

# VERIFIED TRANSCRIPT\*

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2006-07

Melbourne — 5 July 2006

#### Members

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Ms C. M. Campbell

Mr R. W. Clark

Mr B. Forwood

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#### Staff

Executive Officer: Ms M. Cornwell

#### Witnesses

Ms M. Thomson, Minister for Consumer Affairs;

Ms P. Armytage, secretary, Department of Justice; and

Dr D. Cousins, executive director, Consumer Affairs Victoria.

\*Corrections to the transcript by one or more of the witnesses have been received and accepted after the initial publication.

**The ACTING CHAIR (Ms Romanes)** — I welcome Ms Penny Armytage, secretary, Department of Justice; and Dr David Cousins, executive director, consumer affairs, Department of Justice. I now call on the minister to give a brief presentation on the more complex financial and performance information relating to the budget estimates for the consumer affairs portfolio.

**Slides shown.**

**Ms THOMSON** — These are the objectives for consumer affairs. They are substantially unchanged, so we will move on. There are about 46 acts with which I am involved or partly responsible for, and those are some of the key ones. Not much has changed over the last year, although veterans affairs is one that has.

In relation to the budget outputs, I will spend a little bit of time on this slide as it may help for the direction I am going in from here. In 2004–05 the output costs were \$6.3 million less from expected outputs. The target was \$60.3 million, and it came in at \$54 million because of an underspend in the grants that were expected in relation to that year. So we had less than anticipated in grants funding going out. For 2005–06 the expected output cost is \$70.9 million which is an increase of \$6.4 million when compared to the original \$60.3 million. That is an increase from appropriations to fund new initiatives, and half came from that and half came from an increase in funding from the trust funds for implementing initiatives such as the Retirement Villages Act and those sorts of things. For 2006–07 an increase of \$1.3 million is expected around the increase of \$1 million in grants from the Victorian Property Fund for the expansion of the purposes for which grants may be granted under that fund and to ensure we are maximising the opportunities there.

I just want to touch on the targets briefly because they are conservative targets, the reason being that a lot of these were new measures in 2004–05. It was felt we should try to establish what the pattern is before we set or review those targets. I think we will end up revising those targets as a consequence of the final outcomes of this financial year, and they will be more indicative of the increased outcomes that we are getting within consumer affairs.

I will just point out one other thing. There was a minor decline in face-to-face advice provided in 2004–05 and we had some discussions around that last year, so I thought I should mention that up front. There was a huge increase in online transactions, which is a good thing, not a bad thing, but we have seen a resurgence or a recovery in the face-to-face advice and that really is due to the regional office network that has been put in place.

Whilst we are still seeing increase in online transactions, we have also now seen the increase in face-to-face, with the re-establishment of a regional presence — —

**The ACTING CHAIR** — There is 1 minute left, Minister.

**Ms THOMSON** — The next slide shows the break-up of the funding outputs against trust funds and appropriations. We have a smaller amount coming from the CSF around the financial counselling service, which has come across to Consumer Affairs in the last financial year.

The regional networks map, I think, is a good one to have a look at. This shows not only the regional offices, which are in red, but also the mobile offices. Now every municipality in Victoria gets Consumer Affairs staff visiting. That is the map for 2005–06 and the towns that have actually been visited with the mobile services route as well as the fixed offices. There were 1577 visits and 65 Victorian towns. The number of clients served by regional officers in the first year has been 4400, roughly — it may be a little bit more in face-to-face inquiries. There have been 3800 telephone inquiries, 1400 disputes conciliated and 890 visits to regional traders. Calls to our 1300 number, which is our statewide line and regional officers, increased by 14.9 per cent. The number of disputes received has grown by 81.8 per cent, which really indicates there was a great need for that service in regional Victoria.

We have also now set up the Victorian Consumer and Business Centre in Exhibition Street. We have brought together small business and consumer affairs to support that office, which means that we are really putting meaning into whole of government and a one-stop provision, particularly for small businesses and consumers, so there is real access and presence in the city. That is as I see it when I go past. It is proving to be highly successful.

