

# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

## **2021–22 Budget Estimates**

Melbourne—Thursday, 17 June 2021

### **MEMBERS**

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr James Newbury

Mr Danny O’Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

**WITNESSES**

Ms Melissa Horne, MP, Minister for Consumer Affairs, Gaming and Liquor Regulation,

Ms Rebecca Falkingham, Secretary,

Mr John Batho, Deputy Secretary, Consumer Affairs, Liquor, Gaming and Dispute Services,

Mr Joel Williams, Executive Director, Gaming and Liquor,

Ms Kathryn Bannon, Executive Director, Regulatory Assurance and Policy, and

Ms Nicole Rich, Executive Director, Regulatory Services, and Director, Consumer Affairs Victoria, Department of Justice and Community Safety.

**The CHAIR:** We welcome back Minister Horne, and I declare open this further hearing of the Public Accounts and Estimates Committee, this time for the consideration of the consumer affairs, gaming and liquor regulation portfolio. We again invite you to make a 5-minute opening statement. This will be followed by questions from the committee. Thank you.

**Visual presentation.**

**Ms HORNE:** Thank you very much for that, Chair. This portfolio has been so critical to supporting really vulnerable Victorians during the course of the pandemic and in recovery. Over the last year our focus has been very much on supporting consumers, businesses and households to overcome the challenges and disruption of COVID-19. What I would like to do now is take us briefly through some of the achievements of the past year and an overview of what our investment looks like.

In responding to the pandemic, the Consumer Affairs Victoria portfolio was responsible for implementing the temporary eviction moratorium and complementary measures supporting tenants and landlords to negotiate rent reductions through the CAV front door—the residential tenancies dispute resolution scheme. This scheme assisted more than 222 000 Victorians, closed 94 per cent of matters raised and registered close to 73 000 rent reduction agreements. Funding was continued to support financial counselling services, including the National Debt Helpline. These services of course will continue in 2021–22.

We have also supported businesses in the community through the engineers registration scheme, which will start on 1 July. It will ensure that only suitably qualified and experienced engineers who meet Australian and international standards can work in Victoria. The budget includes \$7.7 million for the scheme.

On 29 March our landmark rental laws commenced, which included more than 130 reforms, improving the rights of Victorian renters. The Owners Corporations and Other Acts Amendment Bill passed in February, and that contained a package of 36 reforms to improve the operation of owners corporations. The substantial modernisation of this Act will commence on 1 December. We have also got a review of the *Retirement Villages Act* underway.

We have assisted our regulated sectors with the economic impact of the pandemic by waiving some licensing fees and streamlining and expanding digital services. We have implemented the automatic mutual recognition scheme for our regulated sectors, which will reduce red tape and enable workers to move freely between jurisdictions, which is due to commence on 1 July.

Moving on to gaming and liquor regulation, on 22 February this year, we established the Royal Commission into the Casino Operator and Licence. In addition to assessing Crown's suitability to hold a casino licence, the royal commission will be focusing on gambling harm and ensure that those who hold a casino licence in Victoria are held to the highest standards. We have commissioned a second review also to provide us with the details on how to provide a standalone casino regulator, how this could be established and what this means in relation to the structural and governance arrangements of the Victorian Commission for Gambling and Liquor Regulation. In relation to addressing harm, the VRGF has improved its self-harm tools and digital marketing performance, providing additional online support to those impacted by gambling harm by awarding \$600 000 worth of grants into research into the effect of COVID-19 on gambling harm. We have embedded

telehealth counselling services through local agencies following the introduction during COVID-19 lockdowns, as well as increasing investment in gambling harm prevention services for multicultural and Aboriginal communities from an annual total of \$2 million to \$2.6 million.

Finally, the government has helped the licensed hospitality sector to recover from the impacts of the COVID-19 pandemic. A total of \$486 million was provided to the hospitality industry during this financial year, and support has included things like waiving liquor licence fees for 2020–21 and streamlining applications to allow existing licensees to supply liquor for takeaway or delivery at no charge. Thank you.

