

CHAPTER 7: DEPARTMENT OF JUSTICE

Transcript of evidence

7.1 Attorney-General's portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 3 June 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
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Witnesses

Mr R Hulls, Attorney-General,
Dr Kelleher, Acting Secretary,
Mr J. Griffin, Executive Director, Courts Division, and
Ms P. Adams, Manager, Portfolio Coordination, Department of Justice.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolios of Attorney-General, racing and industrial relations. On behalf of the committee I welcome the Honourable Rob Hulls, MP, Deputy Premier, Attorney-General, Minister for Racing and Minister for Industrial Relations; Dr Roslyn Kelleher, acting secretary of the Department of Justice; John Griffin, Executive Director, Courts Division; and Paula Adams, Manager, Portfolio Coordination, Department of Justice. Departmental officers and 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 hearings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers who are requested by the minister or his chief of staff can approach the table during the hearing. Members of the media are also reminded to observe the guidelines for filming or recording proceedings in this 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 verification be forwarded to the committee within three working days of receiving the proof version. In accordance with past practice, transcripts, PowerPoint presentations and any other documents tabled by the minister will then be placed on the committee's website.

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

Mr HULLS — Thank you very much, Chair. It is a pleasure to be here. I will just quickly run through the slides.

Overheads shown.

Mr HULLS — The first slide shows the budget breakdown. It shows that my portfolio is \$878.4 million or around 22 per cent of the allocation for the Department of Justice. This represents an almost 20 per cent — 19.7 per cent — growth over the current year's funding. Additional funds are going to be directed towards landmark projects including, in particular, things such as developing and enhancing innovative low-cost resolution and an upgrade to the mortuary facilities — which I know will interest everybody here — and also forensic services.

The next slide shows the budget breakdown further. Dispensing justice, which is courts and prosecutions, takes up 52.7 per cent of the portfolio; legal support to government includes legal policy reform, native title, VGSO, victims services, electoral commission, legal aid and the like. Then there is community operations which includes infringement management, enforcement services, asset confiscation, road and safety enforcement and the like.

The next slide is specific to the portfolio of Attorney-General. As you can see 52.7 per cent of the budget includes courts and prosecutions — it is the biggest slice of the portfolio — legal support for government and protecting the rights of Victorians, which are areas such as legal policy, native title, VGSO and the like. There is also community operations which includes working-with-children checks, the Aboriginal Justice Agreement and victims services.

Major achievements last year are listed on the slide. They include the human rights charter. Homelessness guidelines were developed and launched to assist businesses and to provide services to homeless people. The relationships register was passed by the upper house on 10 April, and it is expected to commence by the end of the year. There is an equal opportunity review which was flagged in my justice statement in 2004. Julian Gardiner is undertaking that review. Assisted reproductive technologies: the Law Reform Commission has handed down its report. We are working up legislation for later in the year in relation to that. The Aboriginal Justice Agreement mark 2 is a landmark agreement that I am sure you are all familiar with.

Other major achievements include sexual assault reforms. The Neighbourhood Justice Centre has had its first birthday in Collingwood. There has been a continued roll-out of Koori courts in a whole range of places across the state. In judicial education the judicial college is continuing its groundbreaking work in providing ongoing professional development to the judiciary. We have a number of family violence reforms including family violence

divisions at Ballarat and Heidelberg, and also the Moorabbin Justice Centre which opened in October of last year, which is a state-of-the-art facility in that area. Then there are a whole range of reforms we are undertaking work in relation to. That is the Crimes Act; we are just about ready with uniform evidence bill; and also the Bail Act. The Law Reform Commission has done work in relation to reforming the Bail Act.

For this year's budget, there is a big area in ADR — \$17.8 million in ADR; improved Supreme Court efficiency — \$38 million over four years will provide for more prosecutors, solicitors, and extra Supreme Court judges. In the Magistrates Court a substantial increase — \$15.6 million for additional security personnel and weapons screening. There is a huge increase in the workload in the Children's Court, and we have allocated \$6.5 million for new magistrates, registry staff and the like.

The last slide talks about sexual assault reform allocation in the budget: \$8 million for a specialist sexual assault prosecution unit in Geelong based on the model that we set up here in Melbourne which is working well, \$29.2 million to refurbish the lower floors of the old County Court building to have multipurpose courtrooms in that building, \$21 million to replace the analogue interview recording equipment at Victoria Police and the OPP, and also a large amount, \$61.8 million to update the mortuary facilities and forensic services, including \$38 million to rebuild the mortuary services building — it is outdated; it needs upgrading — and also a refugee support program: \$8.2 million to ensure that justice agencies are more accessible to refugees. So that really is a snapshot of what has occurred in the last period and what has been announced in the budget.

The CHAIR — Thank you. We have about 55 minutes allocated for questions. I might just start off as I have started off with other ministers in terms of trying to get a bit of a clearer picture of revenue forgone, what subsidies, both explicit and implicit, are in departments' and agencies' programs and also any concessions. I was just wondering whether you could give us a quick brief on what they may be in your portfolio and also perhaps in the other two portfolios if there are any.

