIPS — I saw that in reference to some transfer from the other output group, but given the output group declined by only \$3 million that still leaves \$3 million unaccounted for.

Ms CAMPBELL — We have reasons for the variation. In the 2001-02 published to 2001-02 revised budget, you have 40.1. It is changed to 42.5 in the 2001-02 revised budget to the 2002-03 budget. I can go through the details of it if you want those. I can give you the fuller explanation. We are looking at funding for the consumer utilities advocacy centre, \$0.3 million; inclusion of the Residential Bonds Authority expenditure, \$3 million; minus a reduction in the Estate Agents Guarantee Fund anticipated spending of \$0.5 million and a reduction in corporate overheads of \$0.4 million.

Mr RICH-PHILLIPS — Are you able to tell the committee what functional changes there were in that output group relative to the previous financial year — that is, 2000-01 — where the actual cost was only \$3.9 million?

Ms CAMPBELL — We have an increase in the Estate Agents Guarantee Fund grant provision of \$5.5 million. As applied to consumer affairs, Department of Justice overheads are \$0.7 million less a redirected allocation due to the fuel project change of minus \$3 million. There are also long-service leave changes and the goods and services tax savings.

The ACTING CHAIRMAN — Could I now turn to fair trading, and particularly to backyard car traders, where there has been a problem for some time. A man has just been prosecuted in my electorate. He claimed he was buying and selling privately, but he was buying something like 12 cars a month and selling them at home. Can you tell us what action your department has been taking in relation to that? It is fairly hard to pick up unless someone complains to you.

Ms CAMPBELL — Exactly! When they see a sign around the front of a house, most people think it is just an individual citizen selling grandpa's, grandma's or their own family car, but that is not always the case. The department has been working with local government as well as the people who call our phone lines to ascertain who are the illegal motor car traders. I might add that the Victorian Automobile Chamber of Commerce (VACC) has been very cooperative in this regard. Was your question about how we go about doing it?

The ACTING CHAIRMAN — Yes. What do you do to them?

Ms CAMPBELL — Over previous months there have been campaigns asking the VACC and local government to identify illegal car traders. In the last month I have written again to all local governments, and to the VACC and asked its members to do in those they think are illegal traders. Under the provisions of the Motor Car Traders Act, a person who acquires or disposes of four or more cars in a 12-month period is deemed to be carrying on a business. Unlicensed traders are a threat to legitimate car businesses. They also happen to avoid a lot of tax, which I am sure makes their unlicensed business extremely appealing. In the 2000-01 financial year the department prosecuted two unlicensed traders and obtained injunctions against 12 persons, and I outlined that in the table I gave you. We are also obtaining enforceable undertakings from 15 people to the effect that they will cease trading in motor cars. You mentioned George Alexander Sim of North Essendon.

The ACTING CHAIRMAN — I did not mention him by name, but — yes — I know who we are talking about!

Ms CAMPBELL — A media release went out. People need to be wary of those people. We have fines for them: in the case of your constituent it was \$5000. There was another fine of \$15 000 in Campbellfield, and a fellow in Glen Waverley was fined \$3500. Thirty-one traders have been required to enter into enforceable undertakings under section 146 of the Fair Trading Act, so we are really being quite proactive. When I met up with the VACC the other day, they were very pleased that this is continuing.

Mr RICH-PHILLIPS — Are enforceable undertakings used as an alternative to prosecution?

Ms CAMPBELL — In some cases they are.

Mr RICH-PHILLIPS — How is the decision made about whether to prosecute or pursue an enforceable undertaking?

Ms CAMPBELL — That is made within the department by the officers involved, and I will ask Sue to explain on what basis that analysis is worked out.

Ms MACLELLAN — We run a program to detect unlicensed trading as well as putting people in. We then evaluate the number of cars that are potentially involved so that its seriousness is determined. On the basis of our initial investigations with the person, we may determine how serious the offence is, their willingness to either apply for a licence or cease trading, or their unwillingness to cooperate. There are various thresholds where we have an enforceable undertaking. If they choose to apply for a licence we may have an enforceable undertaking until they obtain a licence. If they want to cease trading we have an enforceable undertaking that they no longer trade. So the actual content of the undertaking would depend on the action of the person we detected.

Mr CLARK — This electronic commerce is obviously a newly emerging area and a big headache from a regulatory point of view for all levels of government. What strategies have you got to tackle scams being perpetrated over the Web and by email, and what efforts are you making to dovetail with other regulatory agencies both in Australia and overseas to try to tackle these sorts of scams?

Ms CAMPBELL — Generally speaking, the email scams are brought to our attention through the call centre or correspondence. The department investigates and sends out alerts. As you would probably know, I do that through our own email system and alert electorate officers and ask them to be aware and keep their own constituents informed. We recognise that it is a growing threat. With the officers of all jurisdictions, it is increasingly put in their minds to come up with Australian and international efforts to stop such people. You are looking at complaints to consumer affairs about e-commerce and Internet sales being at this point in time only a small percentage of the cases that come to our attention. We have had 122 complaints received in 21 months, from 1 July 2000 to March 2002. However, in the United States e-commerce complaints are in the top 10 of things complained about. To prepare for future scenarios, we have developed an e-commerce consumer protection plan to protect and educate consumers about e-commerce. While we are doing a lot of really good work here in Victoria, officers of the department meet with their interstate and commonwealth colleagues to work collaboratively — in fact they met this morning, I am told. Here in Victoria we are developing a new interactive tool and web site that will provide a step-by-step and hands-on tutorial on the safe use of online transactions; we are reviewing the Fair Trading Act to ensure that, among other things, there are adequate consumer safeguards for online trading; we are monitoring e-tailer compliance with consumer protection legislation and the Australian e-commerce best-practice model code, and to date we have checked about 520 sites and commenced enforcement action against 18 firms. I mentioned the commonwealth: it has the scamwatch web site, so collectively we are working on this. We are finding that the e-scams are not just happening in Victoria; there is the well-publicised Out of Africa scam. I am sure someone is wining and dining in Majorca with cash to spare from what is coming in for — supposedly — very underprivileged people in Africa.

The ACTING CHAIRMAN — I thank you for that, and I thank very much Mr Fitzgerald, Ms Maclellan and Mr Clayton for coming in this afternoon and making their time available.

Witnesses withdrew.

