

CHAPTER 7: DEPARTMENT OF JUSTICE

Transcript of Evidence

7.9 Attorney-General portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2007–08

Melbourne — 30 May 2007

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Graley	Mr B. Stensholt
Ms J. Munt	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

Chair: Mr B. Stensholt
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Witnesses

Mr R. Hulls, Attorney-General;
Ms P. Armytage, secretary; and
Mr J. Griffin, executive director, courts division, Department of Justice.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2007–08 budget estimates for the Attorney-General and for the portfolios of racing and industrial relations. On behalf of the committee I welcome the Honourable Rob Hulls, MP, Attorney-General, Minister for Racing and Minister for Industrial Relations; Penny Armytage, Secretary of the Department of Justice; and John Griffin, executive director, courts division, Department of Justice.

In accordance with the guidelines for public hearings I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review; there is no need for evidence to be sworn. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript. The committee requests that verifications be forwarded to the committee by close of business on Friday. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following the presentation by the minister, committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. Before we proceed I ask that all mobile telephones be turned off. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the portfolio of Attorney-General.

Mr HULLS — Thanks, Chair. I will run through some of these slides very quickly which simply outline the priorities of the justice portfolio over the coming 12 months and priorities for the future.

Overheads shown.

Mr HULLS — The first slide simply shows that my portfolio has \$657.4 million, or about 21 per cent, as its share of the entire Department of Justice allocation, and that is a 6 per cent growth on prior years funding. Additional funds are going to be directed towards a range of landmark projects which include things such as reducing court delays, modernising coronial services and the like.

Slide 3 shows various output groups from the portfolio. 'Dispensing justice' includes areas such as courts and prosecutions. As you can see that is the biggest slice of the portfolio, being 51 per cent. 'Legal support for government' and 'protecting the rights of Victorians' includes things like law reform, native title, VGSO, and the electoral commission; and 'community operations' includes things like road safety enforcement, the Aboriginal justice agreement and victims services.

The next slide is about the major achievements in the 06–07 year and includes the Gunditjmarra native title settlement and the Aboriginal justice agreement mark 2. The 06–07 budget committed just over \$26 million to AJA mark 2. Also, 'sexual assault reform implementation' includes multidisciplinary sex assault centres. I actually opened one on Monday in Mildura; and a few weeks earlier, another one in Frankston. It also includes a new unit within the OPP to deal with sexual assault matters, a victims charter which was proclaimed on 1 November 2006 and a neighbourhood justice centre which opened in February. Further achievements take in Koori courts including Bairnsdale Koori Court, which is the sixth adult Koori court. I will be opening the second children's Koori Court in Mildura in September. Things such as the Latrobe Valley police and courts complex, the Moorabbin justice centre, which I am sure you have all heard about — —

Ms MUNT — Yes, I have!

Mr HULLS — Yes, I know Janice has. There is the Melbourne legal precinct master plan.

The next slide talks about the proactive law reform program, the bedding down of the human rights charter, the Crimes Sexual Offences (Further Amendment) Bill, which will do a number of things, including providing alternative arrangements for the giving of evidence in proceedings in relation to a charge of sexual offence. It

includes the establishment of the sexual offences list at the Magistrates Court, increased compensation for victims of crime and the crimes DNA database to enable automatic matching of DNA across jurisdictions.

The next slide deals with modernising the justice system. It includes the comprehensive review of our criminal laws: the Evidence Act, the Bail Act and the like; the legal education review implementation, which deals with articles and whether or not we should continue articles or change the system; and also the Infringements Act.

The next slide deals with some of the budget initiatives. Reducing court delays: \$45 million, includes additional judges, masters, support staff, extra funds for the OPP; modernising our coronial services: a \$43 million boost; expanding CLCs, which includes \$3.8 million to fund a network of 7.5 dedicated family violence lawyers across the state; and improved access to homeless Victorians: a homeless persons liaison officer will actually help homeless people who come before the Melbourne Magistrates Court and link them into services and the like.

The last slide deals with further budget initiatives, including, as you know, increased compensation for pain and suffering — that legislation has gone through the house — \$2.4 million for ongoing professional development and training for judges, judicial officers and also the Court Network blue jacket project, which is \$400 000 over four years. So there is a pretty exciting period ahead, I think.

The CHAIR — Thanks very much, Attorney-General. I would like to begin by focusing on productivity. It is very important obviously for the future of our state, let alone the individual departments et cetera. In terms of your overall portfolio — and you have got three of them, so it will save me asking the question three times — what impact will there be on your portfolio spend on productivity, particularly new initiatives in the coming budget?

Mr HULLS — In relation to the benefits of productivity in the A-G's portfolio, I think we have seen them in terms of improved efficiency of the justice system and better outcomes for the community generally, in particular those that rely on the courts services for appropriate socially just outcomes. So the budget initiatives will create, I think, more efficient courts, and that will mean quicker access to justice. Less costly resolution of commercial disputes is, of course, one way the courts contribute to the economy of this state, but you cannot always put a dollar amount on better outcomes when it comes, for example, to improved ways the justice system deals with victims of crime or victims of family violence.

The budget invests \$45.3 million over four years to provide additional resources to the County and Supreme courts. That will involve reducing court delays and therefore the expenses and risks associated with lengthy delays. As we know, lengthy delays in commercial matters, for instance, are costly for litigants. Lengthy criminal trials or lengthy delays in criminal trials can actually diminish of chances of successful prosecutions. Additional resources in this budget will build on measures already under way to improve the efficiency of the courts.

As you know, we have also upgraded some of the IT systems within the courts. We are rolling out a single technology platform for our courts and tribunals, and that presents a major upgrade in technology that will provide productivity benefits to consumers of court services but also to court staff. It means basically for the first time court users will actually be able to lodge matters at any court in the state, irrespective of the particular court or court location that the matter is to be heard in. That will involve time savings and the like.

The CHAIR — That is pretty good. We actually recommended it in the Law Reform Committee about four or five years ago.

Mr HULLS — Yes. So there are a whole range of productivity improvements in relation to A-G. I do not know if you want me to touch on racing and also IR.

The CHAIR — Just quickly.

Mr HULLS — Just quickly in relation to racing, basically as far as productivity is concerned we want to support the racing industry to maintain its national leadership in racing. We have committed \$20.6 million to the racing industry development program, which will provide major capital works at racing venues. It will basically mean that those racing venues will be able to operate hopefully on a year-round basis. The ThoroughTrack program, which is a synthetic racing surface, is being put in at Geelong, which means Geelong will be able to race all year round, which obviously will improve productivity somewhat. Also we have put in funding into some of the country tracks and upgrading some of their facilities, which will obviously improve the amenity for people who want to go to the races.

In relation to IR, just briefly, we are obviously looking at, for instance, a \$1.2 million project for the development of an online workplace tool kit, which advises employees and employers on opportunities for parents returning to work. If you have a more family friendly workplace, it is a more productive workplace; all the research shows that. Also we are going to amend the equal opportunity act, which means that mothers in particular will be able to request family friendly work hours and more flexible work arrangements. We hope that will also lead to productivity improvements. That is a broad overview of some of the productivity improvements.

Mr DALLA-RIVA — Attorney-General, I refer to budget paper 3, page 162, ‘Court matters and dispute resolution’, and to the first performance measure ‘Quantity - criminal and non-criminal matters disposed’. It shows that the expected target number of matters to be disposed of in the forward estimates year as 316 500, which is less than the target year currently as well as the expected outcome for this year and is also lower than the actual in 2005–06.

The recent Productivity Commission’s 2007 government services report, table 6.15, found that — this is a bit of a free kick at the Attorney-General — that Victorian courts have some of the lowest clearance rates in the country. I ask: why is the target number of matters to be disposed of in the forward estimates year going to be lower than the target and actual numbers of recent years, despite, as you said in your presentation, a commitment of, I think, \$45 million, although it shows in this total output, I think, \$36 million?

The CHAIR — It is over four years.

Mr DALLA-RIVA — Yes, okay, but in terms of the present term, given that you have said you have announced appointments of two new County Court and two Supreme Court judges, could I get some clarification in that regard?

Mr HULLS — In relation to the 07–08 target, that has been based on trends in disposals, which I guess reflect the increasing complexity and length of major trials and hearings, and hence fewer total disposals, despite the intensified list and case management oversight by judicial officers in both critical and civil matters.

As you would know from your previous background, more complex matters are coming before our courts and more matters are obviously coming before our courts. The 2007 report on government services has shown that low clearance rates and delays have been experienced in the courts due to a continual increase in cases initiated and, as I said, the significant impact of dealing with large, lengthy and complex cases of police corruption, gangland killing and organised crime.

For your own information, our courts received 1 089 900 cases initiated, which was a 5 per cent increase over the 04–05 cases initiated. Despite this our courts increased their finalisations overall. In 05–06 the Victorian courts finalised 1 380 700 cases compared to 1 342 400 cases in 04–05; that is a 3 per cent increase.

As you said, the budget has allocated additional resources to address delays in the justice system, and we allocated \$45.3 million. That will provide two additional judges in the Supreme Court, two judges in the County Court, an additional master in the Supreme Court, additional resources for the OPP for in-house and external prosecutions and also to help implement a strategy to encourage early pleas of guilty. Those resources will also go to Corrections Victoria, the Juries Commissioner and the Victorian court reporting service.

Some of the examples of the work under way in our courts, which really goes to what has been done to address these issues, includes the introduction of a new criminal trial practice note which provides for criminal matters to be listed for mention hearing within 14 days of committal; a more aggressive approach to listing of criminal matters in the County Court; the introduction of a new electronic briefing system in the next 6 to 12 months, and Victoria Police is doing that; and also the introduction and training of new procedures and stronger case management at the OPP.

It is true we have to continue to work with the courts and in particular with the heads of jurisdictions to assist and support the courts as they respond to challenges. They are looking at specialisation, and they are looking at specialised lists and the like, but to be frank, there are more matters coming before our courts. We have got more police out there, and more police means more people are being charged and more matters are coming before our courts. We have to continue to monitor how courts can address their casework in a better way; we have to ensure that they do look at specialisation, and of course we will continue to monitor the resources that we supply to our courts.

Mr DALLA-RIVA — The complexity of cases, as you say, is becoming more apparent. This is probably just a throwaway question and not a policy statement, Attorney-General, but in relation to committal hearings, are you considering those as part of the review in terms of making the higher courts more efficient? You have to go through a very complex and long case in the committal hearing, and then, as you know, it is determined either way. Either way, it basically does not matter what the committal hearing does, the DPP or — what is it called now — the OPP still makes its own determination to direct present or whatever.

Mr HULLS — It is a good question. We have obviously conducted a review of committals, and there are some who say we should abolish committals altogether and just allow the DPP to directly present. Others say — and this is how the argument went — that the committal process is actually efficient because it actually weeds out a lot of the issues and crystallises what the issues are at trial, and as a result trials are shorter as a result of committals.

We have introduced a whole range of reforms in relation to the committal process to ensure that certain witnesses cannot be cross-examined about certain matters. Those reforms are coming through the system and they are working. It means that people, particularly in sexual assault matters, cannot be cross-examined up hill and down dale, and basically you are able to crystallise at an earlier stage what the issues are.

My view is that it is false economy to abolish committals, that committals play a very important role in the system, and they lead to shorter trials. That does not mean that we cannot continue to work on trying to make the committal system more efficient, but I certainly do not believe, as some do, in abolishing the committal process. I think it works wells but we have to continue to monitor it to make sure it is efficient as it can be.

The CHAIR — I might note that you mentioned this figure of over 1 million. The figure here is 316 500. It might be useful to just give us a note, on notice, just reconciling those figures.

Mr SCOTT — Minister, I refer you to budget paper 3, page 157 and the output ‘Legal policy, advice and law reform’. The fourth dot point there refers to native title claims. Can I ask if work relevant to this output includes the Gunditjmara settlement, how did the Department of Justice achieve this settlement and what are the key aspects of the agreement with reference to the estimates period and moving forward?

Mr HULLS — We are in Reconciliation Week and I hope we would all agree that it to our national shame that not only do indigenous Australians remain at the bottom of all social and economic indicators but they still remain so appallingly overrepresented in our nation’s prisons and in our criminal justice system. We just have to continue to do all we can to break the cycle of disadvantage that dispossession really commenced, which is why through the AJA — the Aboriginal justice agreement — the Bracks government has signalled that we want better access to justice for future generations of indigenous Victorians.

This is a flagship agreement. It is looked upon by other states as being a leader around the nation. The second stage of the agreement I think reflects an unprecedented partnership between the government and indigenous communities to break the cycle of disadvantage. We committed \$26.1 million to implement the second phase of the agreement, and we will, as a result of that, deliver 54 initiatives in partnership with indigenous communities to reduce overrepresentation of Kooris in our criminal justice system.

They include things like reducing contact of Koori youth with the criminal justice system, increasing the rate at which justice agencies divert Koori offenders away from our court system, reducing the rate at which Koori offenders reoffend, making justice-related services more responsive to Koori needs, and strengthening and building the capacity of Koori communities.

In relation to the Koori Court part of the AJA, I do not know how many members here have been out and seen the Koori Court in operation, but I would suggest if you get the opportunity, you should do so at Broadmeadows. Bob Kumar out there would be more than happy to show people how it operates. It has been so successful and rates of recidivism have dropped so dramatically that we are expanding the Koori Court program to other parts of the state.

As you know, we are now in Broadmeadows, Warrnambool, Mildura, Latrobe Valley and a Children’s Court division — the nation’s first children’s Koori Court at Melbourne. A sixth Koori Court was launched earlier this year at Bairnsdale, with an additional children’s Koori Court scheduled to be launched in Mildura, and a further adult jurisdiction of the Koori Court will open in Swan Hill in June of next year. I have to say that Koori courts are one of the big success stories of the Aboriginal justice agreement. They are continually evaluated, but it really is an

experience to go out and see how they operate. Once you have seen them you will agree that they are a very important part of the Aboriginal justice agreement.

Mr BARBER — In relation to public drunkenness, and the findings of the joint parliamentary committee — the Drugs and Crime Prevention Committee — are any of the activities of your department going to advance any of the recommendations of that report this year? I am sure you are familiar with what the recommendations were, so I will not remind you.

Mr HULLS — Yes, I am, and I have made statements previously about this matter. I have said that being drunk in public in itself ought to be dealt with as a health issue rather than as a criminal offence issue. You are right — the parliamentary Drugs and Crime Prevention Committee recommended in 2001 and also in 2006 that the offence of public drunkenness be repealed and that adequate numbers of sobering-up centres and associated health services be put in place.

Public drunkenness offences have been repealed in almost all other states and territories. However, the police in most of those jurisdictions have retained the power to apprehend and detain intoxicated persons, particularly where there is a risk to health, safety or property.

To get to the nub of your question: if the offence of public drunkenness was repealed in Victoria, the police would still have the capacity to arrest and detain people and charge them with offences that involve criminal damage, riot or offensive behaviour. As most other jurisdictions around Australia know, public drunkenness — that is, simply being drunk without any other criminal behaviour — is a health issue rather than a criminal issue.

Changing the law in this area does require appropriate consultation and long-term planning for change. The recommendations of the committee that you have referred to do cut across a range of government portfolios that impact directly on our community. That includes DHS as well as my department and the police.

I can say that I have had discussions with the Minister for Health, Bronwyn Pike, in relation to how we can further progress this matter, and I have also had discussions with the Chief Commissioner of Police about this matter as well. It is a matter of getting the balance right, so I am hopeful that those further discussions can lead to an appropriate outcome.

I do not want to pitch it any higher than that because of a whole range of associated issues including financial issues and the like, but I am still of the view that public drunkenness per se ought to be dealt with as a health issue. I am well aware of the committee's recommendations, and I am having discussions, as I said, with Bronwyn Pike and the Chief Commissioner of Police with a view to trying to work through ways of addressing this issue.

Ms MUNT — Minister, you have briefly touched on the criminal list in your introduction and also in answer to one other question, and that is what this question is going to be. I refer you to budget paper 3 page 162 under 'Dispensing justice' and 'Court matters and dispute resolution'. I have read recent media reports that indicate that you are considering moving to a single criminal list for indictable matters for all our courts rather than separate lists for the different courts that are listed here — the Supreme Court, the County Court, the Magistrates Court, the Children's Court, the Coroners Court, VCAT and the Dispute Settlement Centre. This is a major change to the working of our court system, and I wonder if you could please indicate for the committee how this idea is going to be explored and what to expect this to achieve in the future.

Mr HULLS — I guess it does go to the first question that was asked by the Chair, which was about productivity improvements and the like. I think we would all agree that Victorians demand and deserve the best for their justice system. Since becoming Attorney-General in 1999 I have continually striven for ways to improve access to justice and improve the functioning of our courts.