Mr HULLS — In relation to the A-G's portfolio, there are a number of work areas in the Department of Justice that provide concessions or subsidies or forgo revenue, although from my portfolio, the A-G's portfolio, there is only one that I am aware of, and that is the Working With Children check. Volunteers are not charged for Working With Children checks. The check is usually charged at \$71.70. From 3 April 2006 to 13 May 2008, I am advised that there were over 135 000 applications from volunteers, and so the revenue forgone is about \$9.7 million because we are not charging for those checks. In relation to the racing portfolio, I am advised that there are no concessions or subsidies in that portfolio, and that is the same with the IR portfolio.

The CHAIR — So in terms of, you know, free tickets to the races, et cetera, they are the responsibility of what, Racing Victoria?

Mr HULLS — We have set up an independent board, RVL, and that is entirely the responsibility of either RVL — who I have no doubt would hand out tickets from time to time including to members of Parliament — and also the VRC and Melbourne Racing Club and Moonee Valley. That would be entirely a matter for them.

The CHAIR — Just in terms of legal aid, I mean how would you judge that? It is a subsidy in some way or other, is it? Or really it is a program, I suppose.

Mr HULLS — It is a program. It is a program that is funded partly by the commonwealth, partly by the state to assist people who need legal assistance. It is means tested and merit based so you only get legal aid based on your ability to pay but also based on the merit of the case, and it is based on a scale of fees. So it really is a program, I suppose. There is also a lot of pro bono work that is done by lawyers who are doing work for government. You are probably aware that we changed the tender process guidelines some years ago to enable or to contractually ensure, at least, that those firms that did government legal work had to also commit to pro bono work and equal opportunity briefing practices and model litigant principles. The last report I had in relation to the amount of pro bono work that is being done by private firms — this is across Victoria, so it is not pro bono work for government — is from memory, and I can get you the exact figure, but I think it is over \$6 million worth of pro bono work that is being done by private law firms who are contracted to do government work.

The CHAIR — Now that would be useful for us to have a figure on that.

Mr WELLS — Minister, I refer you to budget paper 3, page 171 under 'Dispensing Justice', 'Court Matters and Dispute Resolution', and also to the Productivity Commission's *Report on Government Services 2008*

which shows that Victoria's courts have some of the longest waiting lists and worst waiting times of any jurisdiction in Australia. For example, in the County Court as of 30 June last year there were 581 non-appeal criminal cases compared to 296 in 2003. So I am wondering: what do you consider to be the causes for the huge increase in court waiting lists that have occurred since you have been Attorney-General? When do you expect to be able to reduce court delays to acceptable levels, and will you provide the committee with details of what you and your department have agreed are the time lines referred to in BP 3, page 171, in which cases should be heard and decided? That is that 80 per cent number there under 'Timeliness'.

The CHAIR — Okay, because we have an extensive report on this in our last estimates report.

Mr HULLS — It is a fairly substantial question that deals with a number of things, but if I could just start with the County Court because that is what you have specifically referred to. In 06–07 the County Court finalised some 9433 matters which was, it is true, less than the target of 10 600 matters. This was wholly due to a decrease in the rate of finalisation for the civil jurisdiction which was 21 per cent less than the expected number. Civil matters finalised were 4830 compared to the target of 6110. You ask why. With the introduction of tort law reforms it is now much more difficult to actually bring civil actions before the courts, so those that actually do come before the court tend to run to trial and are not being resolved earlier than they were outside the courtroom via traditional pretrial methods such as mediation, consent orders and the like. This trend has continued in 07–08 with 4675 civil matters projected to be finalised compared with a target of 5500, and the trend may well continue into 08–09.

In response to the impacts of tort law reforms — you have to remember we introduced an unlimited jurisdiction to the County Court as well — the court has been reviewing the way its civil list is managed, and it is implementing a number of initiatives, including a new commercial list, and the process around directions hearings I understand has also been tightened. Those new measures are expected to be fully implemented by July 2008, although the pipeline effect is such that it will take a little time to influence results.

It is worth noting that the County Court met or exceeded timeliness and quality targets in 06–07 and is expected to do so in 07–08; and the 08–09 budget provides funding of over \$1.6 million for a judge-led mediation pilot, which will include an extra County Court judge. So work has been done in this budget to try and get matters resolved outside the court process rather than within the court process. You also have to remember that in the last budget there was also a substantial increase in resources to the County Court, including a number of extra judges. I think there were some two extra judges in last year's budget in relation to the County Court, and that is also expected to have a flow-on effect.

In a nutshell, matters are becoming more complex. Those matters that are going to court are the most complex matters and are far more difficult to resolve at the door of the court, as was previously the case. We have implemented a whole range of reforms both in the civil and in the criminal area. You are probably aware that the Law Reform Commission just handed down its report in relation to civil justice and how to better resolve civil matters outside the court process, or when they get to court having a much more streamlined process. In relation to the criminal jurisdiction we have introduced things such as sentence indication, for instance, all with a view to getting people to plead guilty at an earlier stage so matters do not go to trial. We believe all those reforms — and there have been substantial reforms, including substantial extra resources to our courts — will address the delay issue. Some of those matters have already been addressed in the last budget, but due to the pipeline effect they will take a while to come through.