**The ACTING CHAIR** — Can you wind up so we can move onto the questions?

**Ms THOMSON** — People can have a look some at some of the targeted initiatives at their leisure. For the major achievements in 2005, we have had some major reviews which have been finalised and legislation come. We

have had some changes to the Liquor Control Act and veterans which I mentioned and retirement villages. We are playing a very active role in regulation reform. In regard to the issues around compliance, we have now seen an increase in proceedings from 724 to 986 in 2005–06. We are running out a number of measures there. People would be aware of the blitzes that are undertaken on a regular basis right across Victoria to ensure that traders understand and know their rights. We hand out kits as part of the education component. Also action is taken at an increasing rate depending on the level of non-compliance.

**The ACTING CHAIR** — I would like to move to an item referred to on page 187 of budget paper 3, which is the issue of regulation and the role of consumer affairs in protecting consumers through appropriate regulation. In your presentation you have also mentioned that one of the objectives is effective regulation. You have talked about compliance and enforcement. Can you explain these objectives in the light of the government's commitment, particularly in this current budget, to reducing red tape?

**Ms THOMSON** — Yes, government has a very strong commitment to cutting red tape. Certainly the Premier has played a very proactive role at COAG in setting a national reform agenda. We also committed in the budget to reducing regulatory burden, and an initiative was announced by the Treasurer in relation to that at the time of the budget. We are very conscious in consumer affairs that we need to look at effective regulation that takes into account compliance issues, that we are not overregulating and that what we put in place meets the requirements of consumers but also understands the burden that you may be putting on business at any given time. So we are certainly cognisant of balanced regulation.

Among the things that we have undertaken to reduce red tape is to simplify the record-keeping requirements for motor car traders and to encourage an online transaction capability. We have exempted short-term accommodation booking agents from having to hold an estate agent's licence. We have moved forward on online liquor licensing administration, with now almost 50 per cent of limited licences that are being applied for now being applied for online and with improved functionality so that it is easier to actually do. Online transactions within the business licensing area are also improving, with an increase in the number of individual licensed estate agents and corporate licensed estate agents increasing the amount that they are lodging online now — so we are assisting in ensuring that that is occurring.

We are, however, moving into areas in which we have undertaken reviews. In relation to conveyancing, out of national competition policy there was a requirement to review conveyancing and the operations of conveyancing in the marketplace. Also the collapse of Grove Conveyancing made it important. My predecessor as Minister for Consumer Affairs, John Lenders, and the Attorney-General, Rob Hulls, undertook a review in relation to conveyancers. We have now responded to that review and have indicated that we will be looking at regulating conveyancers and ensuring that they are licensed and have undertaken professional qualifications, that they have gained at least 12 months relevant practical work experience, that they have not been disqualified as an undischarged bankrupt or convicted of an offence that involves a level of dishonesty, that they do hold a level of professional indemnity insurance and also that they are appropriately handling moneys within trust funds.

We are also — for that — abolishing the distinction between legal work and non-legal work for conveyancing, which will open up the market, we believe, to competition and, I think, give consumers a much better outcome, where they can feel more confident about the conveyancers that they are using and where they are also getting a total job done with that conveyancer rather than having to use a conveyancer and a lawyer.

**Mr CLARK** — Minister, if I heard correctly some of the statistics you gave in the course of your presentation, you said that something in the order of 4000-plus clients had been seen during the course of the visits to country towns and other centres and that something upwards of 1000 such visits had taken place over the past year. On my rough arithmetic, that suggests something around three to perhaps four clients who had been seen per visit. Is that a correct interpretation of the figures you gave, and if so is that considered to be an efficient way of maximising the benefit of these visits? To see three clients on one visit does not sound a lot. Is there a better way of servicing clients in these centres and organising the visits in a way to achieve more on each visit?