In keeping with this I have asked Crown Counsel, Dr John Lynch, with assistance from my department, to consider the question of whether a single criminal list for the County Court and the Supreme Court would help ensure that indictable criminal cases are allocated to the most appropriate forum, having regard to the seriousness and complexity of those matters.

In 2004 the justice statement flagged the review of the jurisdiction of the criminal courts, including the need for flexible mechanisms for transferring cases between jurisdictions as part of the process of modernising the criminal

procedure. Reform of other aspects of the justice system is well under way. The single criminal list is being proposed because the range of serious offences coming before our courts has certainly changed over the years.

The current system focuses on the seriousness of the offence rather than the complexity of the case. I think there is a clear distinction between the two. In years gone by, the seriousness of the offence was a strong indicator of the complexity of the case; whereas now many very complex cases do not involve the offence of murder, for instance, which is the most serious criminal offence. The County Court deals with some of the most serious offences — for example, drug trafficking in large commercial quantities, which carries a maximum of life imprisonment. Of course we want to ensure that our system matches the skill and authority of the court and the complexity and seriousness of the offence.

In considering a single criminal list, I will be particularly interested in a number of issues, including whether a single list would be the best way to efficiently dispose of cases and further reduce delays in criminal trials. It will involve a review of the current criminal jurisdiction of the County Court, including, can I say, the limitation on the County Court in hearing homicide cases. It will also involve an examination of the statutory role of the DPP under the Crimes Act in deciding whether to present a case in the Supreme Court or the County Court.

There are similar approaches that have been adopted in the UK. The English Crown Court, for example, has exclusive jurisdiction in criminal matters tried by indictment. So I have asked Crown Counsel to consult with stakeholders — heads of the jurisdictions and the like. I have raised it with the Chief Justice of the Supreme Court. It has also been raised with the Chief Judge of the County Court, and I will be interested to see what the outcome is. But the reality is we have to continue to look at ways to not just reduce delays but make sure the most appropriate case is going to the most appropriate court. As you know, we changed the civil jurisdiction of the County Court. There is now concurrent jurisdiction between the County Court and the Supreme Court in relation to civil jurisdiction. I want to look at similar reform and how it would work in relation to our criminal jurisdiction.

Mr RICH-PHILLIPS — I would like to ask you about the legal services commissioner and how it is functioning. Firstly, for the information of the committee, could you tell us where the Legal Services Board and the legal services commissioner fit within the output structure? It is not clear from the budget papers.

The nature of the question goes to the operation of the legal services commissioner. I understand that the Law Institute and the Bar Council are concerned about the way the commissioner is working in the sense that if disciplinary matters are investigated and reported to the legal services commissioner, there is then no follow-up by way of action through VCAT. Is it your understanding that those concerns exist? Are they shared by the government and, if so, what action would you take to remedy that situation?

Mr HULLS — In relation to the output: it is self-funded by the industry, so that is why it is not in the output structure, but I have to say those concerns have not been expressed to me. In fact, from my understanding, the reforms that were undertaken in relation to the legal services commissioner (LSC) and the act generally, when those reforms were made — and they were made after extensive consultation after I first became Attorney — my understanding is that the current system is working well, and indeed there is now a one-stop shop for complaints.

This is something that was urged upon us by consumers of legal services. They were very concerned about the mishmash of complaint-handling services within the profession, were confused about where they should go if they had a complaint, and when we reformed the governance of the legal profession virtually all stakeholders believed there should be a one-stop shop for complaints — that is, the legal services commissioner, and also the Legal Profession Tribunal ought to be transferred over to VCAT, and there should be a specialist list at VCAT.

I am just trying to think how long it has now been in operation. I think it is a couple of years — about 18 months. I meet regularly with the legal services commissioner as I meet regularly with the Bar Council and with the Law Institute of Victoria. In all the meetings I have had, particularly with the Law Institute and the Bar Council, I have not received any complaints about the way the system is working.

That is not to say that we should not continually be vigilant and ensure that the system that was set up after consultation with the profession is achieving the objectives it was set up to achieve. But to date, it is news to me, to be frank with you, that there are concerns about the way it is operating. I am happy to have a further discussion with you about some of the issues that have been raised with you, but they certainly have not been raised with me. A whole lot of other issues have been raised, but certainly not in relation to the way the legal services commissioner has been operating.

Mr RICH-PHILLIPS — Are you able to provide the committee or does the LSC publish any statistics on the number of matters it disposes of, how many matters it receives from the profession and how they are disposed of? Is there any type of annual report reporting?

Mr HULLS — I will take that notice, I am happy to get back to you relation to that.

The CHAIR — Take it on notice whether the report is actually presented to Parliament, too. It would obviously be a good idea for that report to be presented to Parliament, I would have thought.

Ms GRALEY — Attorney, I would like to ask a question about the appointment of women in the justice system. I know this is an important part of your role, and I know that some members of the opposition are questioning it a little. I refer you to BP 3, page 162, and the outputs and deliverables relevant to the courts. Can you indicate recent statistics in relation to the appointment of women to our courts and key positions within the justice system, and how this has supported a process of quality appointments.

The CHAIR — Thank you, Minister, particularly in regard to that, but also going forward, please, in terms of the estimates and budgets.

Mr HULLS — Can I say that I have always said it is important that Victorians demand that the best and brightest be appointed to our courts to sit in judgement of us, but we kid ourselves if we continually think that the best and brightest are only white Anglo-Saxon males from private schools, and I have used that expression time and time again, and people have criticised me for using it.

Mr BARBER — I went to public schools.

Mr HULLS — It has to be, and I should say, the best and brightest are not just white Anglo-Saxon males from private schools, of which I am one.

Mr BARBER — I agree.

Mr HULLS — So the fact is that the word ‘merit’ includes rather than excludes women, in my view, and basically Victorians deserve the energy, they deserve the expertise, they deserve the experience of all qualified candidates. They deserve their diversity to be reflected, in my view, on our benches and the senior ranks within the legal profession.

In relation to female appointments, as you know this government appointed Australia’s first state Supreme Court Chief Justice — a female Chief Justice — and also the first female Solicitor-General In relation to the appointments that have been made, I have had the privilege of appointing 141 women to judicial or quasi-judicial positions, and that includes 18 County Court judges, so 51.4 per cent of the appointments I have made to the County Court have been women. There have been 20 female magistrates, so 51.2 per cent of the magistrates appointments I have made have been women, 96 VCAT members have been women and also 7 judges to the Supreme Court or Court of Appeal have also been women.

Going forward, there are, as you know, a number of vacancies now on the County Court and the Supreme Court, and a number of vacancies coming up in the Magistrates Court. As far as the Magistrates Court is concerned, we advertise and we encourage women to put their names forward. There is an independent interview panel, which includes the chief magistrate and others — people from my department that interview — and they put names forward to me.

I am pleased to say that more often than not about half the names that come forward for me to interview are women. When I appoint Supreme Court and/or County Court judges I consult very widely, including with the heads of the jurisdictions, and they are well aware that there are some very smart, bright women both at the bar and practising solicitors, and often women’s names are put forward for consideration by me by the heads of the jurisdiction.

It used not to be the case. I remember in 1999–2000, when I became Attorney-General and I went to the heads of the jurisdictions and made it quite clear that there were vacancies on the bench, and when I said that I wanted a list of their 10 best and brightest, there were never women on the list. The first list of QCs, as they then were, were presented to me, and what used to happen was that the Chief Justice or his aide would come up to my office; there would be a secret envelope marked, ‘Highly confidential’ with a list of names in it which I was supposed to take to

Governor in Council. I had no say in choosing them, and there were either never women's names or I remember on one occasion, of the 24, there was one woman.

I rang the Chief Justice and asked why there was only one woman on the list, and he at the time indicated that that was because only two had applied; so on one view, 50 per cent of all women who applied were appointed! It is important that we get the best and brightest, and there is a change in culture, slowly, within the legal profession, that now realises that the best and brightest does include, not exclude, women.

Mr WELLS — Minister, I refer you to budget paper 3, page 162 — the output of 'Court matters and dispute resolution', and I also refer you to a recent speech by the Chief Justice where she made it clear that your department is responsible for court administration.

I also refer you to a recent *Herald-Sun* story of 28 May, titled, 'Thugs shop for bail'. It is a case where a dangerous thug had won bail after his fourth try at magistrate shopping, and the result of this unfortunate situation was that he was released and bashed a disabled man to death.

What are you doing to ensure enough funding is in the forward estimates to improve court administration and certainly record-keeping, or to change the law to ensure that bail shopping by violent criminals does not continue?

Mr HULLS — The State of the Judicature address that the Chief Justice made indicated that the relationship between the department and the Supreme Court has never been better and indicated that the department is indeed working very closely with the Supreme Court in relation to workload of judicial officers, resources and the like.

As a result the state budget, as you know, included significant additional resources for our courts, including a \$110 million plan to further improve the justice system and deliver justice for all Victorians. But you do raise a particular issue in relation to bail and that article, which I also saw, about bail shopping, as it was called. As you would know, the bail act is the legislation which governs the granting of bail in Victoria, and magistrates make decisions based on the facts before them. They have in mind the protection of the community, obviously, and anyone who has been accused of an offence and held in custody is entitled to bail. That is a fundamental tenet of our criminal justice system.

I know it would be inappropriate for me to comment on proceedings of individual cases, including individual applications for bail, because of the separation of powers and the like, but in relation to the listing and hearing of bail matters in the Magistrates Court, the listing protocols state that applications for bail with new facts and circumstances — that is, second and subsequent bail applications — are to be listed before the magistrate who heard the application in the first instance, as you would know — —

Mr WELLS — That is right.

Mr HULLS — Unless there are circumstances which prevent that magistrate from hearing the matter or the magistrate otherwise directs. The listing registrars, the coordinators of the court, across the state, I am told, apply this protocol; however, at times there are circumstances which prevent protocol being adhered to — for example, magistrates may be on leave, and the court is also mindful of the provisions of the bail act in relation to not unnecessarily detaining defendants in custody, as you would expect.

In practice, I am told, if a bail application is listed to be heard before a magistrate other than the magistrate who heard the original application, the presiding magistrate may refuse to hear the matter and adjourn it to a date when the original presiding magistrate is available. All that is at the discretion of the magistrate. So there are protocols in place, they are being followed unless there are exceptional circumstances, and I think those protocols are appropriate.

For me to be interfering with the discretion of magistrates would be totally inappropriate. I have faith in magistrates dealing with matters, dealing with important matters of bail, obviously taking into account the bail act and all that lies under that legislation, and also understanding that a person is entitled to bail. I think the balance is right.

Mr WELLS — You say it may be appropriate, but this was his fourth bail application, so something clearly is not working in the record-keeping under the court administration.

Mr HULLS — I simply repeat that I would never interfere with judicial discretion. It is true that in November 2004 we asked the Law Reform Commission to review the bail act and make recommendations for any procedural, administrative or legislative changes which may be necessary to ensure that the bail system functions simply, clearly and fairly, and I expect to get their report in July 2007, but I am not going to comment about an individual case. I am not going to comment about an individual case that you are citing, because I think it is inappropriate for me to go down that path.

There are protocols in place, and I have the utmost faith in the independence of the judiciary. There are two separate issues. Yes, there is a review of the bail act, and I expect to get their report in July 07, but I think the protocols are working and working well.

The CHAIR — Just a note for committee members and witnesses that checking your Blackberries or mobile phones while you are at the table interferes with the reception and causes a problem for Hansard, so if anyone wishes to do that, could they perhaps go outside to do it. Thank you.

Mr PAKULA — In the 07–08 budget there is an initiative to increase compensation payments to victims of crime. I would appreciate it if you could outline what those increases are, indicate whether those increases are part of a broader strategy to support victims and whether that is in line with the victims charter that came into effect last year.

Mr HULLS — I guess a measure of any society is the way it treats its most vulnerable members, and victims of violent crime are certainly some of the most vulnerable people in the Victorian community. We have always had a belief that we have a responsibility to acknowledge on behalf of the community the experience of victims and do what we can to help them recover from the devastating effects of violent crime.

That is why we reintroduced compensation for pain and suffering, which really is an expression of the community's compassion and concern that was so callously, can I say, abolished by our predecessors. We have reshaped government support services, we have established a single point of call in the Victims Support Agency for victims. We have introduced a victims register which enables victims of violent crime to be kept informed and have their views considered, and that is why we continue to reform the area of family violence and sexual assault.

We did make an election commitment to increase pain and suffering compensation for victims, as you say, and we have increased it by 30 per cent — that is, to the maximum amount of financial assistance that can be awarded by the crimes assistance tribunal. That will apply with respect to acts of violence occurring after 1 July this year; so primary victims of acts of serious violence occurring on or after 1 July this year will be entitled to \$10 000 compensation for pain and suffering, which is up from the maximum of 7500. These victims can also receive up to \$60 000 for counselling, medical expenses and other expenses. We have allocated, I think, \$8.4 million for the implementation of this policy over a four-year period.

It is true that no amount of money can make up for the harm that a victim suffers as a result of an act of violence. However, we believe that we have a responsibility to help victims of crime to become, I guess, survivors of crime, and pain and suffering compensation is a very important part of accepting that responsibility.

I have to say I am pleased that members of the opposition supported this legislation when it was introduced. That is the type of reform that does not come in isolation. As you know, we have also introduced a victims charter which enshrines victims rights in one document and sets out obligations of government and other agencies in dealing with victims, and \$3.3 million was allocated in the budget for the implementation of the victims charter.

The CHAIR — Thank you, Attorney-General. I note that in terms of the department's response to the budget estimates questionnaire, the secretary tells me that it was the most comprehensive, and it was the only department we did not have to chase things up for.

Mr HULLS — We ride 'em hard!

The CHAIR — In regard to question 9.1, I am sure you will provide us in due course with the information in regard to your advertising and communications for the next financial year. It would be much appreciated.

In respect of the sexual assault reforms, Attorney-General, we have heard from other witnesses — particularly the Chief Commissioner of Police — about the initiatives you have been involved in and the ongoing ones. Where are we on that, and where are you looking to proceed in terms of sexual assault reforms in the coming years?

Mr HULLS — Reforms to sexual assault have to involve not just legislative reform but also attitudinal change. Any reform should be aimed at encouraging victims of sexual assault to come forward. In the bad old days victims would not come forward because they were abused by the perpetrator in the first instance, and they were firmly of the view that the court process was going to abuse them again. They felt like they were on trial, in effect.

So I gave the Law Reform Commission a reference in 2001, which looked at researching and recommending ways to improve the complainant's experience of the criminal justice system. In 2004 it made a whole range of recommendations about legislative and systemic reform for victims of sexual assault.

The 06–07 budget allocated \$34.2 million to a sexual assault reform package to improve the operation of the justice system as well as responding to a recommendation from the 2006 Ombudsman's report **Improving responses to allegations involving sexual assault*.

I have just returned from Mildura — I was in Mildura on Monday — where, together with Bob Cameron, the police minister, and Christine Nixon, the Chief Commissioner of Police, we took great pride, can I say, in opening one arm of our reform package — that is, the Mallee sexual assault centre. That is one of two multi-disciplinary centres, sharing in \$6 million.

These centres are designed to deliver an integrated justice and human service response to victims of sexual assault in a non-threatening environment, where victims can be confident they will be treated with respect, with compassion, with dignity and with understanding. It is a one-stop shop, where there is a multidisciplinary team. That includes a new police sexual offence and child abuse investigation team, solely dedicated to investigating sexual offences; crisis and support workers from relevant services, such as CASA — the centre against sexual assault; forensic medical examinations, which take place on site; and also specialist services such as by interpreters, for instance, when they are required.

These centres are just one arm in the many reforms that have taken place. We have set up a forensic nurses network, which had its first intake of students, learning more about how to provide appropriately sensitive forensic medical services to adult victims of sexual assault. The OPP — which you probably saw in some media recently, because Andrew Demetriou was there at the launch — launched the specialist sex offences unit, which aims to ensure a more continuous, informative and respectful process for victims of sexual assault, as well as recognising that the prosecution of these offences will benefit from a specialised prosecutions unit. Also the magistrates and county courts now have specialised sexual assault court lists, which make the trial process more efficient and responsive to the needs of victims of sexual assault.

I think we all agree that we need, and we need to encourage, victims of sexual assault to come forward, to bring the perpetrators to justice, and to restore the faith of victims in their communities and their faith in the law. All these reforms are aimed at encouraging victims to come forward but also ensuring that the perpetrators receive a fair trial as well. I think these are pretty good reforms.

The CHAIR — Thank you, Attorney-General.

Mr DALLA-RIVA — Attorney-General, I refer to your previous discussions about having diversity in judicial appointments. In the context of a recent statement by the Chief Justice of the Supreme Court on 22 May this year, which was reported subsequently in the *Australian*, where it was indicated that there was some concern expressed that appointing inexperienced people to the bench as part of a political agenda to increase the cultural gender and social diversity of the judiciary actually may, in turn, work against things such as clearance rate, as pointed out in the speech.