Mr WELLS — Just to clarify that.

The CHAIR — Very quickly, please.

Mr WELLS — Minister, with regard to that 80 per cent — that third point I raised about the time frames — are you able to provide, maybe on notice, the time frames to the committee for Magistrates, County and Supreme courts within the definition of that 80 per cent?

Mr HULLS — When you say, 'definition', how do you mean?

Mr WELLS — What are the actual days or weeks with regard to the time frames set aside for settling a case?

The CHAIR — We will take it on notice.

Mr WELLS — Under ‘Timeliness’ it says ‘Criminal and non-criminal matters disposed within agreed time frames’; what are the agreed time frames?

Mr HULLS — I am happy to do that. That will be based on a national definition in relation to timeliness.

The CHAIR — The Productivity Commission report.

Mr HULLS — I am happy to get you that material.

Mr WELLS — For each court?

Mr HULLS — Yes.

The CHAIR — They are done, as we reported, in terms of higher appeal, non-appeal, Supreme, District, Magistrates and Children’s. That is how they do it. I might note that you did recently produce a report which did suggest that the Auditor-General might consider whether there is a need to build on his work covering the Magistrates Court by undertaking a more targeted approach to examining efficiency aspects relating to various levels of courts within the judiciary, and I am sure the government will reply to that particular recommendation in due course this month.

Ms MUNT — In budget paper 3, pages 166 to 171, under the umbrella of ‘Legal support to government and protecting the rights of Victorians’, ‘Protecting community rights’ and ‘Dispensing justice’, the government has funded a package of alternative dispute resolution initiatives under those umbrellas, and you also mentioned in your presentation strengthening alternative dispute resolutions under that \$17.8 million of funding. Could you please detail to the committee how these funding initiatives will assist in resolving disputes and reducing court delays?

Mr HULLS — It really gets back to Kim’s initial question. We have in Australia, in Victoria, an adversarial system of justice, basically, and I think it is time to question whether or not the adversarial system has passed its use-by date. What normally happens, particularly with a civil dispute, is that someone will go and see a lawyer, a lawyer will send off a letter of demand, and once that occurs — bang! — you are in the system. A lot of it is a chest-thumping, table-thumping exercise, and you really have to ask whether or not people start to lose sight of what dispute resolution is all about, and the system of discovery, interrogatories and the like in our court system. You have got to ask whether or not it is aimed at resolving disputes or increasing costs for all parties. So we have to think differently; we have to think smarter. I think the next substantial wave of reform in our justice system is ADR — alternative dispute resolution, or, as I prefer to call it, appropriate dispute resolution. We have to look at more appropriate ways of resolving disputes outside the court system, and the court should be a port of last resort, basically.

With that in mind, this year’s budget has provided \$17.8 million over the next four years for ADR initiatives right across the state. This will go towards reducing the high costs of obtaining justice in Victoria and, I think, unlocking for the first time in any jurisdiction the real potential for ADR, both outside the court process and within our courts. As part of that measure we will be the first jurisdiction in Australia to trial judge-led mediation. It has never happened before in this country. It is based on a Canadian model where an intractable dispute that has been in the court list for a long period of time is taken out of a particular list and sent off to a judge who has had nothing to do with it, with a view to trying to have the matter resolved. From memory, the figures in Canada show that 95 per cent of matters that are put into the mediation list before a judge are resolved. Why? Because they have the imprimatur of a judge. They have the imprimatur of a judge and the imprimatur of the court, and they are resolved very quickly and effectively.

We know with mediation that people take ownership of the outcome. In court, often one side wins everything and the other side walks away thinking, ‘The system has let me down’, whereas with mediation parties take ownership of the dispute. So \$17.8 million has been allocated for improved dispute resolution services across the state, including judge-led mediation trials in both the Supreme and County courts. That includes the appointment of an additional County Court judge and an additional Supreme Court judge. There is also funding for a whole range of other mediation services right across the state, including a Magistrates Court intervention order mediation program, \$5.8 million; expanding the services of the Dispute Settlement Centre of Victoria into rural and regional parts of the state — substantial amounts for that; and also \$1 million provided to set up an ADR champion to raise the profile of ADR right across Victoria.

There has been a fair amount of interest in this. I know that Chief Justice Marilyn Warren has had a look at the Canadian model. From memory, the judge in Canada was Justice Louise Otis, who heads up the list there, and from memory, Marilyn Warren has met with Louise Otis. The courts realised that it is important to think outside the square in resolving disputes. The cost of justice — particularly when you have some barristers these days charging up to \$14 000-plus a day — at the high end is becoming prohibitive. It is becoming a fiefdom for large corporate entities to take action against each other in the full knowledge that their legal fees are tax deductible. They have to realise that access to publicly funded court time is not infinite. It is a finite resource that ought to be utilised in the best possible way. We need to do what we can to get these matters out of our courts and resolved a lot more efficiently and effectively prior to getting to court. But if they do get to court, again, we have to look at innovative ways to resolve them outside the adversarial process.