**Ms THOMSON** — I think I should explain a little bit more about what is actually done by these officers. Face-to-face visits with individuals are only one very small component of what these officers are doing. A lot of their time is actually spent going out and about to either traders or to schools or other organisations, talking about — or effectively instituting an education program about consumer rights and responsibilities, and also, from

the traders' point of view, ensuring that traders are up to date and aware of what their obligations are in a non-threatening environment and ensuring that that is operating and working well.

In the results we see that this is proving to be beneficial because more and more people are using the services of consumer affairs. The inquiry services through the telephone line indicate that when they get a snippet of information, they are also coming back to consumer affairs. The level of increase in use of our dispute resolution opportunities is increasing in regional Victoria, which I think is also a very good sign that people are seeing it as a worthwhile service.

There are a number of training sessions out there in relation particularly to residential tenancy issues; big issues in country areas in which there has been a bit of a gap, and landlord training as well, so from the tenant's end and also from the landlord's end making people aware of what they can expect and what their rights are, which, hopefully, leads to fewer disputes in that area. They also undertake projects that inform us about legislation, regulation and actual impact, and the difference in the impact it may have on country and regional Victoria to what it might have on us here in Melbourne. Whilst they are out and about and seeing people and dealing with complaints, there is a lot more to this agenda that is about avoiding disputes and making sure people are aware and understanding their rights and obligations, both as consumers and traders. I think the figures are suggesting that this is successful.

**Mr CLARK** — Thank you for that explanation. In my interpretation is the number correct that it is on average around three clients per country town visit?

**Ms THOMSON** — I cannot say how each visit goes. Some of these visits might be structured not to see anyone at all, but they might be about education programs, so each town is dealt with on the basis of need and requirement, and I know the education program into those towns is quite extensive.

**Mr MERLINO** — Minister, I refer you to the 'Protecting consumers' output on page 187 of budget paper 3 and the output measure regarding licensing. The output introduction talks about developing and administering consumer protection legislation in areas such as the sale of liquor — Liquor Licensing Victoria would play a central role in that — can you inform the committee how the impact of the sale of alcohol is monitored and how the appropriateness of the regulatory regime for the sale of alcohol is assessed?

**Ms THOMSON** — That is a very good question. We probably have the most liberal liquor laws of anywhere in Australia and therefore you get the issue of balance between ensuring that you are minimising harm while still making it available for those who are going to want to access alcohol and drink responsibly. There are a number of agencies through health and also the Premier's Drug Prevention Council that will look at the issue of harm minimisation on the end of consumption. We have a responsibility to look at it in relation to the issuing of licences, and there are criteria in place that the director must take into account when issuing a licence, and that is taken with a great deal of seriousness. But I think it is important that there is an advisory body to me, as minister, that deals with the issues around the provision of licences and whether or not we have the regulatory balance right between opening up the market, which we have done extremely well here in Victoria, and ensuring that from the licensing perspective we are not adding to harm, that we are still conscious of the need for harm minimisation.

One of the things that we have put in place is that responsible serving of alcohol must be undertaken in package with the licences now, and that is compulsory and it is also compulsory in licensed venues, of course. But I have announced today that a liquor control advisory committee will be established that will report directly to me as Minister for Consumer Affairs, around the impact of harmful alcohol consumption and its relationship to the licensing issues more broadly.

The committee is a balanced one. It brings in representatives from the industry, the health sector and the community. The council will be chaired by Liberty Sanger, who is a former president of the Young Women's Christian Association and a former member of the Premier's Drug Prevention Council, so I think she will perform that task of chair extremely well. The members on the committee are David Crosbie, Jennifer Flanagan, Lisa Mamood, Melanie Raymond, Dr Rob Moodie, Liam O'Brien, Patrick O'Sullivan and Frank Palumbo. The director of liquor licensing is an ex-officio member of the council. The first reference for the council will be to look at the regulatory regime around the sale of packaged liquor licences. It has been a long time since this has been looked at from a harm minimisation perspective. It has quite broad terms of reference.