I want to get some more clarification, against the previous discussions. Could we flesh that out a bit more in terms of those comments made — you may not wish to, but I think it is important in the context of trying to clear up the backlog, as you pointed out.

Mr HULLS — Sure.

Mr DALLA-RIVA — Given that there are more complex cases coming up.

The CHAIR — Your answer, particularly as it relates to the estimates, Minister.

Mr DALLA-RIVA — Budget paper 3, page 162.

Mr HULLS — I understand — budget paper 3. In relation to Chief Justice Marilyn Warren's speech and what was reported, there are two different things. The chief justice has actually made it quite clear that the appointments that have been made to the bench, in particular to her court, are of the highest calibre and the highest quality.

Just to let you know the process that is involved in appointing people to the bench, it is not as though I simply come out with names, take them to a head of jurisdiction and say, 'This is the person I am appointing to the bench, like it or not'. That is not how the process works. What occurs is that I have consultation with a whole range of stakeholders, but in particular the heads of the jurisdictions.

Each of the appointments that has been made to the Supreme Court has been in consultation with, agreement with and, without wanting to give away too much of the process, in the main on the recommendation of the chief justice. So the appointments to her court have been made not only with her consent but in the main on her recommendation. I think she has made it quite clear publicly, in speeches she has given and also interviews that she has given, that the appointments to the Supreme Court are of the highest quality.

It would be wrong to suggest that the government makes appointments based on other than the best and brightest criteria. Some of the comments I have made have been misconstrued. People think that there is some hidden political agenda whereby the government is just appointing women because they are women, and for no other reason. That is just not the case.

For too long we as a legal profession have dismissed women as being second-rate lawyers not up to the job of higher legal office. I am continually dismayed by the attitude of some in the legal profession when a particular woman's name might be put forward and the immediate response is, 'No, she's not good enough because she's only been at the bar for 18 years', whereas if it is a bloke who has been at the bar maybe for 10 years, he is sensational.

It is the fact that women have to prove themselves, it appears to me, way above and beyond the limitations of their male counterparts. I am sick of it and I will continue to get the message out there that cultural change is occurring in the legal profession, like it or not. The reform train has left the station; you are either on it or you get left at the station.

That is not to say that I will not use the best and brightest criteria every time a judicial appointment is made. The chief justice would expect no less, the chief judge would expect no less and Ian Gray, the chief magistrate, would expect no less. We can use whatever words we like but this government will only appoint the best and brightest. Having said that, for too long we have thought that the best and brightest are only blokes, and it is just a nonsense.

Mr DALLA-RIVA — So would you agree with the chief justice in relation to her solution lying in the appointment of full-time or part-time retired judges to be on hand to provide advice, training and counselling to new appointees? Do you see that as an appropriate mechanism and, if so, how would you fund it?

Mr HULLS — First of all, you say a 'solution': a solution is only needed if there is a problem. I do not believe there is a problem, firstly. I believe that the best and brightest are being appointed.

Mr DALLA-RIVA — They are the chief justice's words.

Mr HULLS — Yes. I think the best and brightest are being appointed. A separate issue, though, that the chief justice does want to have discussions in relation to is how we can better utilise the expertise of retired judges, basically — people who have been on the bench for a period of time, who are retiring and who may want to come back and do some work on the bench.

I have already introduced legislation to allow for acting judges, and there is already provision to allow judges who retire from the bench to come back in an acting capacity. The acting judge legislation also allows — a bit like the

recorder system in the UK — barristers and/or solicitors who may not seek full-time judicial office to be appointed as an acting judge for a period of five years and to be utilised at times of need in the court.

There was argument at the time that this may infringe upon judicial independence and the like. I reject that argument because acting appointments are made for five years outside an election cycle, like VCAT members, and whilst the government appoints them for that period of time, it is up to the head of the jurisdiction to utilise them on an as-needs basis. Yes, the Chief Justice is working up a proposal to ensure that some of the expertise that exists on the bench when those judges retire can be utilised. There is already legislation in place for acting judges, and I am hoping that legislation can be utilised better.

I am informed that there are currently six County Court judges who are retired and who are working in an acting capacity, and eight magistrates who have retired, who, again, are working in an acting capacity. But I want to expand it to those who have not been judges because the legislation allows for that. People might have 20 years expertise in the criminal jurisdiction and might be at an age when they do not want to serve full-time on the bench, but who could come in and utilise their expertise on the bench.

The CHAIR — Thank you, Attorney-General. Ms Munt would like you to take on notice a question regarding the Moorabbin court complex and when it is going to be finished.

Ms MUNT — Because I can see it growing out of the ground every day.

The CHAIR — We do not have time —

Mr HULLS — I can tell her that it will be finished on the day that I come and cut the ribbon.

The CHAIR — I thank John Griffin for his attendance today.

Mr BARBER — I have a question on notice from the women's affairs portfolio that was transferred to your portfolio, Minister. I just want that to go on notice.

The CHAIR — Okay. We will put that on notice, too, regarding the women's affairs portfolio.

Witnesses withdrew.

Transcript of Evidence

7.10 Consumer Affairs portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2007–08

Melbourne — 30 May 2007

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Graley	Mr B. Stensholt
Ms J. Munt	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Business Support Officer: Ms J. Nathan

Witnesses

Mr D. Andrews, Minister for Consumer Affairs;
Ms P. Armytage, secretary; and
Dr D. Cousins, executive director, Consumer Affairs Victoria, Department of Justice.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2007–08 budget estimates for the portfolios of Consumer Affairs and Gaming. On behalf of the committee I welcome Mr Daniel Andrews, Minister for Consumer Affairs; Penny Armytage, Secretary of the Department of Justice, and David Cousins, executive director, Consumer Affairs Victoria. Departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room, and I would appreciate it if the camera focused on the speakers only, please. All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. There is no need for evidence to be sworn. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript. The committee requests that verifications be forwarded to the committee no later than the close of business on Friday. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following the presentation by the minister, committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off. I now invite the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the portfolio of consumer affairs.

Overheads shown.

Mr ANDREWS — Thank you, Chair, and I thank the committee for the opportunity to present to you on the Consumer Affairs portfolio. To begin, in relation to those goals that drive us: obviously we are concerned with empowering consumers and traders right across Victoria, both in metropolitan and rural and regional communities, and obviously that is all about delivering a competitive, fair and safe environment for both consumers and also those offering goods and services. We are also committed to protecting vulnerable and disadvantaged members of our Victorian community in their capacity as Victorian consumers.

In terms of the framework of protections, as we see on the slide there is a generalist framework under a number of acts of Parliament, and there are also some other acts that deal with specific issues to do with particular goods and services. Increasingly we have to move across, formally and informally, towards some of the more general protection frameworks, and that is something that is not experienced just in this jurisdiction but indeed in terms of consumer protection measures right across Australian states and territories.

Turning to the output framework, this year's budget delivers \$80.9 million in total CAV output cost estimates, which represents 2.6 per cent of the total DOJ allocation of some \$3.15 billion. Those appropriations are split into two categories.— Firstly, 46 per cent or \$37.2 million is from budget appropriations, and the balance, which is \$43.7 million or 54 per cent of the total outputs, comes from trust funds. In terms of those trust funds and sources of funds, they are the trust funds that we draw down on, as listed there, giving the approximate amounts that we anticipate drawing down on in the coming year. It is important to note, I think, that the acts that establish each of those trust funds clearly define the purposes for which grants can be used, and it is on that basis that we proceed each year.

If I can turn now to financial counselling, which is an area that I know is important to many committee members and indeed to the Victorian community at large. We have 44 agencies across the state that provide financial counselling and support some 36 000 low-income and vulnerable Victorians. The total budget or total spend in relation to the 06–07 year was some \$5.1 million. As the committee would know, 2.2 — I think 2.24, to be precise — came from the Community Support Fund. That funding lapses at the end of this financial year, and through the budget process we secured a rollover of that for 12 months — not from the Community Support Fund but from the budget — and that will see a maintenance of those particular services. They are important and relevant, particularly in terms of the high levels of personal indebtedness that we are experiencing right across communities. Those services are run both in rural and regional communities but also in metropolitan Melbourne.

Thirty six metropolitan LGAs are covered and 52 rural and regional LGAs. It is an important program and one that is very well administered.

In terms of locations from where we deliver services right across the state, this is the real success story of the way CAV has operated in recent years. On 1 July 2005, seven regional offices, five principal shopfronts and two sub-offices opened following a trial of the Wangaratta office — a pilot, if you like — I think in the preceding 6 or 12-month period. The orange dots on the screen indicate where those offices are in fact located and also the Victorian Consumer and Business Centre at the bottom of the Southern Cross building in the city. The blue dots on the slide indicate where the outreach services are run from those principal shopfronts. So not only is there a permanent, five-day-a-week presence in those larger towns, including the two sub-offices in Mildura and Warrnambool, but there is also that assertive outreach program visiting many, many communities right across the state, delivering not only advice, support and advocacy for consumers but also education campaigns in terms of traders as well. It works well. It is a very important part of our performance in recent years and again across the 07–08 year.

In terms of compliance and enforcement, this is an important part of our role. We have a range of different tools that are at our disposal. Obviously the key aims in relation to compliance and enforcement are to stop unlawful conduct, to ensure that consumers get outcomes and there is redress in terms of the negative outcomes that may have been experienced by them. But also we are very focused on trying to prevent future breaches of the law and also taking appropriate action to punish those who have on a repeated or blatant basis broken Victorian consumer protection laws. Again, the slide gives you some sense of the different exercises we plan in the 07–08 year and also some of the tools that we have in terms of achieving those outcomes.

In terms of key priorities or initiatives that will dominate our work in the 07–08 year, in terms of reducing the regulatory burden as part of the whole-of-government policy, Consumer Affairs Victoria leads that project within DOJ, and that is an important project. We have some detailed targets. A three-year review plan for reducing the regulatory burden was approved in March this year and CAV drives that program from a whole-of-Department of Justice point of view.

In terms of credit many of you will be aware that my now ministerial colleague James Merlino led the consumer credit review last year, reported I think in March last year. The government committed at the election to deliver, pursuant to the government's response to that review, each of the items in the credit review. That will be an important part of our work as we move forward this year. On lemon laws, similarly we made commitments in the election campaign to introduce a series of lemon laws to enhance consumer protection for motor vehicle purchases and other large or high-cost goods if you like. There will be a process leading into the early part of 2008 for industry and community consultation on that.

In terms of residential accommodation, we made some commitments at the election to appropriately look at and provide additional protections to residents of mobile homes and caravan parks, and also rooming houses and student accommodation was another matter we dealt with. Again I will issue very soon in the next few weeks the first of a series of issues papers to deal with those commitments and a whole range of other issues to do with residential tenancy matters.

In terms of product safety, it is fair to say that we have what is broadly recognised as the leading product safety and consumer protection framework of any of the states and territories. Continuing our national lead and the work we do in Victoria to benefit Victorian consumers will be another important part of our work as we go forward with the 07–08 year, and also implementing changes to a number of different acts, both in terms of reviewing and updating the current legislative framework but also bringing a number of new acts online — owners, corporation, conveyancing, retirement and also funerals which, whilst they have passed the Parliament, there are regs to be made and other matters to be dealt with as we approach the operative dates for each of those. So that is an overview of our performance, some of the highlights of the budget or our ongoing work and also some of our key challenges as we move forward to the 07–08 year.

The CHAIR — Thank you very much, Minister. I thank the department for its response to the departmental questionnaire which we sent out. I have asked all the other ministers the same question: what do you see is the impact on productivity of your portfolio spend, and particularly any new budget initiatives you might have in your portfolio?

Mr ANDREWS — Can I seek some clarification? You wanted me to do consumer affairs and gaming, or come back to that at a later point?

The CHAIR — I am happy to do both.

Mr ANDREWS — No worries, that is fine. In terms of productivity and efficiency, we are obviously focused on driving better outcomes in terms of the budget allocations that we have, but also ensuring that Victorian consumers and Victorians in a broader sense, from a gaming point of view — particularly problem gambling — get the best possible outcomes from the programs that we run. To go through productivity and efficiency for Consumer Affairs first, in terms of an expansion of our face-to-face services I will just direct you to the slide. That is an important part of our work. I spoke about the regional office network and those five principal offices and the two sub-offices, expanding those, as well as the outreach work as an important part of delivering better and improved outcomes to Victorian consumers.

Expansion of online services is something we have been very focused on in recent years, and we have seen very substantial growth. The number of visitor sessions to our CAV website and other associated linked websites have grown by 25 per cent each year since 2003. That is easy and convenient for Victorian consumers but is also of relevance in terms of making best use of our staffing time and staffing budget. It saves time and delivers high-quality outcomes. I think that probably relates to the next point on the slide in relation to increased use of the website. We are getting many more visitors to the website, and staff have been able to use that as a more interactive tool in a more efficient way.

In terms of our case management system for a whole range of other complaints and matters that are brought to our attention, we have rolled that out and some IT to support that. That is driving some productivity and other gains that benefit consumers and also benefit us in applying the resources we have to each of those important consumer protection tasks.

Part of the efficiency, the dividend that it has paid to us if you like, is in terms of expending some of our legislative roles. As I said, there are four acts that have passed the Parliament that are yet to hit their operative dates. We have been able to service those — for instance, the funerals act — because we have more efficiently used the resources provided to us by the government, and also we have been able to expand the role we play in terms of ensuring that traders and others across the community comply with relevant consumer protection law through the efficiencies that we have also maintained and also been able to achieve over time. So productivity and efficiency, best use of the resources we have got to drive better outcomes — it is no good having efficiency for its own sake; it has got to be about outcomes for Victorian consumers — that very much dominates our thinking and the way in which we approach the task we have.

Just bear with me while I find information in relation to gaming. This may be a bit more concise in the context of the presentation I will make. The budget this year, the 07–08 allocations, builds on past investments and achievements we have made across the gaming portfolio, particularly in relation to problem gambling services. As you know, Chair, in October last year we launched Australia's most comprehensive response to problem gambling — the \$132.3 million *Taking Action on Problem Gambling* statement, a fully funded 5-year plan that takes us through to the 2010–11 year. As part of that, we have improved systems in terms of delivering support and assistance and care to problem gamblers across the Victorian community. As part of *Taking Action on Problem Gambling*, that budget allocation delivers \$4.3 million over five years to allow a centralised booking system and the IT case management functionality that sits underneath that. The practical impact of that is that when a caller rings up the gamblers helpline, they will be able to make a direct appointment at that point. That is obviously about efficiency — getting a quicker response, if you like — so that those who are in crisis or need urgent care and need that sort of support quickly can get that. Again, it is about making the best use of an amount of money that is actually growing, but it is also about meeting some of those demand pressures we face.

On from that, across both consumer affairs and gaming, there is a unique opportunity given that I hold both those ministries and both run, either generalist financial counselling, which I spoken about, but through gamblers help and our record spend there, there is a problem gambling financial counselling program also. Some of the clients are common to both those services. Certainly many of the agencies that actually deliver that service on the ground are common, and they have lines of funding from both of those programs. We have identified, building on some work done a little while ago, that there is an opportunity to have more efficient program delivery, not only to benefit clients but to benefit those NGOs that run both those services.

The important thing there is that I think that is a platform not just to deliver better services in CAV generalist financial counselling and problem gambling financial counselling but, once we get that right and see some improvements there, to deliver what I think might be an effective platform for some other Department of Justice services — victims of crime, for instance, and a range of others. It would be my hope and expectation that, once we had built on that model, that in turn would be a platform to perhaps reach out to the Department of Human Services, whether it be drug and alcohol clients, mental health clients or a whole range of others. That again is about delivering efficiencies within government that can directly benefit consumers, many of whom are common to agencies that are multi-funded or actually need the services that are provided across those different lines. I think that gives you a summary of gaming.

One further point I will make is that, again as part of *Taking Action on Problem Gambling*, in July this year the centre for excellence in problem gambling research and treatment will start. More than \$4 million has been committed to that joint venture between Monash University and the University of Melbourne in terms of driving better research and other efficiencies in terms of treatment services. That is a broad suite of different initiatives as we identify them to try and drive productivity.

The CHAIR — That is good. I assume you will talk to your colleagues in Department of Human Services and Department for Victorian Communities to try to get some further gains in regard to those sorts of programs of non-government organisations.

Mr DALLA-RIVA — Minister, I refer you to budget paper 3, page 169, which is ‘Protecting consumers, promoting and protecting consumer interests’. It relates to the performance measures. I note that if you compare the 05–06 actuals to the 07–08 target, in fact every single performance measure is going backwards.