Mr RICH-PHILLIPS — The budget provided some money for the old County Court refurbishment. In May 2005 the legal precinct master plan was released, which had the Supreme Court redevelopment as stage 1 of the master plan and the old County Court redevelopment as stage 2, and it noted:

Stage 1 works are identified as top priority requiring immediate implementation, based on urgent identified service needs. Subsequent stages are identified as future works as service needs dictate.

The CHAIR — Can you tell us what you are quoting?

Mr RICH-PHILLIPS — The master plan. Can you tell the committee why funding has been provided for stage 2, not stage 1, and does this mean the master plan has now been abandoned for that precinct? Specifically on the numbers, the figure on your presentation, \$29.2 million, is at odds with the 22.5 shown in the budget. Could you reconcile those two numbers, too, please?

Mr HULLS — Okay. Just in relation to the legal precinct master plan, no, it has not been abandoned — quite the opposite. Work is being done virtually on a daily basis in relation to the master plan. This year's budget provides, I think, some \$23 million additional to the \$10.5 million that was provided in 06–07 and 07–08 towards establishing a further six flexible trial spaces within that precinct at 223 William Street, which is the old County Court. That will meet additional cross-jurisdictional demands. These will be multipurpose courts that can be used by any of the jurisdictions for overflow from their particular premises. The additional courtroom capacity within the legal precinct accommodates the expansion of judicial numbers as well within the various jurisdictions, and it will assist in achieving more efficient case management within the precinct.

In relation to the Supreme Court redevelopment which you have touched on, the implementation of the legal precinct master plan commenced immediately after 06–07 ERC funding was announced. The Supreme Court redevelopment early works program was funded with some \$22 million in capital funds in 06–07 and 07–08, and the early works program is being delivered within that scheduled program and is on budget. The construction works comprise urgent occupational health and safety works and upgrading of heritage works at the courts and amenities in the Supreme Court. Key milestones of that program to date — and I have been at the opening of some of these — include the Banco Court upgrade and the provision of judicial facilities opened in May of 07, and the refurbishment of court 15, which has provided the Supreme Court with a civil trial facility and the accommodation of multiple witnesses. Court 14, which is a smaller civil court, has also been fitted out to enable disabled access at the court. The upgrade and refurbishment of court 4 was completed in late March of this year and reopened on 7 April this year, and construction is currently under way in courts 2 and 3, with works due to be completed in, I think, July or early August of this year.

The legal precinct master plan is a very important plan. I think the nub of your question is, I guess, why was the funding not allocated in this year's budget to complete the Supreme Court. It is a staged process, to be frank with you, and there are always competing priorities. The major priority of each of our courts is to reduce court delays, which gets back to Kim's first question, and a whole range of reforms have been implemented in relation to that, but the Supreme Court redevelopment — that is, the court itself — is by no means off the agenda. Substantial amounts have already been spent, and it was always going to be a staged process.

Mr RICH-PHILLIPS — Was that not supposed to be the no. 1 priority under the master plan? Is that not why it was stage 1? That is what the master plan said, 'This is the priority'.

Mr HULLS — The master plan is about upgrading the facilities that exist in that legal precinct. That includes the Supreme Court, and an enormous amount of funds has already been expended in a staged way on

upgrading the court facilities at the Supreme Court. The early discussions in relation to the master plan were whether or not, in upgrading those facilities, we should actually have a brand-new stand-alone court; whether we should divide the court into two and have a civil and criminal jurisdiction; and, if we were to have a brand-new stand-alone court, what it would mean to the current court site. There were problems in relation to the old High Court site — as you will remember, there were heritage issues and the like — and the federal government at the time made it quite clear that they were not going to allow the state government to move in relation to those High Court premises, so there had to be a total reworking of what was going to happen ultimately to the Supreme Court. But nonetheless, enormous amounts have already been spent on upgrading the current facilities of the Supreme Court, so it is a priority, and further work will be done over the coming budgets.

Mr RICH-PHILLIPS — Another part of the question was about the dollars — that is, the difference between your slide and what is in the budget papers.

The CHAIR — I think he already mentioned there were \$10 million in this financial year and the previous one.

Mr RICH-PHILLIPS — Perhaps the Attorney-General can tell us, if that is the reason.

Mr HULLS — I am advised that there is no difference. The 29.2 is made up of 22.5 assets, 6.7 output, which brings you to the 29.2.

Mr SCOTT — I would like to draw your attention to budget paper 3, page 171 and the output group 'Dispensing justice'. Can the Attorney-General outline the planned progress in the development of Australia's first higher jurisdiction Koori Court?