**The CHAIR:** Thank you, Minister. Ms Taylor.

**Ms TAYLOR:** Minister, department officials, I would like to start with looking at rental supports. If I could refer you to budget paper 3, page 98, it refers to funding for operating the residential tenancies dispute resolution scheme. Can you please outline what this funding will go towards.

**Ms HORNE:** Thank you very much, Ms Taylor. This was a really important scheme to keep people in their homes, effectively, during the course of the pandemic. In this year's budget we have got \$4.7 million to continue that dispute resolution scheme. As said, it was set up as part of our response to the coronavirus pandemic, and it provided that single point of entry through Consumer Affairs Victoria for residential tenancy disputes. I would really like to give a bit of a shout-out to the consumer affairs and department officials here at the table, who made sure that it was such a successful scheme. Our emergency rental laws came into effect on 25 April 2020, and they ceased on 20 March 2021. It was an important scheme to provide those dispute resolution services for landlords and tenants who could not come to an agreement during the pandemic on those COVID-19 related issues. That was things like negotiating rent reductions. There were some case studies that were brought to my attention through organisations such as Tenants Victoria where, for example, someone had moved out—a flatmate moved out during the course of the pandemic—no-one could really move back in, and there was the opportunity to negotiate through CAV's front door a rent reduction, which was so important to be able to keep people in their home.

So it also registered reduced rent agreements that were negotiated by landlords, and whilst there was no obligation to register, it allowed access to complementary financial support. So there were rent relief grants available of up to \$3000 through the then Department of Health and Human Services for eligible tenants who were experiencing financial hardship. And of course there was the land tax relief for landlords. So it has been a great success. There were actually 222 737 contacts to CAV about the scheme, and 94 per cent of those matters, as I have mentioned, were closed by CAV's front door, and there were more than 72 000 reduced rent agreements. Of those 31 500 disputes lodged through the scheme, 20 000 of those were closed. So it was an outstanding effort by the team to be able to get that in place to keep people in their homes during the pandemic.

**Ms TAYLOR:** Yes, critical. Okay. I would like to move along to the Royal Commission into the Casino Operator and Licence. I refer you to budget paper 3, page 88, noting that \$10 million has been allocated for that. Given that it has been over three months since the commission was announced and there has been an extension to the royal commission, I think the committee would really like to know where things are at right now.

**Ms HORNE:** Sure. Thank you very much again for your question. And this is really important work that is being undertaken. As you would be aware, just last week the commissioner, Ray Finkelstein, wrote to the government requesting an extension of time and also additional funding. This does not appear in the budget papers, but it was as a result of the significance and seriousness of the evidence that was coming out of the royal commission. So the committee may remember that the last time that I appeared before the committee we had announced that we would be pulling forward the seventh casino review. Now, that was pulling it forward by two years, but subsequently there was an admission by Crown to the New South Wales Independent Liquor and Gaming Authority that more than likely one of their accounts in Melbourne had been used for money laundering. That of course elicited a response from the government that said we needed the strongest possible way of examining the issues that have been potentially going on in Crown, and as a result we established that royal commission. Hearings commenced recently. I am sure many of us have been watching some of those hearings, and the commissioner needs to do that important work, and the extension of time has been given to 15 October.

**Ms TAYLOR:** Thank you. I do have a follow-up question with regard to the regulatory review that is running in parallel with the royal commission, and I understand the review is exploring changes to the structural and governance arrangements of the Victorian Commission for Gambling and Liquor Regulation, particularly with regard to establishing a standalone casino regulator. Are you able to please update the committee on how this review is progressing?