In quantity, you are carrying out fewer inspections and compliance activities. You are registering and licensing fewer businesses, and you are offering less advice. The quality of services has declined from that measurement as well, and you are taking longer to deliver them, with timeliness down from 94.3 to an expected target of 90. The only thing that has gone up is the total output cost, which has grown from \$64.4 million in 05–06 to now a target of the forward estimates of 80.9, a \$16.5 million increase in two years. Minister, why has this budget increased so significantly when, despite your overhead of productivity and efficiency which spoke about a lot of these performance measures, you are delivering fewer services of a lower quality and taking longer to do so? Are the consumers of Victoria getting good value for their money?

Mr ANDREWS — I would argue that Victorian consumers are getting good value for their money, and they are receiving first-class services from Consumer Affairs Victoria. We take the portfolio and the responsibilities we have very seriously.

If I can take you through each of the variances, if you like, to deal with those matters. In terms of total outputs and the variance in terms of that bottom-line number that you referred to, I might get Dr Cousins to augment my answer a bit in terms of monies from trust funds — I think that accounts for a fair bit of it. But if we go through the first in terms of the variance between the 05–06 actual and the 06-07 target on inspections, compliance, monitoring and enforcement activities, it is 20 per cent above target in 05-06 which is mostly attributed to CAVs Commonwealth Games consumer protection strategy, which I think is broadly acknowledged in the community as having worked well. That involved a very dedicated focus in relation to trader education in terms of promoting compliance with consumer protection law. We were able to do that very effectively given that it was an intensive campaign over a short period of time, and it was concentrated activity within the CBD mainly. That increased trader activity and education is less complex, if you like, than some of the other matters we deal with, so we were able to do that very well and there was obviously a very direct need, given the Commonwealth Games, the number of visitors and some of the issues that presented over that. So that is what underlies that difference.

In relation to the variance between the 05-06 actuals and the target for 06-07 in terms of registration and licensing transactions, those measures include registration and licensing transactions in a broad sense; 5.9 per cent over target in 05-06. It is obviously a demand-driven measure and the major components of that relate to occupational and liquor licensing, the registration of business names and also a range of residential tenancy bond transactions. Therefore, a property market, a buoyant and/or tight property market has an impact on that. At 5.9 per cent I think that is broadly within acceptable limits of plus or minus 5 per cent.

In terms of written advice provided, the variance between the 05-06 actual and the 06-07 target, it measures written advice provided, that includes emails, predominantly from our inquiries branch in relation to consumer and residential tenancy issues in a broad sense — and it does include emails, I can confirm that. The Commonwealth Games consumer protection strategy involved increased awareness raising for consumers, as I said, and traders, and the number of written advice provided, using the language from the budget papers, was a logical by-product of that campaign, and the intensive effort we had over those months in the lead-up to and during the Commonwealth Games. That measure also includes written advice from the dispute resolution branch within CAV regarding residential tenancy issues; issues in relation to estate agents and the resolution service we run for them; Building Advice and Conciliation Victoria, and again the position of the property market has a direct bearing on that as well; that is effectively what underpins the variance there.

On the bottom-line variance between the actuals and the 06-07 target, trust funds, as you know, are expended via an application process based on strict criteria, and it can be difficult to predict what the outcome is with any certainty in relation to the applications that might come forward. The total amount of applications were less than we had expected for the Victorian Property Fund in that period — that is, \$4.8 million of underutilisation of funding from the VPF. In terms of other matters included under that line item, there was also underspending in Residential Tenancies Fund, domestic building fund and the Motor Car Traders' Guarantee Fund, or less spending. I might ask Dr Cousins to supplement that with any additional information.

Dr COUSINS — The only point perhaps in relation to the outputs, I would just point out that our anticipation is that the expected outcomes over 2006-07 will be significantly higher I think in all indicators here but for perhaps the telephone services. These expected outcome figures were estimated in February, so with further data we think that those outcomes will be significantly higher. I think the minister has explained the key difference in terms of the funding, the output cost line. We were significantly under expenditure in 05-06 on the trust funds, and that is related to grant applications. The additional amount expended in 06-07 over the target really related to additional funds that were made available to us through the Department of Justice for a range of matters including work on best practice regulation and alternative dispute resolution — major projects that the department has going.

Mr DALLA-RIVA — In terms of the expected outcomes, I know we are an estimates committee and we do not like to look backwards — we are told — but can we get those updated figures? Obviously you have more up-to-date figures. Perhaps we can put that on notice?

The CHAIR — I assume they will be available at the end of June.

Mr ANDREWS — At the end of the financial year I will be happy to make that available when we have real data at that point.

The CHAIR — I am sure we will take it up in our outcomes process.

Mr DALLA-RIVA — The doctor has already said they are going to be higher, so there must already be some data there.

Mr ANDREWS — Mr Dalla-Riva, I will take advice on whether we can furnish you with updates before the end of the financial year.

Mr DALLA-RIVA — I know this is estimates and we cannot talk about the past in this committee.

Mr PAKULA — Minister, if we can stay on the same page — page 169 — and the output 'Inspections, compliance monitoring enforcement activities', which is the heading. I am interested in this issue of underquoting on the auctioning of houses. It has been pretty topical lately, so I would appreciate some advice about what Consumer Affairs Victoria has been doing to regulate this practice, and how those practices will be regulated in 07-08.

Mr ANDREWS — Thank you, Mr Pakula. It is a topical issue and an important one. That is why in 2004 the government made changes to the Estate Agents Act to deal with the issue of underquoting. We created a specific offence in relation to this matter. It is a serious issue and I will be able to report to you about some of the compliance and other enforcement exercises we have been undertaking in recent times. It is important to note, though, that a property cannot be advertised for less than the estimated selling price on the exclusive authority of sale document, where the agent signs an authority with the vendor and provides an estimate based on his or her

expertise in like property sales in that given area. But effectively the test is that the agent must satisfy him or herself that the price is a fair and reasonable one based on their expertise in that field, and it is about what a willing, but not anxious, buyer would pay for that particular property.

We have a very tight property market at the moment in terms of auction clearance rates — in the order of 85, 86 or 87 per cent. So particularly in inner Melbourne — within a 10 or 15-kilometre radius — we have had a situation where those clearance rates are very high, and again, auction campaigns have been very busy and we have been seeing very substantial prices achieved. It is important to note, though, that just because a house sells for more than it was advertised at does not mean that it was necessarily underquoted; it was not necessarily a breach of the specific provisions of the Estate Agents Act. The only way that you can effectively determine whether a property has been underquoted is to look at the figure that is on the exclusive authority, and then compare that with the figures quoted during what is usually a four-week auction campaign. To that end CAV inspectors have, over the last couple of weekends, run what you might call a blitz, if you like, and 73 property auctions have been visited by Consumer Affairs Victoria officers, mainly in inner Melbourne but there have been some, I think —

The CHAIR — In my electorate I think, Minister.

Mr ANDREWS — I think the Chair notes correctly; some of them were in the Burwood area. It is not just about inner Melbourne. These offences can occur in other parts of the community. There have been some in the outer suburbs, and some of our compliance activity was in fact in rural and regional communities last weekend, in Bendigo and Elmore. Those CAV officers did not just monitor underquoting; they were looking at dummy bidding and a range of other issues to make sure that the Estate Agents Act and the Fair Trading Act were being appropriately followed. As a result of those 73 auctions, there are currently three estate agents where it can be alleged underquoting has in fact occurred. They are being appropriately investigated by Consumer Affairs Victoria, and appropriate action will be taken against them provided the appropriate evidence can be dealt with. It is important to note as well, Mr Pakula, that the penalties for an estate agent who breaches the specific underquoting provisions of the act are very, very substantial. The fines are up to \$21 000. On that compliance exercise, there are three under investigation at the moment. Over time — since 2004 — we have had a situation where 29 agents have been formally warned, in terms of there was not enough evidence to proceed to any further action but they have been formally warned —

Mr BARBER — Sorry, what was that figure?

Mr ANDREWS — Twenty-nine agents have been formally warned since these changes became operative in 2004. A further five agents are currently being investigated, not as a result of this blitz over the last couple of weekends but as a result of other compliance work over time. I think one or two of those are not yet on foot in a court sense but are not a long way away from that, and officers of Consumer Affairs Victoria are pursuing that with some vigour. That is where we have got to in terms of the overall compliance and enforcement measures. It is also important to note that at my first meeting with the Estates Agents Council on 24 April I raised with it this issue. It has a watching brief on these issues. It is one of a number of different projects that the previous minister gave it, and I was keen to reinforce the importance of looking at this. I have since written to it and specifically asked it to provide me with some detailed advice on whether the current framework adequately protects Victorian property buyers and also ways in which we can better educate the sector on how to actually comply with the provisions of the Estate Agents Act and any other changes that they might view, other ways in which we can improve the operation of that section of the Estate Agents Act.

It is a serious issue. It has got a lot of press in recent times, but we have got some history on this. We took the steps necessary in 2004 and will continue to deal with this appropriately to drive a properly transparent auction sector, noting that it is a very tight property market, as I said, with clearance rates at 86 to 87 per cent on any given weekend. The key point here, if I could conclude on this point: what I want to see happen is auction results in May directly affecting the estimates that the agents makes in terms of what a willing but not anxious buyer would pay. The auction results in May start to influence very clearly what the authority figures are for June, July and August. Some would argue that that is not happening. That is why we are getting the Estates Agents Council, which has history with these matters, to have a look at it in some detail and provide us with some detailed advice soon.

The CHAIR — Thank you, Minister, I would appreciate that of course because I raised this in Parliament only a couple of weeks ago. I had a meeting with Adrian Jones at the Estate Agents Council just the other day urging some further work to be done in cooperation with yourself and Consumer Affairs Victoria.

Mr BARBER — I guess this is a follow up to Mr Pakula's question. If you had a blitz last weekend and covered 73 auctions — —

Mr WELLS — The last two weekends.

Mr BARBER — The last two weekends — how many auctions would you have covered since the 2004 laws came in and at how many events did that occur? You have said how many warnings were issued: why do you think there has only been two prosecutions, and what is your forward program for this coming year in terms of enforcement?

Mr ANDREWS — Thank you, Mr Barber. I will need to rely on Dr Cousins in terms of enforcement activity that pre-dates my time in the portfolio. It is an important question, and if we have got that information at hand, we will give it to you. If not, we can agree to come back to you on notice in terms of some of the detail on compliance that we have done over time.

The CHAIR — Particularly focusing on the work that we are doing on the budget.

Mr ANDREWS — I think it is important to note that in recent times we have had a blitz, as you noted, over the last weekend and the weekend before that. We put in place these particular laws back in 2004, and we have a fundamental interest in making sure that those right across the estate agents sector effectively adhere to them. At the end of the day you have to have an enforcement regime in order to make sure that that happens.

I am not sure of the exact detail of how many auctions have been visited over that time, but I can give you and other members of the Public Accounts and Estimates Committee a pretty firm undertaking that I will ensure that appropriate enforcement action is taken and that this will be a priority for us going forward. Obviously I do not want to pre-empt the advice that I will get from the Estate Agents Council. I have asked it to deal with the issue of compliance as well, and it will provide us with some detailed advice, I would think, in the next six to eight weeks, and then we will look at that in some detail and take whatever is appropriate action from that point. Dr Cousins, you might want to supplement that?

Dr COUSINS — Yes, I can say that since these legislative changes came into place in 2004 we have regularly in fact conducted compliance work in this area. We have had a number of blitzes in terms of inspectors going out en masse to supervise auctions, whereas the minister said they have covered not just issues of underquoting but also dummy bidding and so on. As a routine we conduct compliance inspection visits, and we have been doing this in both the metropolitan area and regional Victoria. For example, late last year we had a visit to the Geelong area, where a focus of that particular compliance action was in fact to look at the issue of underquoting in real estate. This is an activity that — we do not clearly need to rely entirely on auctions because whether a property was underquoted, it may have been sold at auction or it may have been sold without auction. So what we do is obtain details, if you like, of the authority to sell, we obtain and regularly monitor sale prices and we obtain information on advertised prices. This is ongoing activity.

Mr BARBER — Can you give me some figures on that? You said 'regularly' and you said 'en masse'.

The CHAIR — We can take that on notice, I think.

Mr ANDREWS — We have indicated there was a Geelong compliance exercise in the estate agent sector in the broader sense, and one of the key parts of that was underquoting, but we will come back to you, if you like, with some detailed figures on it.

Mr BARBER — Have you got a forward-looking program in relation to the estimates in the next 12 months?

Mr ANDREWS — I would hope that I have made myself clear that the blitz in the last couple of weekends is something that — I will not say 'pushed' — I certainly have been keen to see that compliance and enforcement activity occur, and I will continue to make that a particular priority. Notwithstanding the fact that I have asked the Estate Agents Council to come back with some detailed advice, and I do not pre-empt that, we will continue to visit and check auctions and ensure that the law as we put it in place in 2004 is being effectively followed by estate agents, not just in inner and urban Melbourne but right across the state.

The other point is that compliance and enforcement activities are one important part of this, but consumers who have got a complaint should come forward. The advice I have is that in any given year we have around 130 000 auctions. In the last two financial years — 04–05 and 05–06 — we have received less than 100 complaints in respect to underquoting. But this year — between July last year and 31 March this year — we have received about 60 complaints. We will do the compliance and enforcement work, but a part of that as well is that consumers should feel confident and should come forward if they have got a complaint to make and we will make sure that that is dealt with.

The CHAIR — Thank you, Minister. I think the REIV has also issued some new guidelines, has it?

Mr ANDREWS — That is exactly right, Chair. The REIV has issued a range of guidelines on how to actually quote a house — what language should be used, in their view, and what language should not be used. They clearly understand, and agents across Victoria clearly understand, that unless the public feels confident about the way in which they conduct themselves, ultimately they could undermine consumer confidence in the services that they offer.

Mr SCOTT — Minister, I refer you also to page 169 of budget paper 3 and the output ‘Protecting consumers’. I note in your presentation for key initiatives for 2007–08 one of the key outputs was ‘Residential accommodation’, and I noted you also made reference to caravan parks, which is a particular interest in my electorate. Can you please advise through this output what initiatives will be forthcoming in that year in this important area?

Mr ANDREWS — I thank you, Mr Scott, for that question, and it is an important matter. I know your predecessor, Michael Leighton, as the member for Preston was a passionate advocate on behalf of residents at the Summerhill — I hesitate to say — ‘caravan park’; I think they are described as a residential park.

Mr SCOTT — That is their term for themselves, but they have been found by VCAT to be a caravan park.

Mr ANDREWS — Yes, which has a direct bearing on which consumer protection framework covers them.

The CHAIR — Let us keep to the general protocol, shall we?

Mr ANDREWS — As I said in the presentation, we made some commitments at the election last year to take action in this area. In the presentation I also noted that one of our key focuses is on vulnerable and disadvantaged members of communities right across our state. I will issue very soon, in the next few weeks, the first of a series of detailed issue papers not only for people from the tenancy sector but the community more broadly, to provide written submissions to us in terms of delivering on those election commitments. The first paper will deal with issues of rooming houses, caravan parks, mobile homes and some other important tenancy matters. At the end of the day I think security as a tenant is no less important than security in terms of your place of employment. We have heard a lot about that in recent times. It is a debate that is happening at the national level. These are fundamentally important issues: it is about how you define yourself; and it is about your sense of where you are going in terms of the ongoing sort of security that underpins the decisions that you make. These are vulnerable and disadvantaged members of the Victorian community, or many of them are, and we will deliver in full on the election commitment we made to fully examine these issues.

The paper that will go out in the next couple of weeks will be an interesting test of different views. There are tipping points, if you like, and we have to balance out the ongoing availability of some of these particular forms with the rights and other obligations that not only those who provide the services have but also those who use them have under various consumer protection frameworks. But we will deal with this in a robust way. These are important matters. We made commitments on them in the election last year. That first paper will be issued. As I said, it will be one of a series, because there are many issues that can be dealt with as part of this, and I am sure that those residents at the Summerhill caravan park or residential park — whatever the owner decides to call it — will have no less passionate an advocate in you, Mr Scott, than they did in the former member. I think the government will be able to deliver improvements for them in terms of the consumer protection framework that ultimately governs the residential tenancy that they enjoy.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the inspection, compliance monitoring and enforcement activities of CAV. Your last annual report — the 05–06 annual report — indicated there were roughly 18 500 written matters dealt with by CAV and that that had been rising for the last three years. However, against that increasing number of complaints the department is only targeting 7750 compliance and enforcement activities, and that has been consistent at that target level for the last several years.

Likewise, according to the annual report, there were only 47 actual prosecutions undertaken for the last couple of years. So we have got a rising number of complains but a static target level of enforcement activities and prosecutions. Why are we not seeing a commensurate increase in the target level of enforcement, given the rising number of complaints?