Mr HULLS — This is something that I am pretty excited about and I have spoken about on a number of occasions in the Parliament. As we all know, there continues to be a gross overrepresentation of Kooris in the Victorian justice system, and we just cannot just stand by and allow Aboriginal males to be incarcerated at 12 times the rate of their non-indigenous counterparts. We just cannot allow Aboriginal kids to be incarcerated at 16 times the rate of their non-indigenous counterparts, so we have set up a number of Koori courts around the state. They have been criticised by some. I know that an allegedly well-known barrister recently criticised the Koori courts generally, but all you have to do is read the report of the Royal Commission into Aboriginal Deaths in Custody and you will see that it is quite clear we have to have a more culturally sensitive justice system; not one that is a soft option — quite the opposite — but one that is more culturally sensitive to the needs and aspirations of Aboriginal people. As a result we set up as a trial Koori Magistrates Courts here, the first one being at Shepparton, I think, in 2002. They have now been independently evaluated, and they are no longer trials. They have been so successful in reducing recidivism rates, so successful in ensuring compliance with court orders and so successful in ensuring that the Koori population, if you like, takes ownership of the justice system and is more aware of the justice system, that they have now become a permanent part of the DNA here in Victoria of the legal landscape.

As a result it is now time to have another trial, and that is in a higher jurisdiction. You cannot in this game stand still, because if you do, you go backwards basically. Whilst the Magistrates Courts have been successful, I think it is important that we have a look at the higher jurisdiction, so the Koori County Court will be the first indigenous court in that jurisdiction in Australia. It has the strong support of not just the Koori community but, just as importantly, the County Court as well. I know Chief Judge Michael Rozenes is very supportive of it.

Obviously we have to work through the eligibility criteria and the like. We have already ruled out sexual offences being dealt with in the Koori County Court, and they are not dealt with in the Koori Magistrates Court either, so there is nothing new there. The Koori defendant will have to consent to the matter being heard in the County Court and will have had to have pleaded guilty to the offence, the same as in the Magistrates Courts. All the County Court sentencing options that currently apply will apply in the Koori County Court, as occurs in the Magistrates Court. There will be, as there is with the Magistrates Court, Koori elders and respected persons who sit in on court as well.

I certainly believe our higher courts should operate in a way that is more culturally accessible, acceptable and comprehensible to the Aboriginal community. I think for too long, as a community, we have ignored the overrepresentation of Aboriginal people in our justice system, or we have tended to say, 'They behave a lot worse than the non-indigenous population, so therefore they deserve what they get'. Well, it ain't as simple as that, and it is important that we address the underlying causes of criminal behaviour, and address them as best we possibly can. In doing that we have got to have a court system that is more culturally sensitive. It is not a soft option. Many

Kooris do not choose to appear before the Koori Magistrates Court, because they find the shaming exercise in front of their elders is far more intimidating than the normal court, so it is not a soft option at all, but if it works as well as the Koori Magistrates Courts have been working, it will be a resounding success.

The CHAIR — Thank you. I remember being a member of the Law Reform Committee in 2000. In the review of rural and regional legal systems we had somebody from the Koori community come in. They walked in and they just walked out, because the disconnect was so great. I think that anything that can be done to actually fix that gap is very important.

Mr BARBER — The adult parole board, Youth Residential Board and Youth Parole Board have all be exempted from the human rights charter by regulation and the human rights commission said that they were unaware of the rationale for that and that such provisions were extremely significant. I believe your response was that this was done for a period of one year in order to allow for a review of the impact of the charter on those bodies' work and also to consider the resources that they would require to comply. Can you let us know what those resources are, the progress of the review and whether it will still be for only one year?

Mr HULLS — It is a good question. I actually met with the heads of the Youth Parole Board and adult parole board only last week about this very matter, because they are seeking an extension of the exemption. They have put their case to me in relation to that and I have not made a decision yet about whether to go down that path or not. They have suggested that natural justice is not afforded to people seeking parole and they have to make decisions, often very quickly, in the interests of the broader community. They are aware that no right under the charter is absolute, but they are indeed seeking a further period of exemption.

Whilst I understand their arguments, I am somebody who is pretty passionate about the human rights charter and I want it to become a permanent part of the legal landscape in this state; I do not want it to become a political football. I hope that whoever is in power over the next 10 years in Victoria will ensure that the human rights charter remains in this state. But to give due regard to the arguments they are putting, I have told them I actually want to go down to the parole boards and see personally how they operate — not just the adult parole board but also the Youth Parole Board — before I make a final determination in this area. I want to see firsthand how they operate and after I have viewed how they operate I want them to further make out the arguments on why they require a further exemption in relation to their operations for a period of time. I am due to go down there, I think, in the next couple of weeks, to both the adult parole board and also the Youth Parole Board, and a decision will be made in the next short period of time. To get to the nub of your question, yes, they have sought a further exemption and I am giving consideration to that.

Mr BARBER — So it may not really be a question of resources, then?

