

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.