Mr ANDREWS — To deal with the second part of your question first, Mr Rich-Phillips, there is a range of different enforcement tools, and I think we went to some of those in the presentation. We have enforceable undertakings, and we have a whole range of other measures. We do not necessarily need to go to court and have a successful prosecution against someone who has breached the law in order to derive a better outcome for affected consumers and other consumers who might be affected by those issues over time. I just point you to the fact that there is a broad arsenal, if you like, or a number of different tools or weapons that we can use against those who have little or no regard for the interests of consumers.

In terms of written advice, I might ask the secretary or Dr Cousins to go further on that. I would take the opportunity to point out that, moving forward, we have recently instituted some changes. In the past the consumer who rang up our 1300 number to make a complaint on a given issue would need to write us a letter and move forward on that basis. We have trialled and now have online, I think, a system where you no longer need to actually do that. Complaints can be taken over the phone, and we can deal with those moving forward on that basis.

I would hope that was reflected in the figures and may account for the issue you have raised. I am not sure; I did not quite catch whether you were looking back or forward. But that is an important point to note as well in terms of greater access to the sort of supports and the other assistance we provide to consumers from right across the Victorian community. The secretary or Dr Cousins might like to add to that.

Ms ARMYTAGE — I will just make a general point about regulation, because I think this is a relative framework that we are operating in, in terms of where you get the balance between compliance and enforcement, and education of traders and others in these fields. This has been why consumer affairs has been very active, looking at better practice regulation and looking at our practices relative to other regulators across Victoria, nationally and more broadly.

I guess it has been a deliberate strategy on the part of consumer affairs to keep a balance between compliance and enforcement activities and education activities. I think that is going to be ongoing work that will be done to make sure that we use the right tools to try to encourage compliant and responsible conduct on behalf of traders and others, and that will remain an emphasis in this program into the future.

We will need to look at whether all of our performance measures adequately take account of that balance and make sure that prospectively we think we have that balance right. Compliance and enforcement activity will also always be a priority where people breach the law and regulations and where there is harm done to consumers. But it is, as I said, something about striking that right balance, and Dr Cousins might like to add specifically on that.

Dr COUSINS — I think the points have been made. There is clearly, if you like, a narrowing funnel here between complaints received, number of investigations conducted and then a range of actions that might take place, including, if you like, at the bottom end prosecutions. There has been a deliberate change over a period of time to emphasise more civil and administrative approaches to dealing with some of the problems that we deal with. In many cases prosecutions are not proportionate, if you like, to the matters at hand. We think that prosecutions are appropriate where there is deliberate and significant detriment associated with action. So we are emphasising a range of these other measures, such as anything from warning notices and infringements — court enforceable undertakings are a significant and growing part of our work — and also civil injunctions. Without going back over time to draw out all the nuances of your question, I do not believe there has been any diminution at all in our enforcement effort — in fact, quite the contrary, we are being very targeted and very active in our enforcement activities. Just to give you an example of that, we have something like 75 matters at the moment in the courts.

Mr RICH-PHILLIPS — Does the line item in the budget reflect the educative approach the secretary spoke of, if that is a mechanism CAV is using in approaching rogue traders, if I can use that term? Is that picked up in that line item of the 7750 target, or are they excluded?

Mr ANDREWS — No. It is compliance monitoring and enforcement. In terms of our overall objectives in terms of educating consumers, there are a whole range of different programs we run.

Mr RICH-PHILLIPS — Educating traders.

Mr ANDREWS — Educating traders: I spoke at some length in relation to the role that the regional office network plays, and that is an important platform to deliver those services. In terms of — —

Mr RICH-PHILLIPS — Perhaps you might be able to — —

The CHAIR — I think you are onto a good point here. It might be useful maybe in looking at the future in terms of your outputs perhaps for next year to actually put a new output in in terms of emphasising the education side of things.

Mr RICH-PHILLIPS — I guess it is a case of when you receive a complaint from a consumer and you then respond by some sort of educative process with your trader, how many of those are you doing on an annual basis is the type of measure we are talking about.

Mr ANDREWS — I think there is some merit to that in terms of obviously addressing the concerns that the consumer has brought to our attention, but also again as part of our overall approach in making markets work better. It is not just about empowering consumers; it is about raising the level of awareness in terms of consumer protection frameworks from those who provide goods and services. I am happy to take some advice on that and we might come back to you.

The CHAIR — That would be good. We might wrap up the consumer affairs portfolio here. It would be good if you could also take on notice and provide us with some more information on the financial counselling which you mentioned and how you are looking to assist low-income Victorians who experience this.

Mr ANDREWS — As I said, Chair, it is an ongoing project and we will be more than happy to keep the committee informed of some of that work in terms of the synergies between the different portfolios that I have responsibility for.

The CHAIR — Mr Barber has a number of questions for you which I will write to you about rather than read them out.

Mr ANDREWS — I look forward to that.

The CHAIR — I thank Dr David Cousins for his attendance.

Witnesses withdrew.

Transcript of Evidence

7.11 Corrections portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.

Transcript of Evidence

7.12 Gaming portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2007–08

Melbourne — 30 May 2007

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Graley	Mr B. Stensholt
Ms J. Munt	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

Chair: Mr B. Stensholt

Deputy Chair: Mr K. Wells

Staff

Business Support Officer: Ms J. Nathan

Witnesses

Mr D. Andrews, Minister for Gaming;

Ms P. Armytage, secretary; and

Mr R. Kennedy, executive director, Office of Gaming and Racing, Department of Justice.

The CHAIR — I welcome Mr Ross Kennedy, executive director, Office of Gaming and Racing. I now call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the gaming portfolio.

Overheads shown.

Mr ANDREWS — Thank you, Chair, and I understand you have received a presentation from the Minister for Racing this morning so I will deal with gaming matters. I think he has almost certainly dealt comprehensively with the racing portfolio. As is shown on the first slide, outputs constitute 2 per cent of the department's overall budget of \$3.1 billion, so the total output estimate for the year is \$64.1 million, and that chart gives a representation of the other allocations.

In terms of portfolio outputs, support for gaming and racing portfolios is provided under the 'Gaming and racing management and regulation' output. You can see a breakdown there of the different line items. Management and delivery of gaming and racing policy advice, and also community support funds for the delivery of the statement *Taking Action on Problem Gambling* come from that output. There are a couple of variances, and I will briefly go to those. The variance between the 06–07 target and the 06–07 expected outcome is due to the conversion of a \$9.3 million payment made on behalf of the state. It was a racing industry development payment, and it has been converted to operational funding. The remainder of the variances relate to the provision for the cost of carrying out the gambling licence review process, approved by the Treasurer, from unallocated DOJ surpluses, and there is also a variance in relation to the 07–08 estimates — a \$2 million growth in terms of our efforts in Taking Action on Problem Gambling. So I think that deals with those variances, and we can come back to those if the committee desires.

In terms of the breakdown of Taking Action on Problem Gambling, as I said in my consumer affairs presentation, this is a key element of our work as we go forward. The government made announcements in October last year that this was a \$132.3 million package, and this gives you a breakdown of the different line items within that. There are 37 different initiatives across 7 action areas. As I said before, it is the most comprehensive response to problem gambling in Australian history, and the total for the 07–08 year is \$24.5 million — a very substantial spend.

In terms of gaming and racing management and regulation output, from the regulation side of things, I have already dealt with the notion of the core business of the OGR, but in relation to the VCGR, its work in terms of compliance and enforcement standards right across the industry is captured by that output, and I direct you to one of its principal bodies of work, which is obviously the licensing of venues and the licensing of the employees who work in gaming venues, which is in the order of some 50 000 Victorians.

Moving on, in terms of the Office of Gaming and Racing, obviously it provides to me, and to government, policy and strategy advice in the delivery of problem gambling programs; our ongoing forward legislative agenda; and the administration of gambling research which again received a very substantial boost — some \$7.2 million over the five years — as well as stakeholder engagement. On the gambling licence review process, both the review of the lotteries licence, which is at a well-advanced stage, and also the review of arrangements that expire in 2012 and post-2012 arrangements on electronic gaming machines, Club Keno, wagering and funding of the Victorian racing industry are also funded from this output.

There are a couple of matters in terms of gambling trends. I just direct you to this slide, which shows that Victoria has the second lowest density of electronic gaming machines per 1000 adults, with WA the only jurisdiction that is lower. It is important to note that they do not allow electronic gaming machines outside the Burswood Casino. We have, on my latest advice, 6.92 per 1000 as the Victorian density, and I am sure we can come back to that later on.

The next slide is in relation to the prevalence of problem gambling in our community. As you would know, the Productivity Commission commissioned a substantial piece of work in 1999 on a reference offered by the federal government. That estimated that 2.14 per cent of the Victorian adult population had a gambling problem. A study done on consistent methods by the ANU in 2003 and published in 2004 saw that come down to 1.12 per cent. We have also had — and this is a very important point to note — a very substantial increase in the number of problem gamblers coming forward to get the care and help that they need. As you can see from the slide it went from under 5000 to just under 9000 in this last financial year.

In terms of further gambling trends, another way of looking at this is obviously the proportion of household consumption spent on gambling: from 3.8 per cent between 2000 and 2002 to 3 per cent in 06–07, and estimated to

decline further to 2.9 per cent in the 07–08 year. Also we have had a very substantial reduction in growth trends — growth rates per year in terms of expenditure on electronic gaming — from 16 per cent when we came to office down to 1.9 per cent for the three years to 2006. The next slide I think gives you a graphical representation of that. The top line indicates where we would be if that unsustainable and effectively dangerous expenditure growth had continued. The pink line indicates our actual performance. The difference between the two of those lines is some \$3 billion worth of expenditure on electronic gaming machines per year. Moving on — —

The CHAIR — Yes, please.

Mr ANDREWS — Taking Action on Problem Gambling, as I have indicated, is the most comprehensive response to problem gambling in Australian history, with a very substantial investment of funding over the next five years, building on our record investment in the first seven years of our government. This year's allocation alone is \$24.5 million. This is a graphical representation of problem gambling funding. The first bar indicates the spend between 93 and 2000; the second bar represents our spending in the pre-Taking Action on Problem Gambling phase of our term in office; the third bar represents that expenditure going forward, announced in October last year; and the green bar on the right-hand side indicates this year's allocation. I think it is interesting to point out that the allocation for the 07–08 year is roughly commensurate, or at least we are fast approaching a situation where we as a government will invest more in a single year than those who were in office during the 1990s invested across the entirety of their — —

Mr DALLA-RIVA — So a dollar in 1993 is the same as a dollar now; is that my understanding?

Mr WELLS — That is not what the Treasurer says.

Mr ANDREWS — The key point to make here is that we are fast approaching a situation where under this government we will invest more in a year than the previous government invested in all of its seven years.

. Moving on — —

Mr DALLA-RIVA — You cannot compare that. That is just not right.

Mr ANDREWS — The gambling licence review process — —

Mr WELLS — What is the time allocation for this — —

The CHAIR — Fifty-five minutes. Don't worry.

Mr WELLS — Yes, but for his review.

The CHAIR — Five. But I have asked him to finish — —

Mr RICH-PHILLIPS — Let us not stop at this point.

Mr ANDREWS — Indeed, if you invite me to stop at this point — —

Mr DALLA-RIVA — No.

The CHAIR — Minister, please.

Mr ANDREWS — The principles that underpin the gambling licence review process, as I have made clear a number of times and as has the government over some time now, are probity, integrity and best-value outcomes for Victorian taxpayers. The Gambling Licence Review Panel — the bill has passed the Parliament, and I can report that the government has appointed Ron Merkel, as we had foreshadowed, as the chair of that important governance and probity oversight mechanism. We have also appointed Barbara Yeoh as the private sector representative for that body, Michael Ellis as the person with the public sector experience, and David Green, from a community point of view. Those appointments have been made, and the important work of that Gambling Licence Review Panel will begin very soon. The review of licences is being conducted in two phases, as I indicated: public lotteries firstly and then the industry structure or industry design phase of the post-2012 licences. That will then lead to a competitive process over the next period moving forward.

Moving on, in terms of priorities as we go forward, obviously the completion of the lotteries licence and progress in relation to the 2012 matters is an important priority for us in the coming year.

The further implementation of our record investment in terms of assisting problem gamblers is another priority and, as I referred to in the consumer affairs and productivity discussion we had earlier, better synergies across portfolios from a financial counselling and potentially beyond that is another matter that we are focused on for the 07–08 year. I think that brings us to a close.

The CHAIR — Thank you, Minister. I think you took about 10 minutes there, so our questioning will extend a little bit over time as a result of that.

Ms MUNT — Minister, can I please refer you to budget paper 4, page 135, and the line item ‘Revenue from electronic gaming machines’. Can you please outline what steps the government is taking to ensure that clubs are appropriately and transparently accounting for their tax exemption through their community benefit contributions?

Mr ANDREWS — Thank you, it is a very important question, and community benefits statements have been topical in recent times, whether it be through the media or indeed in terms of the consultations that Peter Kirby undertook some time ago. In relation to the 2012 matters, there were many different concerns raised in relation to the way community benefits statements are currently structured. As you would know as a government we introduced community benefits statements in 2002 to increase transparency about the community contributions that flow from clubs who have electronic gaming machines. Clubs enjoy an 8½ per cent tax break, or if you like a tax concession, whereas hotels or pubs with electronic gaming machines do not enjoy that. They make a contribution instead to the Community Support Fund. At the heart of the community benefits statements system is a verification or a justification of the preferred tax status that clubs as not-for-profit entities enjoy.

I think we have got a slide on this. I have today announced that we will undertake a very substantial reform of the community benefits statements system, one that is important I think in terms of ensuring community confidence to deal with some community concerns in relation to these matters. As I said, these are effectively about justifying a tax exemption or a tax-preferred status that the clubs enjoy compared to pubs. We will remove the unnecessary administrative burden imposed on hotels. They will no longer need to complete a community benefits statement given that they do not have to justify a tax exemption. They make a direct payment to the Community Support Fund.

We will also tighten up the structure at the moment whereby there is some discretion about a penalty on a club that does not meet the 8.33 per cent threshold or indeed does not lodge a community benefits statement. There will be a mandatory contribution to the CSF of any gap, if there is a shortfall, or if no statement is lodged then a 8.33 per cent tax just like a hotel would be levied on that club in the following year.

We have very much narrowed the focus of claimable activities as a ministerial order that effectively defines what can be claimed as a community benefit pursuant to the community benefits statement. I will issue later today a draft order that very specifically narrows the focus of what community purposes are vis-a-vis community benefits statements. It will be a range of different changes, and I would be confident that flowing from that the community will have greater confidence that the contributions that clubs make to their local communities in lieu of the tax amount that is paid by pubs, if you like, will be more focused on community activities, community benefits, and I would hope that across the board there would be a recognition from the community — once we bed down these proposed changes — that those contributions are meaningful contributions and constitute genuine community benefits in those local areas.

An issues paper and draft order will be circulated over the next day or so, and there will be opportunities for people both in the club industry, the hotel industry and the broader community to provide written submissions on the proposed changes. That will close on 15 June, and we will then move to make the necessary changes to the Gambling Regulation Act and to make a new order.

Again this has been a matter of some concern to many in the community. We have reviewed these matters; we have taken appropriate action; we look forward to the input of industry and others across Victoria; and I think at the end of this process we will have a situation where the community can have enhanced confidence that the contributions as reported in the community benefits statements are such that communities derive a direct benefit from having electronic gaming machines in clubs, and that ongoing tax treatment is an effective way of adding community

benefit in local areas. I thank you for the question. It is an important matter and again, we have wasted no time in taking action on this.

The CHAIR — Thank you, I am sure that will be of great interest. I am sure those draft guidelines will be of interest to members of Parliament too, Minister, and I know where sometimes this money has just been used for internal refurbishments, rather than necessarily community benefit.

Mr ANDREWS — One of the key changes Chair, is the notion that normal business expenses that a club may well have will no longer be able to be claimed as part of community benefit. A range of other philanthropic purposes, donations to a whole range of different worthy causes in a local community, will be able to be claimed as part of the community benefit statement regime. There will also be a capped amount that clubs can spend — for instance, if it were a bowling club, they could spend on improving their bowling greens or paying the wages of a greenkeeper, but they will no longer be able to claim, for instance, the bar staff wages, restaurant staff wages, things of that nature. Again, we will be happy to furnish the committee with a copy of the issues paper and the draft order, and indeed we may well send that to all members of the Victorian Parliament.

Mr WELLS — Minister, you mentioned in regard to the gaming review panel that you had made a number of appointments. I noticed that in a press release on 17 November that the Premier announced that there was going to be an independent panel to examine the integrity of the gaming licence review process. On 26 February, the minister — you — announced that there would be a bill to create the panel. On 7 March this year you announced that Ron Merkel, QC, would be appointed to the chair. The bill passed Parliament on 2 May and it commenced on 10 May. So we are six months down the track. You have announced the appointments today. Can you tell us when these appointments were made and through what process that took place? Was it through advertisement? How often has the review panel met? What is the budget that has been put aside for this review — in other words, the secretariat staff?