**Ms HORNE:** Thanks again. The catalyst for this was one of the recommendations that came out of New South Wales to establish in New South Wales a standalone casino regulator. I think with working at the moment with the VCGLR, which was established in the Baillieu-Napthine governments, it is really time to have a look at those settings and the VCGLR's governance, its powers, and take the opportunity to be able to say 'Well, what do we need to do?'. So we have commissioned a regulatory review that is currently going on at the moment by a former regulator, Ms Deborah Cope. This is a two-phase review that will work in tandem with the royal commission. The first phase of the report, which is due in the next few weeks, looks at how the government could establish an independent casino regulator, and that includes that analysis of the scope of the work, what the regulatory objectives would be and what an independent standalone regulator is intending to achieve. So it will provide the government with options for how we would structure that, the analysis of benefits and potential challenges, as well as some feedback that has been undertaken through some targeted consultation with DJCS and central agencies, some interjurisdictional analysis that has gone on as well and the findings from the Bergin inquiry. There will be the second phase of the review that looks at the structural and governance arrangements of the VCGLR in relation to its role as a casino regulator, and that will have a look at some previously commissioned reports. That also too provides us with that advice of how to operationalise an independent standalone casino regulator.

So both of those things are happening concurrently, and it is important that whilst the terms of reference for the royal commission are very much about whether Crown Casino is a fit and proper person to hold that casino licence, we also need to be doing that work on the other hand which is about being able to say, 'Well, how do we make sure that we have got the appropriate governance and regulatory framework in place so that when we get the recommendations out of the royal commission we're ready to be able to enact some change?'

**Ms TAYLOR:** Very good. In the time we have left I think it would be good—I know that you have referred to the professional engineers registration scheme in your presentation—if I can refer you to budget paper 3, page 89, which refers to the \$7.6 mill in the budget for the engineers registration scheme. What exactly will that go towards?

**Ms HORNE:** This is a really important election commitment as well. Never before, particularly in the context of the Big Build, have engineers been more important to Victoria, as you would well know from the many infrastructure projects that are going on across the state. What this will do is for the first time the Act introduces a co-regulatory model which will involve the engineering profession in a registration process, and engineering associations will be able to assess the qualifications and experience of applicants against approved assessment schemes and provide that advice on the suitability of the registration.

**Ms TAYLOR:** Thank you.

**The CHAIR:** Thank you, Ms Taylor. Mr O'Brien.

**Mr D O'BRIEN:** Thank you, Chair. Minister, I would like to continue on the royal commission question. In response to questions in December, I think, from Mr Hibbins to my left here, about your confidence in the VCGLR with respect to their regulation of Crown you said that they had been, quote, 'incredibly thorough', and there had been, quote, 'a robust process'. Do you stand by that statement, given the evidence we have heard in recent days?

**Ms HORNE:** Well, I think there are a couple of things in your question there, thank you, Mr O'Brien. Firstly, the VCGLR are the state's regulator who do a power of work. What we are seeing, though, during the course of the royal commission is a number of things that are emerging through witness statements and through evidence. It would be really inappropriate of me to provide a running commentary on the royal commission proceedings. But suffice to say the VCGLR have provided some evidence to the royal commission, and the Honourable Justice Finkelstein needs to do his work to be able to make sure that he is examining all of the aspects and to provide government with those recommendations.

**Mr D O'BRIEN:** In response to Ms Taylor's question you talked about the evidence being given, and you have just referred to it again. In the sixth casino review, VCGLR recommendation 3 was that Crown undertake a robust review of its internal controls to ensure that anti-money laundering risks were appropriately addressed. That was supposed to be done by 1 July 2019. In recent days the royal commission heard from witnesses who have given evidence that that review had a narrow scope and was, quote, 'not robust', nevertheless VCGLR approved it. Why did the regulator tick off on this when they knew Crown had not met their expectations?

**Ms HORNE:** That is exactly why we have got that dual-step process going on of both the royal commission but also the review of whether we have got the appropriate regulatory settings in place. We need to have a look at whether the VCGLR is fit for purpose. As I said, it was an organisation set up under a previous government. There is opportunity for reform here. We need to do that work to be able to determine that and make sure that we have got a really fit-for-purpose regulator who can do that important work.

**Mr D O'BRIEN:** Again, on recommendation 3 from that sixth review, last week Crown's chief risk officer told the royal commission that there was no need to explain to the VCGLR why the casino operator had not completed recommendation 3 because the limited and brief details she provided to the regulator were accepted. Minister, would you describe that as a robust process?