Mr HULLS — They will have to put to me not only a very strong argument as to why they should be further exempted for a period of time but also, if they were not exempted, what resources they believe they would require to fully adhere to the charter. It may not be just a question of resources; that is true. It may well be, on the decisions they make and the timeliness of those decisions that they are required to make when they are dealing with people's liberty — they do not give reasons for their decisions, as you are probably aware — as they have initially put to me, that it is important that they continue to operate in that way. As judges they admit that in all likelihood they are denying people natural justice. But that has always been how the parole board operates and if you change that, and you put in place a whole range of appeal rights and they have to give voluminous reasons for decisions and the like, it would tie down the work of the parole boards and, in their view, they could well become unworkable. That is their argument. I want to see for myself and get a better feel for the way the boards operate and I will make a decision in due course.

Mr NOONAN — I want to ask you about the second-last dot point on your handout, which goes to the upgrade of mortuary facilities and forensic services, some 61.8 million, and in particular ask you: given that commitment of funding, why has the government chosen to significantly increase funding to the Victorian Institute of Forensic Medicine?

Mr HULLS — It is a good question. It is a substantial amount of money, it is true. The government has given VIFM an additional \$23.8 million in output funding over four years and \$38 million in asset funding, in the state budget. The primary rationale for this increased funding has been the significant increase — and this is in the budget papers as well — in demand for medico-legal death investigations. The number of investigations has

increased by 41 per cent over the past seven years, so that is a huge increase in the workload of the coroner. There have been a number of factors that have driven this increased demand. The ageing of the Victorian population has resulted in more people in the age range with a higher death rate. Medical practitioners are much less willing to sign death certificates, due to the growing awareness of the legal implications of attributing a cause of death not based on medical evidence.

As private pathology providers have withdrawn from rural autopsy services, which they see really as non-core business, more deaths requiring medico-legal investigation have been actually transferred down to Melbourne, to VIFM in Melbourne, although there are negotiations taking place now with VIFM to re-establish services in places like Bendigo and Ballarat. Fourthly, increased referrals of death certificates from births, deaths and marriages has arisen as a result of the system of safeguarding against a Dr Shipman-type scenario. So there have been far more referrals of death certificates from births, deaths and marriages. VIFM has adopted a range of measures to deal with this increased demand from within its existing resources, but — and you have heard this before — more needs to be done, and as a result there has been a substantial budget increase. What will it do? The money will allow VIFM to employ five additional forensic pathologists, a trainee pathologist and related scientific staff. That will mean obviously extended pathology services and the like. It will also include coronial services by establishing a coronial council and strengthening the prevention role of the coroner — so not just investigation of deaths but also a prevention role: education and training and the like.

Also it will allow for a significant upgrade of the mortuary facility. This is absolutely necessary. There needs to be an increase at that facility for body storage capacity because of the increased demand. It will refurbish and expand the autopsy suite. We think that this huge increase in resources will allow VIFM to carry out its work in a more timely and more effective manner. It is a substantial amount of resources, but it is absolutely crucial. The building down there is old; it needs a refurbishment, and the increase in the number of bodies physically going there has been such that the storage facilities are outdated.

Mr DALLA-RIVA — Attorney-General, just in relation to service delivery, budget paper 3, pages 166 and 167, in the legal policy, advice and law reform output group, I ask: in respect of the forward estimates there is a calculation of projects and also the total output costs — I am just trying to work out the financial impacts in terms of the legislation on family violence that you announced in July last year. When do you expect that to be put into Parliament, including the trial of the safety notice regime on interim protection orders? The other ones are the Criminal Investigation Powers Bill and the criminal offences bill, both referred to in the statement of government intentions. Is there any financial impact — I know you touched on it briefly — in terms of that output group as a result of the law reform commission's Civil Justice Review, which you indicated earlier?

Mr HULLS — Okay, I will touch on the last thing first — the Civil Justice Review. The law reform commission handed its report in relation to civil justice just last week. I think it made 177 recommendations. Some of those will have a financial impact; many of them will not. We need to work through each and every one of those, particularly those that can be implemented quickly to have a real impact in relation to civil justice. We need to work through each and every one of those. I cannot give you a definitive answer, because we may not accept all of the recommendations, but I think the law reform commission indicates that many of the reforms will not require extra resources. There will be some low-hanging fruit I think we can implement sooner rather than later. A lot of the reforms are about changing the culture in relation to how civil justice is undertaken, but it does also refer to alternative dispute resolution. As you know, that does have a resource implication, and we have actually pre-empted the report by allocating some \$17.8 million for ADR.

In relation to the family violence report, you would be aware family violence is a leading contributor to preventable death, disability and illness among Victorian women aged between 15 and 44. It is a scourge on our society. For too long it has been in the too-hard basket, I think. As a result I asked the law reform commission to review our family violence laws, and its report was tabled in 2006. At that time the government undertook a staged approach to the administrative, procedural and legislative recommendations contained in the report. The law reform commission report contains 75 non-legislative recommendations relating to administrative and procedural aspects of the justice system, and significant progress has already been made in addressing the key recommendations, such as increased access for victims of family violence to legal support services, enhanced family violence professional development for police, support staff and judicial officers, improved after-hours victims services, as well the Sentencing Advisory Council actually reviewing the maximum penalties and sentencing approaches for breach of family violence orders. The major recommendation was that there be a stand-alone family violence bill — that family violence intervention orders are really being dealt with at the moment under the same piece of legislation as

the stalking orders and that there should be a stand-alone bill. To have such a bill would give a clear and cohesive legislative focus on family violence intervention orders.