It will look at issues around how we can license in a way that makes sure we are minimising harm from misuse and abuse of alcohol and meet community expectations. It will look at evidence around the concentration of licences

and whether this provides issues of concern. When issuing a licence it takes into account the population of an area, the actual training and monitoring of that and how training programs can be more flexible to ensure that people are meeting that commitment in an easy way, to have a look at the criteria in place and whether or not there are some areas that are more vulnerable than others for different reasons, and about which alcohol can be sold at those outlets — so there are broad terms of reference for the committee to look at. I am looking forward to the outcomes of that review given that it has been quite some time since a review of that nature has been undertaken by government.

**Mr RICH-PHILLIPS** — I would like to ask about your slide on funding of the outputs and the trust fund revenue that will go to the output groups. I must say this slide was very interesting and helpful for the committee. I note that there was a change from the information you provided last year in terms of the proportion of revenue that came from appropriation versus trust fund. Could you explain to the committee, please, how the department reaches a decision about what proportion of funding will come from trust funds versus appropriations? Also how did you reach the decision of the break-up among the six trust funds, whether it is a statutory amount or whether there is an actuarial assessment?

**Ms THOMSON** — I will talk in general terms in relation to that, and any more detail would have to be dealt with by either the secretary or the director. Some 46 per cent as you see is by appropriations. The trust funds have been established and the purposes are clear what they are to be spent on. The break-up and adjustments are done according to what is expected the work of consumer affairs will be in the year to come and therefore what is the appropriate amount that should come from appropriations. That determination is made by the director of consumer affairs based on their work plans for the year. As I said, the trust funds are quite clear about what the funds can be used for and what they cannot be used for. I think the only new addition from previous years is the financial counselling service, and that amount that is coming from the CSF, which is a relatively new development in the last financial years.

**Mr RICH-PHILLIPS** — So the amount that is appropriated is for functions that are not covered by a statutory trust fund? So you have got all your functions — some of them are covered specifically by trust funds and they are funded by trust funds and anything that is not covered specifically by a trust fund is therefore funded by appropriation?

**Ms THOMSON** — In simple terms, yes, basically that is correct.

**Mr RICH-PHILLIPS** — And the variations between what was expected to be received from trust funds and what was actually received from trust funds?

**Ms THOMSON** — As best as you can judge given that you are working on interest rates and those sorts of things. I do not know what the question is, but it sounds like we are now getting into two, three or four questions.

**Mr RICH-PHILLIPS** — I guess the question is: is it a change? If the amount of revenue from a trust fund is, say, less than you had said it would be, is that because the department spent less on that particular function, or is it because the particular trust fund was unable to provide it, and it therefore had to be made up from appropriation?

**Ms ARMYTAGE** — Can I just make a comment on that? Obviously we are very mindful of the fact that each of the trust funds is prescribed by the legislation and the purpose to which we can acquit those funds. In fact they have all been very successful in terms of the revenue generated, the interest borne on each of those accounts. So there have been sufficient funds for the purposes that are needed. It is more, as you said, if anything is not covered by a specific purpose and is an activity the minister wants conducted in the consumer affairs portfolio, it is met out of the appropriations allocation.

**Mr SOMYUREK** — Minister, can I take you to regional operations on page 187 of budget paper 3 under the ‘Consumer protection’ output measure. I am particularly interested in the item ‘Face to face advice provided’. The 2005 expected outcome and 2006 target were matched, so that is good, but I notice there is an increase in the 2007 target.

A few moments ago you mentioned that this is largely due to the full rollout of your regional office network. In light of these commitments could you please tell the committee some more about how the new regional operations are impacting on consumer affairs’ activities.

**Ms THOMSON** — I am happy to do that. We now have seven offices operating in regional Victoria. Wangaratta was the first one to open in 2004–05 and from July 2005 we had the establishment of Geelong, Ballarat, Bendigo and Morwell, plus suboffices. One of these is at Warrnambool which has its head office as Geelong and one is at Mildura which has its head office as Bendigo, and they are operating now at full capacity.