The CHAIR — Minister, anything in November of course was an election promise presumably; relate it to your portfolio, please.

Mr ANDREWS — It was a commitment made during the election, Chair. These are Governor in Council appointments. They will deal with and provide an additional layer of oversight as to the integrity of the processes followed by the VCGR and also the interdepartmental steering committees.

Effectively this is about providing me with an additional sign-off, if you like, so that I can be confident when advice comes to me as to who, or whom, or what type of licence structure we should have, that I can have enhanced confidence that the processes that have been followed in actually delivering that advice and furnishing that advice to me will have been signed off by Mr Merkel and the three other members of the panel: Michael Ellis, who is a part-time commissioner of the State Services Authority; David Green, who many of you would know was the public advocate between 95 and 2000, and before that time I think held a senior position within the Brotherhood of St Laurence; Barbara Yeoh from a commercial background, has a whole range of different experiences and has held appointments with the commonwealth government, various state governments as well — she is someone who has got experience from a financial point of view. We are very much committed to this. We announced Ron Merkel. He had agreed to have his name go forward. We had indicated at the time we made the commitment that a former judge would chair this important panel and that the other members would come from the different areas of public life that I have just detailed.

In relation to budget, we have a slide in relation to the gambling licence review budget. If you would like, I am happy to put that up. Mr Merkel's committee, or his Gambling Licences Review Panel, will be funded as part of the \$7.4 million total, but obviously his appointment is effective from now. So in answer to your question, 'Has the panel met?', no, the panel has not met, but the panel will meet, I am sure, very, very soon. The Governor has only recently finalised the appointments and it was appropriate to get the right people. These are complex tasks, these are important tasks. We think Mr Merkel is someone who is very highly regarded in the legal community and I think in the broader Victorian community, from his 10 years on the Federal Court bench and the many other bodies of work that he has been involved in. That panel will be funded in terms of all of its costs from the allocation made to complete the gambling licence review process, and that includes public lotteries, the industry design or industry structure phase of the 2012 arrangements, and the ensuing competitive arrangements or the competitive process that would follow that. I hope that deals with your question.

Mr WELLS — So it is going to come out of the \$7.4 million.

Mr ANDREWS — Correct.

Mr WELLS — You have already started spending money in 04–05, 05–06 and 06–07.

Mr ANDREWS — Correct. Against that — —

Mr WELLS — Yes, so if it only just going to start, then how much of the 2.2 will be allocated to this particular review?

Mr ANDREWS — The issue is that we are not minded to effectively constrain the work of that panel by setting a figure. It will be resourced appropriately to do that important work.

Mr WELLS — I know, but that is what I am asking; how much has been allocated?

Mr ANDREWS — What I am saying to you is that we are not of a mind to constrain the work that Mr Merkel and his three panel members will do. We are confident that we will be able to appropriately fund his review panel, as approved by the Parliament and as appointed by the Governor in Council, from the current budget allocations to complete the gambling licence review process. In the event, if more funding was needed for him to do the work that he has to do, the important probity and governance oversight work that he has to do — not as to the merits of the outcome but rather on the merits of the process — obviously we would come forward to government and seek further resources. But I am confident that from the current allocations to complete all three phases of the gambling licence review process, that we will be able to appropriately support Mr Merkel, his panel and any other secretariat costs associated with that.

Mr WELLS — Okay. So when were these appointments made?

Mr ANDREWS — The Governor in Council made these appointments. They have been made in recent times. They have been made recently.

Mr WELLS — Last week? Today?

Mr ANDREWS — They have been made recently, and the work of the panel — —

Mr WELLS — What is the definition of ‘recently’?

Mr ANDREWS — The work of the panel will commence soon.

Mr WELLS — Recently, soon — when will it start and when were they appointed?

The CHAIR — If you have not got the information now, can you provide it?

Mr WELLS — When will they start?

Mr ANDREWS — Mr Merkel has been informed that his appointment has been formalised. We had already indicated that we would appoint Mr Merkel. The other three individuals have been informed that their appointments have been formalised. There was a cabinet process that needed to be gone through, which is appropriate given the significance of the task. The Governor in Council has dealt with these matters as well, and they will begin work in the next few days. I would anticipate that they will have a meeting in the next couple of weeks. Their first job is to provide oversight and to undertake their functions as defined in the act in relation to the public lotteries licensing process, then to move to an oversight of the industry design phase for the 2012 arrangements, and once that is complete to then provide reports to me in relation to any competitive process that would follow that. They have got work to do, and that work will begin very soon.

Mr WELLS — All right. Are you able at some point to write to this committee to tell us how much will be allocated to this process, because it is clear that the figure is not in front of you at this stage? Is that a fair assessment?

Mr ANDREWS — What I am saying to you, Mr Wells, and what I will continue to say to you is that we are confident that his panel will be appropriately resourced from the allocations provided.

Mr WELLS — Yes, I know. But that does not mean anything. Appropriately resourced — —

Mr ANDREWS — You have asked the question, and I am providing you with an answer. You might not be happy with the answer, but I am providing you with an answer.

Mr WELLS — It is not an answer, that is the problem.

Mr ANDREWS — We can editorialise as much as we want, but you have asked a question and I am answering it. My answer to the question is this: Mr Merkel's panel will be appropriately resourced. Those funds will be sourced from existing allocations, as are up on the screen now, and he will be given all the resources that he needs to perform the important functions that he has under the act, as passed by the Victorian Parliament. I would hope you got some comfort from that. If you want further advice, I am happy to seek advice on that, and if it is appropriate write back to the committee at a later point.

The CHAIR — Thank you. I am sure in the report on the outcomes we will hear about it progressively as the review panel undertakes its work.

Ms GRALEY — Minister, I would like to ask you a question about the important issue of problem gambling. I refer you to pages 170 to 171 of budget paper 3 where the output cost is 64.1 million. I think you mentioned in your presentation that this is partly funded from CFS. I wonder if you could outline to the committee in more detail how this funding will be used to tackle problem gambling in the future?

Mr ANDREWS — Thank you, Ms Graley. I think we have a breakdown of the Taking Action on Problem Gambling spend. In any event we will push on. As I said earlier on, we have taken real action to support those in our community who have a gambling problem, and on from that to deal with those who are at risk of ultimately developing a gambling problem. That is all about providing the appropriate level of funding, the practical support and tools to our gamblers help service system, together with a whole range of other community education campaigns.

The slide on the screen indicates the seven priority action areas, as outlined by the government in its October 2006 statement, appropriately entitled *Taking Action on Problem Gambling*. That statement, it is important to note, built on the record spend, the record effort of our government prior to October last year. The action areas, as listed, are in relation to treatment services. I made some announcements last Friday as part of Responsible Gambling Awareness Week in terms of a very substantial 9 per cent boost to the 17 different gamblers help services across the state, together with some statewide initiatives for the peak body, the Council Of Gamblers Help Services, and some other targeted initiatives to support indigenous and culturally and linguistically diverse communities. That 9 per cent increase is all about meeting some of the demand pressures we face and, again, giving gamblers help services the resources they need to see more clients, to treat more clients and to drive better outcomes for those clients, and indeed their family members as well.

More socially responsible gambling industries are important as well, promoting healthy communities through our community education campaign. Making people aware of the services that are on offer and giving them the confidence to come forward and get the care and support and treatment that they need has been an important part of our focus in the past and, indeed, in the 07–08 allocation and as we go forward. Shame and stigma and embarrassment are a very large part of the challenge that we face. It is important that people are fully aware that there is help there, and they can have the confidence to come forward and get the help that they need. I think that what is important is to acknowledge, as we saw earlier in my presentation slide, that we have seen a very substantial increase in the number of people coming forward into our gamblers help service system.

There is obviously the improvement of consumer protection outcomes, and there is a raft of different changes we have made over the last seven years. We have indicated, moving forward, that we will have payout limits by cheque in relation to winnings of over \$1000, issues in relation to removing any ATM that cannot put in place a \$400 daily withdrawal limit, issues in relation to decreasing the maximum bet from \$10 to \$5, together with a whole range of other reforms that build on our record effort in the first seven years of our government.

Can I say in relation to gambling research that this is an important area. The commitment going forward is \$7.2 million. There will be independent research; we have a peer review panel chaired by Bruce Singh, who many of you would know is a former Cato professor of psychiatry at the University of Melbourne, so that we have that independent framework, if you like. Research is very important in terms of understanding the issues that are

comorbid with problem gambling, the issues that drive problem gambling and trying to underpin not only the delivery of our currently stated objectives but the development of new ones from a really robust evidence base. A big boost to gambling research is also an important part of our way forward.

To sum up, it is a very substantial spend. It is an integrated approach. There is no quick fix in this; there is no magic wand. You have to have an integrated approach and complex solutions for what are effectively complex issues. That is exactly what the government put in place in October last year, and one of my key priorities is obviously to continue to deliver against all the stated commitments in Taking Action on Problem Gambling and also to build upon those.

The CHAIR — Let us just continue looking at problem gambling. You have given us this graph model on expenditure. Even in real dollars, it is actually very considerable in real terms. On page 171 of budget paper 3, which I know is a favourite of Mr Dalla-Riva's, you will see it says the gamblers help service clients receive a service within five days of referral. This, of course, is a new performance measure. I was wondering if you can tell us a bit more about this and, particularly, what is the level of demand that you are dealing with into the future, because we actually have not got a performance measure in terms of quantity in that regard. Just tell us how the service is going to operate in terms of meeting it within five days of referral. What is going to be the demand, do you think?

Mr ANDREWS — Thank you, Chair, for the question. It is important, and I acknowledge your interest and the interest of other committee members in problem gambling. As I said, we have increased funding very dramatically in our first seven years, and we have a blueprint to continue that very substantial growth over the next five years. In terms of Taking Action on Problem Gambling, we have committed to provide \$79.8 million over those five years for treatment services. It is important to acknowledge that since 1999 overall funding for gamblers help services has increased by 38.65 per cent. That is a very substantial growth. Back to that point I made earlier, it is about giving gamblers help services, which has very dedicated, hardworking people who are genuinely committed to providing high-quality service, the tools and the support they need to treat more clients and provide better care. As I said, last week I announced a 9 per cent increase for the 2007–08 year. That is substantial. I can provide the committee with a breakdown of what each of the 17 services has received. I would be happy to do that at the end of our session, if you would like, Chair.

The CHAIR — That would be great.

Mr ANDREWS — As well there are some statewide initiatives for CALD and indigenous communities on top of that 9 per cent increase, which was a \$10.3 million program. Our total investment for 2007–08 will be \$11.5 million.

In terms of gamblers help hours of counselling, if you bear with me for one moment, Chair, I will give you some more up-to-date information. I noted in my presentation that we have seen a substantial increase in the number of clients — 8881 in the 2005–06 year, up from 4735 in 1999–2000. In the mid-point of 2003–04 year we had 7461. It is important to acknowledge though that whilst client numbers are important — and that growth is important in terms of demonstrating that more in the community have confidence to come forward; and, as I said, shame, stigma and those issues are really big challenges for us to rise to — our funding and the service system is constructed in relation to hours of service. In 2005–06 gamblers help services provided over 64 500 hours of service for counselling clients. In 2004–05 it was just over 60 000. To December 2006 we were at 35 000 hours of service, with an expected outcome of about 70 000 by year end. In the 2007–08 year the department estimates 80 000 hours of care by gamblers help services provided to approximately 12 000 clients. The flexibility in the model is important in terms of hours of care rather than strict units of funding because some people have more pronounced needs than others.

The CHAIR — But you are looking to go from 8000 a couple of years ago to 12 000 in the next year.

Mr ANDREWS — It is a very, very substantial growth. Some might point out that that was indicative of the greater number of problem gamblers in the community. I do not think that is right; I think what it is, is that our social marketing campaign and community education campaign, the work that we have done in this important space, has meant that there is a greater level of awareness across the community about these issues. Not just problem gamblers themselves but their family members, their loved ones, people they work with, people they socialise with, are aware of the services and are coming forward to get the advice they need, and that is the

important thing. But it is no good having a system that people know about if it is not appropriately funded, and there is no point having appropriately funded services if they are effectively hidden away from the very clients you are trying to service. So we have been very proactive. There are also issues in relation to not just counselling services but also to accessing the gamblers helpline. In the 2005–06 there were just under 12 000 calls to that line — 11 932 calls, and we have seen a substantial jump, a 20 per cent jump, in 2005–06 in relation to the number of family members calling up on behalf of a loved one who has a gambling problem. That was only at 14 per cent in the 2003–04 year. So, again, it is not just awareness and confidence amongst clients, or those who have a gambling problem; it is also awareness and confidence amongst those who obviously support them. If you are going to provide an ongoing service system and a system of care and support, that is not just a matter for the problem gamblers themselves; that addictive behaviour and those difficulties obviously have an impact upon family members as well.

The CHAIR — And the issue of providing a service within five days?

Mr ANDREWS — It is a new performance measure in 2007–08 to provide a sense of service capacity in response to demand. That is what the budget papers say. Can I say that there is some work being done in relation to an epidemiological study and a longitudinal study, which are very important projects, particularly the longitudinal study. It is the first time any independent research has had a look at that sort of journey. They are both funded under our record boost to research. The longitudinal one together with the epidemiological work — certainly the longitudinal study — will give us an important tool going forward to try to track some of the demand pressures we will face. But again, we have seen a 9 per cent increase this year. We have a triage system, where those most-urgent clients get dealt with urgently or most urgently — that is an appropriate way to do it. There are issues where some people can be provided with written advice, some people can be provided with over-the-phone advice and others need dedicated sessions. That is the difference between, I suppose, therapeutic problem gambling counselling and financial counselling and then some other general information and other support services.

Again, we have had very substantial client number growth and growth in the number of family members coming forward to get help on behalf of a loved one. We have got a very substantial funding boost in this 07–08 year and very big commitments in terms of those out years to take us out to the 10–11 year under Taking Action on Problem Gambling. We are committed to, as I said, giving 17 gamblers help services and all the agencies that sit underneath them the funding they need and the growth they need, whether it be in generalist services or targeted services for culturally and linguistically diverse communities, Koori communities, isolated women — a whole range of different targeted measures — to give those services and those dedicated professionals the resources they need to treat more clients, to treat them more quickly and to give them enhanced service. That is only possible when you invest the record amounts that we have invested and that we have committed to invest. You cannot do that unless you put the money behind these issues. It is not by accident that we lead the way on this, and it is not by accident that we have spent and will spend more than any other Australian jurisdiction on these important issues. It is because we are committed to these matters, we know that the community is concerned about them and we have taken action to provide those services with the funding they need.

Mr DALLA-RIVA — I have a comment in relation to the opposition's previous question, which you may or may not answer — it is not my particular question. In relation to the gaming review panel, I guess from that we got that you have no idea when the appointments were made, no idea of the budget and no idea when it will start, so it really indicates what the review panel is all about. Minister, I put forward the — —

The CHAIR — I think that the minister did answer it before.

Mr WELLS — Which part of it did he actually answer?

Mr DALLA-RIVA — No idea of appointments, no idea of budget and no idea when it will start — that is a great start to a review!

The CHAIR — On the question, please.

Mr DALLA-RIVA — Minister, in one of your overheads you had gambling trends for problem gambling. You said problem gambling prevalence halved from 2.14 in 1999 to 1.12 in 2004, and it relates to the forward estimates in terms of these particular figures. These figures were also used in the ALP policy statement leading into the last state election as a vehicle to hang your hat on. The facts are that a Dr James Doughney from the school of applied economics at Victoria University has examined this claim, and he made a number of

statements in relation to that. He said that the findings and the government's comparison of the Productivity Commission report of 1999 and the longitudinal community attitude surveys of 2003 were a 'dishonest use of research findings by the Victorian government'. He said that the latter, in terms of the 2003 survey, was 'misleading and deceptive'. He also said:

... it was illicit for the government to have made such a direct, unguarded comparison ...

He has called them 'absurd claims', and he said:

... the Victorian government has been quite literally, and in both senses of the word, unscrupulous to have made this preposterous claim.

Given the harshness of the particular doctor's findings, what money is allocated in the year leading to 07-08 for gambling-related research to determine the true level of problem gambling in Victoria, or is it the fact that the government just does not want to know the truth and is relying on figures that are in fact now four years old? Do you agree that that is the case, and do you think there needs to be some funding allocated for true research into the exact figures of problem gambling?

Mr ANDREWS — I thank Mr Dalla-Riva for his question. I will leave the provocative bit at the beginning to one side. I am aware of reports of the academic you mentioned, Dr Doughney, who has concerns about the methodologies of the Productivity Commission. I find it curious that he would question the integrity and the independence of the Productivity Commission, which is what he is effectively doing.