There has been an enormous amount of work done in relation to this bill. I note that some have said that it should have been introduced before this and we should have done it much earlier this year. I disagree. My view is this is such a groundbreaking piece of legislation that will lead the nation that it is important there be appropriate stakeholder consultation and support for the recommendations. Indeed, I have to say that stakeholders themselves actually sought additional time to participate in the process, and the government agreed to that. Yes, we could have rushed the bill in a lot earlier than when we intend to introduce it — and it will be later this year — but we decided to adhere to the request of stakeholders. They were fully aware of the substantial implications of this legislation. It was important that we get it right.

In relation to the family violence safety notices, the bill will deal with those notices. I think it was originally announced by the former Premier, Steve Bracks, that the trial of family violence safety notices was expected to get under way in mid-2008. However, it is now anticipated that the family violence bill will be introduced later this year, with a start-up date either late 2008 or early 2009. That is as a result of extended consultation with stakeholders and at their request.

I just repeat that this is a very important piece of legislation. It is all about better protecting Victorian families. It is about allowing the woman and the kids to stay in the home while the perpetrator of the family violence is removed from the home. It is about ensuring that perpetrators of family violence do not get the opportunity to cross-examine victims of family violence personally in court. A whole range of other recommendations have been put to us that will be included in the bill, including a comprehensive definition of family violence that will include economic and emotional abuse as well as other types of threatening and controlling behaviour. It has also been put that we broaden the definition of 'family member' to cover a wider range of family and family-like relationships and ensure that all relevant evidence as is appropriate in the circumstances is presented before the courts. That means impinging on the hearsay rule as well. We think this will be a very good piece of legislation, but we have to get it right, and we have adhered to the request of the stakeholders to give them extra time to consult on the bill.

Mr PAKULA — Minister, I just refer to your presentation. The budget breakdown 2008–09 by output group had \$415.2 million for dispensing justice. Of that, on the budget initiatives page — you have already gone to ADR and Supreme Court — Magistrates Court safety, security and risk, \$15.6 million, could you just give the committee some detail as to how that particular initiative will improve safety for officers of the court, members of the public, et cetera?

Mr HULLS — Some time ago I was approached by the Chief Magistrate in relation to a number of incidents that occurred at some of our courts. It was suggested that there needed to be upgraded safety at some of our magistrates courts, acknowledging that we need to get that balance right. Courts are public assets, and it is absolutely important that members of the public have access to our courts on the one hand, but on the other hand they need to be secure assets as well, and the security of judicial officers and staff who work in the courts and those who are appearing in our courts needs to be secured as well. It is a balancing act. Nonetheless the Chief Magistrate put a case and a study was done by the police, I think, in relation to some of the security issues at our courts. I do not know whether that report was ever finalised or endorsed finally by police. Nonetheless, it was agreed by the government that there needed to be further funds allocated for a number of courts around the state, so the budget includes \$15.6 million over four years for the Magistrates Court to fund additional security personnel and weapons screening across the state. This will better equip our magistrates courts to respond to challenges of security and safety. It will make our courts safer for not just judicial officers and staff but, as I said, court users as well.

There are three components to the package. The first is \$13.2 million for armed guards and unarmed security personnel services at nine courts; 1.98 million for the installation of weapons detection systems at these courts; and also \$700 000 for minor security upgrades across all of Victorian courts. In case Kim Wells wanted to know what the nine courts were — and I know that is what he was going to ask — they are Broadmeadows, Dandenong, Frankston, Moorabbin, Ringwood, Sunshine, Geelong, Heidelberg and Werribee. I recently attended the Frankston Magistrates Court to announce the security funding package. That will see \$1.6 million spent at Frankston. For anyone who has had the opportunity to visit the Frankston Magistrates Court, it is a very busy court. There are a whole range of issues there. I suspect that this \$1.6 million will ensure two security guards, and an airport-style weapons screening system staffed by an additional three security personnel. I think it is a good budget initiative and it will be welcomed not just by the Chief Magistrate but by all court users.

The CHAIR — A final question to the Attorney-General from Mr Wells.

Mr WELLS — It is just to follow up the same question, Minister. I note that the list that you read out, none of them are in country areas. It is my understanding the Auditor-General brought down a report that highlighted serious security risks for country magistrates courts. Could you maybe address that part of it for us?

Mr HULLS — This is an ongoing brief where there has been substantial funding for upgrading security. Some of that \$700 000 for security upgrades across all Victorian courts I suspect will be utilised in those country areas where there is deemed to be a higher risk than other jurisdictions.