**Ms HORNE:** As I said, this is evidence that is before the royal commission. It would be inappropriate for me to continue to provide a running commentary on that, and instead I will wait for the royal commission to hand down its findings to government.

**Mr D O'BRIEN:** Well, Minister, again, the words that have been thrown up in evidence so far about the way Crown operated under the VCGLR's watch are quotes like, 'bare minimum', 'narrow scope' and 'limited terms of reference'. The royal commission has heard a lot of evidence that effectively—and we have heard this in New South Wales as well—the VCGLR is a toothless tiger. It was a lapdog, not a watchdog. Do you accept that your regulator, under your term in government, has completely failed in its duty to regulate Crown properly?

**Ms HORNE:** Let us be really clear here. We are the government that has established a royal commission into Crown.

**Mr D O'BRIEN:** You have overseen money laundering in Crown. You just admitted in your answer to Ms Taylor, Minister, that it took Crown's admission for you to actually act, even though there had been evidence at the New South Wales hearings.

**Ms HORNE:** As you would be aware, much of that is the jurisdiction of the federal government agency AUSTRAC. However, back to the substantive point that you are raising. We are the government that set up the royal commission to examine all these issues thoroughly. We are working with the VCGLR. We have also got a regulatory review going into the VCGLR, which was an organisation established under your previous government's watch.

**Mr D O'BRIEN:** It does not matter when it was established, Minister. You have been in government for 17 of 21 years, and you have been in this government for the last seven. These issues—the evidence of money laundering and the evidence of infiltration by organised crime—have occurred under your watch. It is all well and good to say, 'We'll have a royal commission'. Why don't the royal commission's terms of reference include an investigation into the VCGLR's oversight?

**Ms HORNE:** The royal commission needs to do its important work. The royal commission—its terms of reference are very much about whether Crown Casino is a fit and proper person to actually run that—

**Mr D O'BRIEN:** I know that, Minister. Why doesn't the royal commission also look into VCGLR? It is entirely about Crown Casino, where we have had a government regulatory framework that has clearly failed. The evidence is showing that. Even when you had the opportunity last week in extending the time lines and the funding for the royal commission, why did you not acknowledge there is a problem with VCGLR and the royal commission should be looking at that as well?

**Ms HORNE:** I do not know how much clearer I can be to say that we have got two processes occurring concurrently. We have got the royal commission that is going on into Crown and whether it is a fit and proper

person to hold that licence as well as having an independent regulatory review that is going on into what is the appropriate governance for a casino as well. So we have got both things happening at the same time, and that is where I will really leave my answers. Thank you.

**Mr D O'BRIEN:** Well, the regulatory review you talked about in your answer to Ms Taylor's question was again about a structural and governance review. Why is there not a review into the performance of VCGLR under its existing framework, under its existing legislation, and what it was meant to be doing?

**Ms HORNE:** Well, look, we need to actually determine what is the appropriate governance and structure that can assist us in making sure that we have got an appropriate mechanism in place for the regulation of the casino.

**The CHAIR:** Thank you, Mr O'Brien.

**Mr D O'BRIEN:** On a point of order, Chair, there are a number of very serious questions that have arisen from that evidence and others. I would like to move an extension of time for the minister and this portfolio.

**The CHAIR:** Mr O'Brien, that is not a point of order.

**Mr D O'BRIEN:** Well, I am entitled to move a motion.

**The CHAIR:** You can move a motion, but it is not a point of order to move a motion.

**Mr D O'BRIEN:** Well, I think we have heard at the royal commission over the previous weeks and indeed from the evidence even presented here today some serious questions about and some serious failings in the regulatory oversight of Crown Casino. I think 7 minutes for the opposition—I appreciate Mr Hibbins has a bit of time—is totally inadequate to investigate this further, and I move an extension of time.