They provide the full range of services that you can get in Melbourne. The figures on this slide — and Robert might be a bit interested — shows the kind of additional work they are doing. If you have a look just at the south-west you see that there were 412 visits to regional traders. That is not included in the face-to-face visits, it is the actual proactive engagement and ensuring traders understand their obligations under the act. A figure of 141 community engagement activities suggests a lot of going out and getting to communities and talking to them about consumer legislation and their rights and entitlements.

So you can see they are extensive agendas for the offices to undertake. We take the education and information roles very seriously. It is the notion about being proactive and preventing disputes and problems from occurring, and this is one way in which we can help that to happen. When you are talking about an area as distanced as Gippsland is, the fact that there have been 252 community engagements and 176 visits to regional traders demonstrates that we really are getting out into some of the outlying areas that may not have ever been serviced before. If you have a look, you can see Cann River and Mallacoota. We are talking about getting out and about into communities and presenting people with information that they might not otherwise ever get access to.

There has been 4400-odd of them, and that may increase by the end of the financial year. There are actually 8240 inquiries, so it is not just about face-to-face visits. There have been 25 868 regional Victorian inquiries overall to our regional offices and to our 1300 telephone number — that is up 14.9 per cent from the 22 507 inquiries that we received from regional Victoria in 2004–05. Over 1400 disputes were conciliated by our regional offices, and 2712 regional Victorian disputes conciliated overall by our regional offices and by the central office for regional Victorians — this is up 81.8 per cent from 2004–05. Again, there have been 890 visits to regional traders and around 1200 community engagement activities.

There were a number of projects, as I have indicated before, that have actually been devised and piloted by the regional networks during 2005–06, including, as I mentioned before, the landlord training and the tenant trading. A major dispute area in regional Victoria on consumer issues is actually over residential tenancies. It is not because it is a major dispute; often it is through a lack of communication or just a lack of knowledge. By getting out there and undertaking these kinds of proactive programs, we are going to hopefully see disputes that otherwise would escalate actually being settled much earlier and much more simply with a whole lot less angst.

I think this is an important initiative that has shown that there is real value in Consumer Affairs taking its presence outside of Melbourne and establishing in regional Victoria and ensuring that regional and country Victoria get the same sort of access to our services as the people in Melbourne have had over the years.

**The ACTING CHAIR** — Thank you, Minister. I wonder if the committee can have access to the slides, because that one has more information than the one we have in front of us?

**Ms THOMSON** — We will certainly give you the slide; that is not a problem.

**Mr CLARK** — My question relates to fundraising appeals. You kindly provided the committee with some details on that in response to our questions. As you would know, Victorians are generally willing to be very generous in supporting genuine causes, but they are concerned that their trust is being abused from time to time by fundraising activities.

Can you give the committee an overview of what, within your jurisdiction, your department has been doing in terms of regulating and protecting Victorians from the abuse of fundraising activities? In particular, what figures can you give us either now or on notice about the number and types of complaints that you have received and the numbers of prosecutions you have undertaken in relation to failure to register false representations or other breaches of legitimate requirements?

**Ms THOMSON** — Certainly we do take very seriously the requirements of people to meet their obligations under the Fundraising Appeals Act. Consumer Affairs Victoria monitors media to see whether appeals being made within newspapers and on radio are compliant, that the organisations that are running those appeals are in fact registered appropriately and that they are meeting their regulatory requirements.

Consumer Affairs Victoria also monitors that the distribution of proceedings to beneficiaries is part of the annual condition of renewal, and checks those processes. We still rely, too, on complaints being made, so there is no doubt that it is necessary for consumers to raise any issues they have directly with CAV. That is an important component of what we do. The director does have the power to put conditions on fundraisers where they feel that that is required, as well as of course removing and revoking their registrations. There may be areas where conditions have been put on fundraisers. In fact in recent times it has been the case that, where for one reason or other they have not met their commitments, conditions have been put on them if they continue to fundraise.

There are some quite onerous requirements in relation to this act, and those requirements the director can put on can be even more extensive — for example, details of their bank accounts, the level or the percentage going to the beneficiary, all those things can be taken into account by the director on conditions that may be undertaken. They are taken very seriously by CAV, as I said before.