Mr DALLA-RIVA — He spoke about the — —

Mr ANDREWS — You have asked your question.

The CHAIR — The minister, to answer, please.

Mr DALLA-RIVA — When it suits him.

Mr ANDREWS — I would not be lecturing anybody about suiting yourself, Richard.

The CHAIR — Minister, please!

Mr WELLS — We just want some answers. Just give us some answers.

Mr ANDREWS — If I can get a word in, then you will get one, won't you? The Productivity Commission, on a reference given by the coalition federal government, as I am advised, conducted a major piece of research in 1999. They did a national study, but there were Victorian findings — that is the advice I have — of a rate of 2.14 per cent of Victorian adults. There was then further work done on methods that were, as I am advised, consistent between the first piece of work by the Productivity Commission and the second piece of work which, as I understand it, was conducted in 2003 but published in 2004. That has the rate at almost half the prevalence as determined by the Productivity Commission.

We believe that that is a robust data set. We believe the methods between the two of them are effectively consistent. I fundamentally reject the criticisms that Dr Doughney has made. I would make this point, though: even at 1.1 per cent there is further work to be done, and that is why we have committed to invest \$132.3 million in the five years to come. No-one here is saying, 'It is at 1 per cent, and we can all go home'. We are investing and putting the money behind these programs in order to achieve better outcomes for problem gamblers, for their families and for communities right across the state. The Productivity Commission had a figure and the ANU had a figure, and the advice I have is that the two methods used mean that you can make a reliable comparison between the two. Dr Doughney has a different view, and that is entirely a matter for him. In our Victorian community he is perfectly entitled to put that.

Mr DALLA-RIVA — Do you think it is fair, in the sense that the last figure was really in 2003? The figure you showed up there was the increased number of problem gamblers — —

Mr ANDREWS — I am coming to that.

The CHAIR — The minister, to continue.

Mr DALLA-RIVA — You have got an increase.

Mr ANDREWS — That is effectively dealt with, though, by the second part of your question in terms of what research efforts we are putting in in the years to come in order to update that. I referred to that briefly by virtue of, firstly, under Taking Action on Problem Gambling. There is a \$7.2 million commitment for the years out to the end of Taking Action. That is about independent research, and that is about quality research. I made announcements, I think, of a number of grants — about \$880 000 worth of grants — in December last year. They were grant applications on advice from the department after the peer review panel that Professor Bruce Singh chairs had looked at the different applications.

As I indicated, we have an epidemiological study that has been funded. I might ask Mr Kennedy to supplement this, but that has been funded, and it will occur soon. There is also an additional \$1 million in terms of that longitudinal work. Prevalence will be one part of that, as well as a whole range of other factors. We are not simply relying upon data that the ANU produced, although we find no fault with that data — we do not have the concerns that Dr Doughney does — nor with the Productivity Commission. I have certainly never suggested that it is anything other than an independent body, and the rigour of its work is acknowledged not just in this area but in so many others. It is hardly a creature of the states either, I might add.

We have got a very substantial spend — indeed a record spend — in terms of research going forward. We have independent research and an independent peer review panel to make sure that is, if you like, at arms-length from the Victorian government. You do not put the money behind the research if you are afraid of the results it will actually show, Mr Dalla-Riva. We are committed to an evidence-based approach, and that is why the funding is there. In relation to the epidemiological study and the longitudinal study, to the extent that as you argue there is a gap in terms of the evidence base today compared to 03–04, I think some of those matters will be dealt with by the work we are actually doing. We are not relying upon the ANU or anyone else; we will do this work. Mr Kennedy might want to augment that with some additional information on timing.

Mr KENNEDY — As the minister has indicated, we are in the early stages of Victoria's first step at an epidemiological study. It will provide both incidence and prevalence data over time. In Taking Action on Problem Gambling, an amount of \$1 million has been allocated for the study. It will look at the distribution and determinants of problem gambling, but it will also study the comorbidities that co-reside with the gambling problem, including depression and substance use. It will be Victoria's first research into the incidence of problem gambling, and the incidence data will give us valuable information for prevention and early intervention measures to address problem gambling going forward.

The CHAIR — Thank you very much.

Mr DALLA-RIVA — Thank you for a very thorough answer. If only we could get the same answer on the gaming review panel.

The CHAIR — We are not the gaming review panel.

Mr ANDREWS — Sorry, Mr Dalla-Riva, I missed that.

The CHAIR — It was irrelevant.

Mr PAKULA — I want to stay on the gamblers help service clients output measure and ask for some more detail about the recovery assistance program and how the funding for that funding has been distributed, how it can provide practical assistance to those affected by problem gambling, what funding will be available for the program and what developments to the program are proposed?

Mr ANDREWS — Thank you, Mr Pakula. This is a really important question. This is a great program. No other state in Australia delivers a program like this. It is effectively an aid program, if you like, to provide material aid to problem gamblers and their families when they are in crisis. The ongoing funding is part of our Taking Action on Problem Gambling commitment — the 132.3 million. It was first introduced in October 2003. The recovery assistance program you refer to, or RAP as it is known, is a material aid program for problem gamblers and others that effectively rely upon them. No other state does this work. It is the only one in the country, and it contributes to those essential costs of living of problem gamblers who have either signed a self-exclusion deed or are deemed by a gambler self-service provider to be in need of these services, so someone who is in

counselling, getting the care they need, someone who has effectively acknowledged that they have a gambling problem can then access, where they have genuine material aid needs, financial support for things like food, heating, cooking, rental charges, medical expenses or school-related expenses for their kids. It is a really important program to address those at the sharp end of the problem gambling client group, those who are under very substantial financial strain, perhaps people who even before their problem gambling behaviour reached that crisis point were of fairly limited means anyway, so it is about providing direct financial support and material aid to what would arguably be some of the most vulnerable people in our Victorian community.

Last year, in the 06–07 year, there was \$787 000 expenditure under that program. Under Taking Action on Problem Gambling as we go forward, up to \$4.8 million will be allocated to this important program over the next five years and, in terms of the 07–08 year, to build on that substantial investment in 06–07, acknowledging the introduction by our government of this program in 2003, there is a further \$336 000 to the program — that is, if it is needed. Obviously it is based on how many people present and have those particular material aid issues, but it really is a very practical example of the government's commitment — our financial commitment, the policy commitment, the energy and vigour we have brought to this matter — and is a very practical example of why we are in this business and why we are doing what we are doing. It is about demonstrating very clearly that for those who have a gambling problem there is a pathway out, but that is not an uncomplicated thing. There are often pressures and issues, and it is not just about therapeutic counselling and financial counselling and other support services. It is also about giving people the wherewithal to find that pathway out, and this RAP program, through material aid, to arguably some of the most disadvantaged members of our community is a really important step forward. It is pleasing for me and the government to be able to provide additional funding to this. I thank you for your interest in it because it will be of great benefit to people, I know, in your region and indeed in regions right across the state.

The CHAIR — I am sure it is of interest in Mr Barber's area as well.

Mr BARBER — Can we go back to that slide about the dollars for Mr Merkel's review and the overall review, please? Just walk me through it. The moneys at the top are for the whole series of gambling licence reviews that are ongoing?

Mr ANDREWS — The first year would have had little, if any — you have a situation where lotteries effectively were more advanced in the early years and are consequently more advanced now. We have had the industry design phase; we have had an invitation-to-apply phase; we are now in the process of effectively evaluating the bids. We are into the competitive phase — the end of that process. You have then had — and Mr Kennedy can correct me if I am wrong — from 05–06, and certainly into 06–07, more of the heavy lifting in terms of the 2012 licence review, Peter Kirby's work, involving his more than 70 consultations, his very detailed report, some of the work in terms of some other contextual papers that have been written, the ongoing work of the interdepartmental steering committee, other specialist advisers, other arms of government, particularly the Department of Treasury and Finance. So it obviously ramps up and then effectively recognises that lotteries, as one part of the process, will be over. I have indicated on several occasions that we will make further announcements about lotteries later this year, from the 2007–08 year, give or take some time. I have not indicated that we will announce the lotteries licences necessarily this financial year; I have said in this calendar year. But effectively from 2007–08 onwards, you have a situation where those amounts of money are effectively dedicated to the post-2012 matters, together with Mr Merkel's committee. I want to refute the inference earlier that no answer was provided. I have indicated, and I will indicate again, that his committee, under an act of Parliament, will fully deliver on our commitment at the election, that it will be appropriately resourced from the total allocation for the gambling licence review process. In any event if he needed further funding to complete not the functions that I have given him but functions that Parliament has given him, pursuant to the act, then additional moneys would be provided to him and the other three members so that they could do that.

Mr BARBER — And you have said this budget is totally contained within that?

Mr ANDREWS — Correct.

Mr BARBER — And there are 15.8 staff involved in this whole gambling licence review process? He will have some staff of his own, I presume, to run his review?

Mr ANDREWS — Yes, he will, and there will need to be appropriate frameworks in place. I would have thought it would have been logical to have a situation where members of the team conducting the review effectively reported to him; there will need to be a discrete number of staff.

Mr BARBER — You say it is logical. Can you guarantee that nobody who has been working on the review will be seconded over to work on the review of the review?

Mr ANDREWS — Mr Barber, I can guarantee you and the members of the Public Accounts and Estimates Committee and the community more broadly that nobody who has been involved in the work of the VCGR to date or the work of the interdepartmental steering committees or the Department of Justice, no-one who has been involved in this work, will effectively work as secretariat support to former Justice Merkel or to the Gambling Licence Review Panel.

What is more, I have sought advice, and it has been confirmed to me, that appropriate processes will be put in place so that there are firewalls, if you like. They will be fairly simple things such as that they would not work on the same floor; they may be in the same building, but appropriate attention will be given to an appropriate separation between those doing the work, conducting the review and those providing support to the Gambling Licence Review Panel who are effectively reviewing the probity and the governance and the integrity of that particular work. So I can give you an absolute assurance about that. That is why much work has gone on and we will consult, not me personally but officers of the Department of Justice will consult with Mr Merkel about what his needs are. He may well have preferences for the type of staff that he wants, whether it be secretariat, legal, commercial — there will be a range of different issues there. This is about enhancing the overall framework, and nothing we do in implementing the decision of Parliament will in any way undermine that adding to the overall probity framework. It is about adding an additional layer of scrutiny on those internal processes so that when I get advice, I can have additional confidence.

I would already have substantial confidence, Mr Barber, given that the probity auditor, Pitcher Partners, which oversees the lotteries process, has signed off on lotteries at four separate points, and I am also advised that Stephen Marks, who is the probity auditor for the 2012 arrangements, has provided a sign-off in relation to the work to date on that project. So I already have very substantial confidence, but this is about adding to that, and nothing we do in terms of administrative arrangements will do anything other than facilitate full compliance with the act, operating in a perfectly appropriate way, and Mr Merkel would insist on that. Mr Merkel is the right man for the job; he is a respected person. I am absolutely confident that he will administer his functions under the act without fear or favour and he will work very hard with his other members to satisfy himself that the highest standards have been met.

Mr WELLS — Just to clarify a very quick point, did I understand you correctly to say that the 15.8 full-time equivalent includes the staff that Mr Merkel will need?

Mr ANDREWS — No.

Mr WELLS — That is why I am asking for clarification. So there will be additional staff?

Mr ANDREWS — Correct.

Mr WELLS — In regard to the 15.8?

Mr ANDREWS — We put this slide up there to give you the impression, which is a clear, factual impression, that this is a very substantial piece of work.

Mr WELLS — A clear impression.

Mr ANDREWS — A crystal-clear impression that the gambling licensing process is a very substantial piece of work in all of its three forms. The 15.8 full-time equivalents for the 07–08 year are in the business of conducting the licence reviews. They will not be in any way associated other than if they are required to meet with Mr Merkel. The 15.8 does not include any staff allocation either in terms of physical people or the full-time equivalent funding that will support Mr Merkel's review panel. So does that clarify the matter for you?

Mr WELLS — What does not make sense is that you have a budget and you have staffing, but now you have extra staffing which is supposed to be included in that budget figure. That is the bit that does not make sense.

Mr ANDREWS — What I have said is that Mr Merkel will need to be — we will need to speak with Mr Merkel about what his secretarial requirements are, right? That is a perfectly —

Mr WELLS — But did you not say it going to start in the next couple of days?

The CHAIR — He has got to start and do his work —

Mr ANDREWS — Mr Wells, having been appointed, starting work includes a meaningful discussion about a whole range of these arrangements: how it will be set up, what his expectations are, what he needs, what he wants. He has been appointed under an act of the Parliament and he will be dealt with appropriately.

Mr WELLS — So when will the panel actually start?

Mr ANDREWS — I have complete confidence that Mr Merkel and his panel will perform their functions as clearly defined under the act, and his first job will be to review the processes that have been followed in terms of the VCGR work and the steering committee work in relation to the public lotteries licence, providing me with a report or as many reports as he needs to on the integrity and probity of those processes. He will then move to a review of the industry design phase of the 2012 matters. He will then after that stage move to a review on oversight of the processes followed in the competitive part of those 2012 matters. Effectively the 15.8 staff and other costs associated does not fully expend the figures that you have up there. There is room in the budget to appropriately support Mr Merkel's panel and on from that any secretariat support that he needs, but quite frankly it would be inappropriate I would have thought for me to be involving myself in these matters to that level of detail. He is going to report to me, so others in the department will engage in a dialogue with him about what his needs are. They will be met — and you could be assured, Mr Wells that they will be. What is more, if you look at the second last dot point, review panel members, members expenses and secretarial support will be covered by that budget, and there is room in that budget to do that. Believe me, and have no doubt about this, he will be given the resources he needs to perform his functions, not under a letter from me or a contract from me but under an act of the Victorian Parliament. That is the basis on which we will proceed.

Mr SCOTT — Minister, I again refer you to pages 170 and 171 of budget paper 3 and the output measure 'Gamblers Help Service clients ...'. Could you outline to the committee what the government has done to address problem gambling in some of our most disadvantaged communities, particularly those from a culturally and linguistically diverse background and indigenous Victorians, and what future initiatives are planned in the coming estimates period?

Mr ANDREWS — Thank you very much for the question. It is appropriate given the other responsibilities that I hold in assisting the Premier in his capacity as the Minister for Multicultural Affairs. As I have said repeatedly, Taking Action on Problem Gambling is an integrated approach. It is not a single initiative as was proposed by others at the election last year. It is a comprehensive and integrated approach; it is about boosting treatment services; it is about 37 different initiatives across the seven action areas that we saw on the slide earlier on. Just as the RAP program is about targeting those who are most disadvantaged we also need to acknowledge that many indigenous Victorians, together with many from a culturally and linguistically diverse background, are some of the most disadvantaged people in our Victorian community. In terms of taking action to support them, targeted initiatives take account of the cultural differences, whether it be linguistic differences or broader cultural differences, to provide culturally appropriate care, culturally appropriate services and culturally appropriate education also in terms of some of that social marketing I have spoken about.

All of those matters are important if you are going to hit the mark and get to those who need the help — arguably those who most need the help — that we offer. Under Taking Action on Problem Gambling again I remind you that within that \$132.3 million commitment there is a \$4.9 million allocation over five years to address problem gambling in culturally and linguistically diverse communities as well as indigenous communities across the state. There are two statewide initiatives that began in this current financial year, the 06–07 year, particularly from a CALD and indigenous point of view. You may be aware of this organisation. They do a wonderful job, and I had some cause to deal with them in a previous capacity assisting Minister Pike — the Centre for Culture, Ethnicity and Health. They have funding in relation to the CALD part of that program, and the Victorian Aboriginal Community Services Association is the other partner in that CALD and indigenous body of work. Their total allocation for the 06–07 year was \$742 000, a substantial amount of money in terms of targeting the effort and delivering services in a culturally appropriate way, and fundamentally in an appropriate way.

In terms of going forward I have made the point about shame and stigma. I have made the point about reaching out to not just metropolitan communities but rural and regional communities. I have made the point about RAP and some of those matters going beyond just therapeutic counselling and financial counselling to provide real aid to people. This is just a logical extension of that. We have run a number of very successful campaigns, if you like, in the Chinese community; not to single any one ethnic group out, but there are a number of communities where there is a higher incidence of problem gambling, and there are some cultural factors around that. We have provided a number of different grants to a range of different culturally specific groups. We will continue to do that. The funding is there to do it. It is only possible because we have put a record amount of money into these services.

I also want to note, not directly in relation to CALD or indigenous communities, socially isolated women, which I mentioned earlier, and also those who are very newly arrived migrants, often from very difficult parts of the world. I am thinking of the Horn of Africa particularly. There is a \$500 000 commitment as well in terms of supporting socially isolated women and other recently arrived migrants, again targeting that growth funding, targeting the effort to meet the need in what are effectively areas of the service system where there are clear gaps. We know from the presentations and we know from the data we keep that there are not the number of people coming forward that there ought to be, and as a government we are committed to taking that action. The funding is provided to do it, and the service is well run.