**Mr NEWBURY:** I second.

**The CHAIR:** We will put that motion. I would just note that we are not actually here to investigate the royal commission, we are here to consider the budget estimates, as we have previously discussed numerous times over the course of the session. But I will put the motion. All those in favour of the motion. All those against. The motion is lost. Mr Hibbins, you have the call.

**Mr HIBBINS:** Thank you, Chair. Thank you, Minister and team, for appearing this evening. Just continuing on from Mr O'Brien, the review that you indicated into the VCGLR—is that only in terms of the regulation of the casino? I ask because in addition to the criticisms around its regulation of the casino there have also been a number of criticisms over the years and more recently in terms of their oversight and their regulation in relation to gambling and AFL matches and the investigations that were undertaken into the integrity of certain AFL matches. Number one, does the review into the VCGLR cover gambling and AFL matches? And, number two, do you have confidence in the VCGLR to undertake that function?

**Ms HORNE:** All right. Look, thank you, Mr Hibbins. Just to speak at a high level about what the regulatory review is carrying out, as I said to Ms Taylor, with the two-step review into the VCGLR it is about the current structural and governance arrangements of the VCGLR in relation to its role as a casino regulator, but there have been a number of reviews in the past, and it will draw on some of that advice. It is very much about the standalone casino regulator, and so therefore my understanding is that gambling and AFL matches are excluded from that. But I might ask Joel Williams to take us through some of that detail, because he is very much managing that process.

**Mr WILLIAMS:** Specific to the AFL matters, it is the responsibility of the VCGLR to investigate those issues. I do recall a couple of years ago that there were some matters specific to the AFL which the VCGLR did investigate. I cannot remember exactly what the outcomes of that investigation were, but we can take that on notice and provide responses back. But it is the VCGLR's responsibility to follow that up, yes.

**Mr HIBBINS:** I guess then, given their failings in regard to Crown, we are now at the royal commission stage. Why would you only limit the regulatory review to the casino when surely this raises questions over the entirety of the ability of the VCGLR to actually perform all of their regulatory functions?

**Ms HORNE:** Well, look, we were very clear at the time of announcing the royal commission that we would be looking to establish an independent casino regulator. That is the work that we need to do now. As I said, it goes concurrently with the royal commission so that we have got a regulatory framework ready to go once we get those findings from Ray Finkelstein.

**Mr HIBBINS:** Okay. Thank you. Just changing tack now, in terms of liquor regulation there have been some concerns raised quite recently regarding the level of drink spiking that is occurring at venues, particularly in my electorate. I wondered whether there was any funding in this year's budget to address that. And I also wonder if there is any continuation of the sexual harassment and assault in live music venues program, which I believe undertook some pilot studies some years ago—whether those pilot studies have been expanded or whether that program is continuing.

**Ms HORNE:** I might get Joel to talk to that level of granularity.

**Mr HIBBINS:** Okay. Thank you.

**Ms HORNE:** And obviously we can come back to you if required.

**Ms FALKINGHAM:** I might jump in, Mr Hibbins, in relation to the issue of drink spiking. It is a matter we take very, very seriously. We are working directly with Victoria Police, as you might have heard Commissioner Patton speak about. We are trying to work with a lot of those venue owners in Prahran on a whole range of issues you would be aware of, but we can take that offline and provide you a bit more detail, and obviously Commissioner Patton will be here next week to talk about some of those issues.

**Mr HIBBINS:** Okay. Terrific. Thank you. Yes, anything on notice on that particular program as well would be appreciated. Great. Thank you. Thanks, Chair.

**The CHAIR:** Thank you, Mr Hibbins. That concludes the time we have set aside for consideration with you today of your various portfolios, and on this occasion consumer affairs, gaming and liquor regulation. We thank you very much for appearing before the committee today. The committee will follow up on any questions taken on notice in writing, and responses will be required within 10 working days of the committee's request.

The committee will now take a 30-minute break before beginning consideration with Minister D'Ambrosio. We thank you very much for your time today. I declare this hearing adjourned.

**Witnesses withdrew.**