We are also concerned about getting the balance right about putting too much burden on so they are spending a whole lot more money on meeting their regulatory requirements and therefore not being able to pass on the maximum amount to the beneficiaries. We are, through the fundraising review, looking at ways in which we can administratively streamline reporting so we are not adding to the administrative cost burdens of reporting to us; we are undertaking that at the moment and that arises from a review by Luke Donnellan regarding fundraising. We have a number of fundraisers that report in different ways. There are a number of fundraisers that report through federal bodies so we are very interested in getting a national approach to the regulatory environment for fundraising. We have been pushing that as part of a national agenda and are trying to move that forward.

There have been some instances of action being taken and certainly showing due cause as to why they should continue to be registered in the last 12 months for a number of fundraisers. I have to say pleasantly that the level of complaints is not high so you might get one or two from whom you get a flurry of complaints about, which means action desperately needs to be taken; but on the whole I think Victorians can be quite confident that the fundraisers are meeting their obligations and commitments pretty well.

While we do not get a lot of complaints over a wide-ranging number of fundraisers we are proactive in trying to prevent fundraisers emerging that have a shonky intent. Once we are alerted to those behaviours CAV reacts pretty quickly. There are not a large number but there are a few that come to the attention of consumer affairs and I think that might be around seven, so it is not a high number.

**Mr CLARK** — My concern goes beyond those who are registered but also abused by non-registered fundraisers and as you know there are a number that do not need to register. Are you able to give the committee any details of what level of complaints or action you are taking against unregistered fundraisers or bodies that are not obliged to register?

**Dr COUSINS** — We get very few complaints against the great bulk of the category of unregistered and by that I mean schools that are not obliged to be registered. One category that does cause us concern is the category of commercial fundraiser that is wanting to be an agent and claiming exemption under the act. We have been at pains to clarify that it is not our view that there is an exemption for agents commercial fundraisers in that situation. We have taken action in some cases where we have concerns that someone is incorrectly claiming an exemption. Exemption from regulation does not exempt people from all aspects of the act, so the concerns ensure that the general provisions of the act are adhered to in all cases.

**The CHAIR** — Minister, in your presentation you mentioned that the goal of your portfolio is to protect and promote the interests of consumers and a priority is to protect vulnerable and disadvantaged members of the community. Can you tell us what activities you are undertaking to protect such vulnerable and disadvantaged consumers?

**Ms THOMSON** — This is a major task for consumer affairs. Those of us who are articulate and confident can often quickly ascertain what our rights are and go to bat for ourselves, and of course everyone sitting around this table has probably gone to bat for others in relation to consumer issues.

What CAV does spend a lot of its time and attention on is ensuring that we are able to get a message out to the most vulnerable in our communities, and often they are the most targeted by the — and I put it on the record — rip-off merchants. CAV has established a couple of units, one dealing with our indigenous communities and one dealing with our non-English-speaking communities — our culturally and linguistically diverse communities, to be

politically correct — and has developed great links to those communities. They each have dedicated direct help lines. For instance, in our multicultural unit we have dedicated Arab, Vietnamese, Chinese and Russian-speaking staff to assist in supporting those communities.

We realise that there is an issue, too, with the new arrivals from the Horn of Africa and are working in relation to that community as well. There are regular monthly appearances on Chinese ethnic radio stations in both Cantonese and Mandarin. We work with the indigenous communities as part of a whole-of-government exercise in ensuring that we are not just out there ourselves with indigenous communities but are in fact training those who spend time with, either indigenous people themselves who are educating their own people, or those from other government agencies out there interacting with indigenous communities and ensuring that they understand the consumer issues.

For new arrivals such as those from the Horn of Africa we have a refugee campaign which talks about the issues on which they are most likely to be vulnerable — for example, residential tenancy issues. The first thing they have got to do is find accommodation, and that would be the major concern about their being ripped off and understanding what their rights and entitlements are. We therefore put a lot of effort and energy into ensuring that we communicate to these communities in a way which they can understand and take on board the messages that we are sending. A lot of material is produced in community languages.