The CHAIR — Thank you, Minister. Time for one quick question, Mr Rich-Phillips.

Mr RICH-PHILLIPS — Minister, I would like to ask you about your assistance for problem gamblers. You have established a new target of 90 per cent against the performance measure ‘Gamblers Help service clients who receive a service within five days of referral’, and the question is simply: is a five-day window tight enough for those clients who need urgent assistance?

Mr ANDREWS — I thank Mr Rich-Phillips for the question and his interest in the matter. We have put that measure there because it is important and we want to be able to have high standard of care, not just the quality of the care that is offered or the raw number of clients that are coming forward to get the care, but how timely, how effectively responsive we are to the needs of, as I have said a number of times, many of our most vulnerable Victorians. I think I dealt with this in terms of, in a broad sense, the notion that through an effective triage system, with the person who receives the call, and some of those other efficiency and productivity changes we have made, which I dealt with earlier, in terms of being able to make a direct booking and things of that nature, that will also assist in this. But the gamblers helpline person at the end of the phone, or the counsellor after an appointment has been made, has the ability through the funded hours model rather than a really narrow unit cost to assess what the needs of that client are. They can triage the most urgent, and there will be some that present with circumstances that are altogether more urgent than others. There is also obviously a key difference between where a family member comes forward versus someone who has got a gambling problem.

The measure is there, and we will obviously measure against that, but I am confident we will meet the 90 per cent target that you mentioned, and that is the product of not only a range of productivity improvements and some of the efficiency improvements that I alluded to earlier, but it is also about growing the amount of money that these services have: as I mentioned, a 9 per cent increase announced last Friday for the 07–08 year, together with a number of the other programs I have spoken about, together with the hours versus a strict unit cost, and on from that issues in terms of triage, where gamblers help services have effectively got the freedom, if you like, to apply more urgent care and treatment and ongoing support to someone who is in a more urgent set of circumstances and to triage down to someone who effectively can wait. But, again, these measures are important. We would anticipate that we will meet those targets, and we will be back before you next year to talk about it.

The CHAIR — Thank you very much, Minister. I would like you also to take on notice the question of what resources the department anticipates providing to support this committee in 2007–08, bearing in mind its experience over the last couple of years. That concludes the consideration of budget estimates for the portfolios of consumer affairs and gaming. I thank the minister and departmental officers for their attendance today. It has been a very comprehensive one. The committee has a number of issues to follow up. We will be writing to them about those. We request that written responses be provided within 30 days, and that will form the basis of consideration for inclusion in a future report of this committee.

Committee adjourned.

Transcript of Evidence

7.13 Police and Emergency Services portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.

Transcript of Evidence

7.14 Racing portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2007–08

Melbourne — 30 May 2007

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Graley	Mr B. Stensholt
Ms J. Munt	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Business Support Officer: Ms J. Nathan

Witnesses

Mr R. Hulls, Minister for Racing;
Ms P. Armytage, secretary; and
Mr R. Kennedy, executive director, gaming and racing, Department of Justice.

The CHAIR — I again welcome the Honourable Rob Hulls as the Minister for Racing, Ms Penny Armytage, Secretary of the Department of Justice, and also welcome Mr Ross Kennedy, executive director, gaming and racing, Department of Justice. We have probably less than 30 minutes allocated to the racing portfolio, so we had better get onto the starting blocks. Maybe you, Minister, can give us a 1 minute introduction.

Mr HULLS — I will be very brief. There are a lot of slides, but I will not go through them all because I know there are no doubt a number of questions.

Overheads shown.

Mr HULLS — If we just go to the second slide, it shows that the budget for the gaming and racing portfolio is \$64.1 million, of which 10.25 is directed to the government's racing program. So it is actually a fairly small part of the overall budget.

The next slide shows that in the financial year 2007–08 the total appropriation for the Office of Racing is \$10.25 million, 9.3 for the Racing Industry Development program, 0.4 for the Living Country Racing program and 0.55 for the racing program administration.

The next slide just deals with what the Office of Racing is responsible for. The next slide talks about the racing industry overview. It is responsible for the employment of 70 000 people, two-thirds are in country Victoria, and has an economic impact of 2 billion per annum. The next slide deals with some of the legislation regulation. The next slide deals with industry development; it touches on the racing industry review, bookies and the breeding report.

The next slide simply deals with funding support — those programs I have spoken about. The next slide deals with our continued support for the racing industry and our commitments to the racing industry. The next slide deals with the industry review and the bookmakers' working party. There might be some questions about the review.

The next slide deals with some of our priorities, including welfare, improvement for trainers and stable hands and the like. The next slide is the final slide and the conclusion. It basically says we have a sound legislative framework. We want to maintain public confidence in the sector and promote the future and growth of a vibrant racing industry.

The CHAIR — Thank you very much, Minister.

Mr PAKULA — Minister, I notice that budget paper 3 on page 170 talks about the outputs for DOJ in relation to racing. The racing industry review, which we have heard so much about — how much of that is being undertaken by DOJ, if any? And if it is not DOJ doing it, who is doing it, and what do you think is going to be achieved by it?

Mr HULLS — That is a very good question. In the next decade — I think we would all agree; anyone who is interested in racing — that industry will face challenges and opportunities, I think, unprecedented in our history. As a government we are concerned to ensure that the industry is best positioned to respond cohesively and effectively, particularly in the context of changes to the industry, wagering and licensing and also competing for that discretionary dollar out there basically.

That is why the government made a decision in early 2006 to undertake what was called a capacity review of the whole of the Victorian racing industry. John Pandazopoulos was the minister and decided we needed to see where the future directions of racing were going, and there was this capacity review. That review was undertaken by Ernst and Young on behalf of the government, and the purpose of that review was to identify challenges facing the industry and ensure that it was best placed to make informed decisions about its future.

Issues highlighted in the review included questions about the current structure of Racing Victoria Ltd (RVL) and whether it is properly empowered to effectively deal with the thoroughbred racing industry. For those who can remember, RVL was established in 2001 when I was previously the racing minister, and it is broadly acknowledged across the industry that whilst the establishment of RVL was a gigantic step forward, it is not a truly independent body, and we need an independent body to lead racing into the 21st century.

You have asked whose review is the one we are reading about in the paper. It is not the government's review, it is RVL's review. It decided to conduct its own review of the thoroughbred racing industry. That decision was

endorsed by RVL shareholders, and that includes the Victoria Racing Club, it includes the Melbourne Racing Club, the Moonee Valley Racing Club and Country Racing Victoria. It was strongly supported by stakeholders — that includes trainers, owners, jockeys and breeders.

The focus of their review was the industry structure and governance. The industry engaged a fellow called David Crawford to carry out that review — he also did the AFL governance structure. David Crawford has now made recommendations, and RVL also prepared a business case designed to identify potential areas of improvement in the three areas — namely, asset aggregation, wagering growth, and racing program and shared services.

RVL made the Crawford recommendations public on 14 May, and shareholders and stakeholders were given a period of two weeks to formally respond to that report. RVL set the date of 7 June, and I have been advised that I, as minister, will receive a report from the RVL board shortly after 7 June. So I have got to make some decisions once I get those recommendations.

Where is it going to go? Those recommendations will either be unanimously supported or they will not be. Reading, as we all have, some of the reports of concerns that have been expressed, the likelihood of consensus recommendations obviously is a matter for the stakeholders, but they may not get consensus, as we read between the lines.

So what am I going to do? I am not going to pre-empt the outcome, except to say that anything I do as racing minister and any decisions I make on the Crawford recommendations will be made on the basis that the underpinning of the recommendations are sound. In other words, I will need to be satisfied as minister that the assumptions underpinning the recommendations and the business case have been tested. This may mean seeking external, independent advice before any final decisions are made.

Any changes which are to be made, in my view, have to ensure that the industry grows — and that is, the entire industry. I have said continually that the industry as a whole is bigger than one individual section of the industry. It is important that any changes that are made to the governance structure enhance the growth of the entire industry.

The CHAIR — Thank you, Minister. Mr Barber is not here, so I will go on to the next member.

Mr SCOTT — I would like to ask you about greyhound racing in Victoria.

Mr PAKULA — The sport of kings.

Mr SCOTT — Mr Pakula has referred to it as the sport of kings, but I will continue! Budget paper 3 on page 170 includes outputs and deliverables for the Department of Justice in relation to the racing portfolio. I ask you, Minister, to outline initiatives supported by your department to improve the way in which greyhounds are treated at the end of their career?

Mr DALLA-RIVA — Career?

Mr HULLS — It is a career; in fact *The Castle* was on last night. I do not know how Coco was treated at the end of his career, but some greyhounds are treated very poorly at the end of their career. As a government we certainly support the maintenance and welfare of greyhounds following the end of their racing careers, and for this reason we are strongly supportive of GRV's GAP program — 'GAP' stands for greyhound adoption program. That program is a Victorian initiative, and it is dedicated to finding homes for greyhounds that are no longer suitable for racing.

The GAP program celebrated its 10th birthday during last year, and since 2004 we have provided some \$100 000 in funding for that program. Each greyhound is kept by the greyhound adoption program for a period of six to eight weeks during which they are trained in basic commands and behaviours to make them suitable as pets. I do not know if anyone here has ever had anything or much to do with greyhounds, but they are actually very placid animals — extremely placid animals and very kid-friendly. I am pleased to say that this greyhound adoption program has facilitated over 300 greyhound adoptions per year, with about 50 dogs involved in the program at any one time.

Greyhound Racing Victoria has also a Great Chase series, which is another example of how Greyhound Racing Victoria has affiliated itself with the community. This series helps to raise much-needed funds for disability groups by matching identified groups with greyhounds competing in the series. Indeed, as part of this extremely

worthwhile greyhound racing initiative, I am going to Ballarat tomorrow or Friday — this week certainly — to present a cheque for over \$30 000 to Calkendren, which is a division of Scope, which offers short-break respite for around 60 Ballarat residents with physical or intellectual disabilities. Something like 230 greyhounds have competed in the Great Chase series, and the greyhound that represented Calkendren was a greyhound called Slater, if you are interested. He is a rising star of the industry.

The CHAIR — From Slater and Gordon?

Ms MUNT — It's on 10 per cent!

Mr HULLS — This one has not floated. He has had 27 starts for 18 wins and 3 minor placings. The point about this is that 10 per cent of the stake money that that greyhound earns goes to Calkendren, this really worthy cause. There are some great things happening with greyhounds, but the greyhound adoption program is certainly worth while.

Mr DALLA-RIVA — I think the Greens member has gone out to put some money on Going Green in race 2 at Traralgon!

Minister, I refer you to page 345 of budget paper 3. It relates to revenue initiatives, in particular the wagering commission rate adjustment under the heading 'Other revenue initiatives' in table A.26. I note that over the forward estimates period there is an expected income increase of \$14 million, or thereabouts, starting at 3.9 in the 2007–08 period to 4.3 million in the 10–11 year. I note that this is in relation to a decision to lift the 16 per cent yearly average commission cap on wagering.

In particular, my understanding is that under the current wagering legislation Tabcorp cannot take more than 16 per cent of gambling revenue each year, but obviously under the anticipated proposal the 16 per cent will be abolished and replaced with a specified deduction for each bet, which will now attract a commission above 16 per cent and possibly as high as 25 per cent. I am just trying to work out how you think this has benefited punters, given that Tabcorp and the state government will actually reap about \$4 million more in the commission paid.

Mr HULLS — It is true that we introduced legislation to remove the annual cap on totalisator commissions in order to really modernise the regulation of Tabcorp's commissions on wagering. The current system was introduced in 1994 as part of privatising the old TAB, and the government believes it needs reform to remain competitive in today's international racing and wagering environment. You are right; Tabcorp can deduct a commission currently of up to 25 per cent from any particular type of bet, but its overall deduction averaged across all bets cannot exceed 16 per cent a year.

The changes proposed in the budget will remove that 16 per cent annual cap and will allow Tabcorp to fix the commissions on each individual bet type. The commission on each bet type will be fixed at the current level, and the current level ranges from 14.25 per cent for place bets to 25 per cent for Mystery 6.

Mr DALLA-RIVA — It's a mystery to me.

The CHAIR — It is to most punters.

Mr HULLS — It's not if you pick one. The racing industry, I have to say, has argued very strongly for these reforms, which will improve the viability of the three racing codes in Victoria and ensure that the state maintains its position as national leader.

Over time revenue will increase. This is the issue that you raise. It will increase as more exotic betting products become more popular, and that will give the industry more funds to invest in things like infrastructure, prize money, improvements and the like. The current pricing structure — and this is the reason for the reform — has actually limited Tabcorp's ability to maintain its existing interstate pooling arrangements and has also restricted its ability to pool internationally. If we have a more flexible model for international pooling, that will enable Tabcorp to simply align its take-out rates with the rates of relevant pooling jurisdictions.

The changes — and I need to be clear about this — will not result in any increase to the commission rate for any bet type. Until now Tabcorp has been able to deduct commissions of up to 25 per cent from any individual totalisator. The new legislation will set the maximum commission that can be deducted from each bet type, and these will reflect the rates that currently exist. Any future changes to that will require government approval.

I think these changes provide a much more transparent environment in which punters will know the maximum take-out for each bet type, and they can choose accordingly. Punters will be better off because it will now enable us to enter into, hopefully, international pooling arrangements, which means the size of the pool will be bigger, which means the return to the punter will be bigger.

In fact I was in New Zealand just recently where I signed an in-principle agreement with Winston Peters, the racing minister over there, to pool New Zealand pools into our SuperTAB pool here in Victoria. It also will enable Tabcorp to remain flexible. It will still be able to conduct promotional sales such as its current fat quaddie promotions. I think if you actually had a look at some of the media that has been put out, in particular by all three codes — harness racing, thoroughbreds and also greyhounds — they are fully supportive of these changes; they have been lobbying for them. I do not think the punter indeed does lose out, because if you are able to maximise international pooling arrangements, the punter will actually be better off.

Ms MUNT — Minister, we have looked at how greyhounds are going to be better treated. I would like to ask if the government is giving any thought to jockey safety and wellbeing?

Mr HULLS — Indeed, no jockeys, no racing, that is the reality. We as a government do acknowledge that there are some real inherent risks involved in the sport of racing, none more so than the role played by jockeys, who really are the heroes of the racing industry. They risk their lives every time they sit up on a horse and every time they take the reins. It is vital, therefore, that we ensure that every possible measure is taken to protect our jockeys on the track and ensure they are equipped for life after they give up riding. In 2001 we commissioned a pretty groundbreaking study into the welfare of retired Victorian jockeys. You may not know but there is a very high suicide rate amongst retired jockeys, and that was one of the things that led us to commission that report in 2001. Jockeys can be on the top of the hill 1 minute, they retire and they are jobless. Yes, the great jockeys obviously can make a lot of money, but there are hundreds and hundreds of jockeys out there who are battling and when they retired, they are too big to ride or whatever, they find it hard to get employment, so there is a pretty high suicide rate amongst jockeys.

We commissioned that report and, as a result, the industry, working with the government, developed a range of initiatives to improve the welfare of jockeys. We have contributed almost \$1.3 million in funding to make initiatives like the jockey retirement benefits package available to jockeys.

That package saw the introduction of a unique superannuation fund for jockeys that did not exist in the past. It is called the jockeys super benefits scheme. It enables the jockeys to direct a percentage of their riding fees to a super fund for the first time. The second part of the package was the creation of the career benefits scheme, which encourages jockeys to contribute \$10 per ride to the super fund. RVL will then contribute an additional \$5 to the scheme. Also being set up is a full-time, independently operated VJA, the Victorian Jockeys Association, with offices at the Racing Victoria centre; provision of financial planning and management advisory services to jockeys, which is very important; a jockeys development program, which focuses on education, training, career transition planning, job placement and retraining of jockeys; and also the launch of the young jockeys mentoring program to connect retired jockeys with third-year apprentices to help transition to senior ranks.

We have established a standing occupational health and safety forum specifically for the racing industry, and we have also provided some \$320 000 to support ongoing industry research into general jockey welfare, including ways of providing assistance to jockeys who are forced into early retirement due to injuries. We know they are many of those. So I would not underestimate the amount of work that has been done in partnership with RVL in relation to retired jockeys. Of course further work does need to be done, but they are the unsung heroes of the industry and they need to be looked after, both while they are riding — occupational health and safety issues — and also in retirement.

The CHAIR — Unfortunately that has all the time we have for questions. I would have liked to ask about the trots, of course.

Mr HULLS — They are not called the trots anymore.

The CHAIR — I know. They used to be the trots when I went and watched my cousin who used to be the leading rider. I thank the witnesses for their attendance.

Witnesses withdrew.