Also there are some issues around literacy that have to be addressed. There are more innovative ways of providing information to people that makes word-of-mouth education crucially important, which is why so much time is spent training other people to be able to talk to people about those issues. I think that is proving to be a highly successful initiative by Consumer Affairs to ensure that we are assisting people in getting access to real knowledge and information and hopefully preventing consumers from falling into traps.

**The ACTING CHAIR** — Presumably, Minister, there is an allocation of resources for interpreting services, and that would be a large or major part of the expenses.

**Ms THOMSON** — Certainly interpreting services are vitally important, and most important is that we are getting out to all those migrant community services that support different communities and ensuring they have access to that information as well.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about the Commonwealth Games consumer protection program which you spoke about at some length last year. You indicated it was \$260 000, with \$50 000 in the previous financial year; \$210 000 in the year just completed, of which the breakdown was going to be: consumer communications, \$98 000; compliance and enforcement, \$90 000; trader communications, \$12 000; liquor licensing, \$5000; and dispute resolution and trader education, \$5000.

Could you tell the committee whether the actual acquittal of funds matched the budget you outlined last year and what the actual outcomes of that program were — whether there were identifiable consumer issues surrounding the Commonwealth Games? Can you tell the committee whether the actual funds matched the budget you outlined last year and what the actual outcomes of that program were, whether there were identifiable consumer issues surrounding the Commonwealth Games?

**Ms THOMSON** — I must confess we did anticipate this question, given your interests.

The budget outcomes have been met, so certainly it was adequate to undertake and do the things we committed to do. The outcomes suggest that it was certainly successful in preventing a number of potential issues arising. In fact, CAV staff visited around 1400 traders in tourist areas like Queen Victoria Market and Chapel Street, just checking they were aware of what their obligations were; 290 warning letters in relation to refund issues were sent out, as well as 'Made in Australia' tags, funnily enough, during the Commonwealth Games. Seventy-eight potentially dangerous and prohibited goods were seized during this exercise. There were also some issues around unauthorised liquor measures — I do not know whether they were under or over. All those matters were proactive and pre-emptive of issues arising during the Commonwealth Games.

A number of promotional materials were produced for those visiting and were displayed in various ways. The Skybus had a 5-second advertisement so that people were aware of where to go if they had a complaint — the sorts of things you would expect. Printed material was distributed for visitors to Victoria, with shopping tips, information around the liquor laws and those sorts of things.



Consumer Affairs received 45 actual games- related complaints; 17 concerned memorabilia and 17 related to ticketing issues around the Commonwealth Games, which were the responsibility of M2006 to resolve. I have to say the vast majority of those were quickly finalised and very little CAV involvement was required; so a highly successful games all round, I think.

**Mr RICH-PHILLIPS** — You put aside \$90 000 for compliance and enforcement. Are there any ongoing or outstanding enforcement issues relating to the games?

**Ms THOMSON** — It was all used in ensuring that during the times of the games, compliance was being met. There were pre-games compliance checks and checks during the games.

**Mr RICH-PHILLIPS** — There is nothing ongoing?

**Ms THOMSON** — No.

**Mr MERLINO** — Minister, can we turn to unfair contract terms, which was listed in your presentation as one of the major achievements of 2005–06, and which is also referred to on page 187 of budget paper 3. Can you explain in more detail for the committee what you are doing in relation to unfair contract terms?

**Ms THOMSON** — Yes. I think unfair contract terms is a very interesting issue to discuss on a number of grounds. One is, it is the kind of regulation for a business where, if you are doing the right thing, it does not interfere with you at all. The only obligation you have is to ensure that the terms of your contracts are as fair as they possibly can be. Part of the role that Consumer Affairs is undertaking now is to work collaboratively with businesses to ensure that their contracts and their terms are fair. It is a proactive, collaborative approach that is being taken with business and is working well to ensure there are no unfair terms within contracts. It is groundbreaking. I think the UK has the only other model, and we used it here in Victoria and drew on its experience. It is working quite well.

One area that consumer affairs has concentrated on is in relation to mobile telephone contracts, about which there has been a lot of publicity. We have seen changes to contracts being made by Telstra, Optus, 3 as it is now called — it was once Orange — and Vodafone. We are seeing a positive effect. There have been changes made to some of the fitness sector contracts. I think five of the top fitness centres have changed their contracts as a result of discussions with Consumer Affairs Victoria and their legal advisers. Europcar and Thrifty have changed their guidelines in relation to hire cars. I think that has been an important outcome from the unfair contract terms.

I could give you an example, but I might concentrate a little on where the next areas will be looked at from consumer affairs point of view. Discussions are being held with the HIA and the Master Builders Association around their standard contracts and they are working with CAV to ensure they meet the requirements of fair contract terms. That is a collaborative approach. Residential tenancy agreements — there have been some issues raised in relation to those that we will be having a look at; Internet service providers with unlimited broadband when in fact it is not unlimited; and online auction issues. There are a number of areas the department will be proactively working on in the year ahead. This is a good example of how you can create a regulatory regime that is not heavy-handed and only deals with those whose intention it is to put in terms that are unfair to consumers.

**Mr CLARK** — We touched earlier on the Victorian Property Fund and the Consumer Credit Fund. Could you tell the committee with respect to each of those funds, and possibly on notice, what is the value of the grants that you approved in 2005–06 and to whom the grants were given and what value was to each recipient? How do you decide whether or not grants are going to or do represent value for money in achieving government objectives, and once you have made the grant, how do you monitor the performance of the recipients?

**Ms THOMSON** — First up, all of those who have been granted grants are on the web site, so they are publicly available, and the amounts — and there is the slide, so there you go, we have come prepared. They are publicly available. The decision as to who gets money out of the Victorian Property Fund and the credit fund have two processes. There are two streams of advice that come to me in relation to those grants; one is through consumer affairs, which assesses the applications against the provisions of the act for which grants can be given to make sure that they meet the criteria, ensuring that it has a community benefit and meets the objectives in that respect, that the financials are checked on and assessed. The Estate Agents Council, which is a body that is made up of the industry, consumer representatives and the community more broadly, also vets them, so that you get not just the bureaucratic

vetting but also vetting independently, and they can and do fully assess those applications and ensure again that they are financially viable to meet the requirements of the act and justify the funding.

Those recommendations come to me separately in the sense that consumer affairs gives its recommendations, as does the Estate Agents Council, separately. Where there are large amounts of money or it is extremely complex, Treasury and Finance are involved in that process as well to also vet and verify the arrangements. So the grants are overseen and go through quite a rigid process.

Out of the Consumer Credit Fund there is a body established that is made up of industry representatives, a couple of nominations from the minister and consumer representatives. They vet all the applications that come in to that fund and advise me and recommend which ones should be funded that meet the criteria under which the funds are distributed for grants. So both funds have a very heavy vetting process. Some people complain about how long that vetting process is, but we think it is an appropriate level of scrutiny to ensure that no money is going out that is not justified.

**Mr CLARK** — Would you be able to give us copies of the two slides that you have shown?

**Ms THOMSON** — No problem, or check the web site.

**The ACTING CHAIR** — I know Christine would want me to ask you if we can include the overheads with the transcript once you have approved it.

**Ms THOMSON** — Absolutely.

**The ACTING CHAIR** — The request is that once you have received the transcript, if we can have a response within two working days, that would be very useful for PAEC.

Minister, that concludes the consideration of the budget estimates for the information and communications technology and consumer affairs portfolios. Thank you to you, Minister, and your witnesses and departmental officers for attendance today and assistance in preparation for the hearing. It has been a useful and informative session. The committee has a couple of issues to follow up with you, and there may be some other questions that are forwarded to you in writing at a later date. I thank Hansard for its work and also the PAEC secretariat.

**Witnesses withdrew.**