Some of the matters that are dealt with in some country courts could not be described as high risk and as a result will not require upgraded security. Others I expect will, particularly if there was a very substantial matter that had high risk associated with it, although it may be in those types of matters they would be transferred to a court that had upgraded security. That happens now for instance in Melbourne with the Supreme Court and the County Court for some of the more high-risk matters. Supreme Court matters are actually dealt with over the road in the County Court because of security issues there. I suspect some of that \$700 000 will be allocated to country jurisdictions, but it is an ongoing brief that the Chief Magistrate has to advise the government in relation to the highest security risks and the allocation of funding to those courts that I have named. My understanding is that has been after consultation with the Chief Magistrate, but we continually review security right across the state and this is an ongoing exercise.

The CHAIR — Thank you, Attorney-General. I noticed in your outputs for the VEC you have got funding down for one by-election, which is very efficient of you in that regard. I also thank John Griffin for his attendance.

Witnesses withdrew.

Transcript of evidence

7.2 Consumer Affairs portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 21 May 2008

Members

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

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr A. Robinson, Minister for Consumer Affairs,
Dr R. Kelleher, Acting Secretary, and
Dr D. Cousins, Executive Director, Consumer Affairs Victoria, Department of Justice.

The CHAIR — I thank the previous departmental officers on gaming and I welcome David Cousins, the executive director, Consumer Affairs Victoria. I call on the minister to give a brief presentation of not more than 5 minutes on the more complex financial performance information made in the budget estimates for the consumer affairs portfolio.

Mr ROBINSON — Thanks, Chair. The good news is we have got a slide show.

Dr KELLEHER — No, we do not.

Mr ROBINSON — No, we do not.

Dr SYKES — Another unfulfilled promise.

Mr WELLS — Every other minister has been able to do it.

Mr ROBINSON — I did not say it worked. I said we had a slide show.

Dr SYKES — That is right. The subtleties of Labor words!

Mr ROBINSON — I will invite you over for a slide night or something later on. Consumer Affairs Victoria's main goals in achieving its vision of an informed and responsible body of consumers and traders is via empowering consumers via a competitive, fair and safe trading environment and via protection of vulnerable and disadvantaged communities.

Just in 2007–08 Consumer Affairs Victoria has received more than 460 000 written and telephone requests for information and service. It has handled some 37 000 visits to its Victorian Consumer and Business Centre, received in excess of 15 800 complaints and requests for inspections, recovered over \$3 million through dispute resolution, received over 1.3 million visitor sessions to the website, and distributed over 2 million forms of publication. Inquiries are at an all-time high.

The portfolio contains 49 acts and some 50 series of regulations. It is a very diverse portfolio and it has some quite old legislation. One of the things I have been keen to do as minister is actually undertake or commence a modernisation program. We have received some funding to do that out of the regulatory reduction fund — \$1.2 million over three years. This is important for a whole range of reasons. Real estate agents, for example, operate under at least two acts and about eight sets of regulations. There is a problem with some longstanding industries about where the reform effort goes. To my mind you just cannot keep loading up some professions with more and more regulations. It will get to the point where practitioners simply do not understand what it is that they are meant to be doing or not doing. The legislative modernisation program in 2008–09 will get under way. That is really about reducing red tape but also looking at the laws that we need going forward in a world where trade is being conducted in a very different way.

The national reform agenda remains a very active source of work for CAV. We are involved in a number of areas. On the consumer policy framework we are supporting moves for national harmonisation of generic consumer law. We have made submissions to the Productivity Commission on this front. I am pleased the Productivity Commission's recent final report on this matter referred to our submission, I think, 53 times. By way of comparison, I think it mentioned New South Wales about 10 times. We are putting a lot of time and effort into this.

In regard to commonwealth credit regulation, all consumer affairs ministers have informally agreed and signalled their willingness to have credit transferred to the commonwealth, and that will be a source of a lot more engagement over the coming year, although that is a very complex area. On a national product safety regime, I am having a meeting with the ministerial council on Friday in New Zealand, and we are hopeful of getting some substantial progress on product safety matters and taking a large step towards getting standardised arrangements and involving the commonwealth regulator, the ACCC.

With liquor, people would be aware liquor is the subject of our \$37 million alcohol action plan. Consumer Affairs Victoria has a role to play in that. The alcohol action plan is coordinated by Minister Lisa Neville, but consumer affairs, through the liquor licensing, remains an important player. The government has allocated about \$16 million by establishing a licensing compliance directorate, and we will be doing a lot more work on that during the course of the year. As an adjunct to the work we are doing in liquor, I issued a public warning statement last weekend about the marketing of alcoholic energy drinks and the potential risks to consumers. A body of evidence is

emerging around the world about the potential misuse of those products. Under powers in the Fair Trading Act the director will be doing some further work on that by engaging the liquor industry directly.

Other product priorities include product safety, the fall-of-the-hammer regulations in real estate, a residential accommodation review, motor vehicle lemon laws, and the Prostitution Control Act. With fall-of-the-hammer regulations, we are actually looking towards regulations that will prohibit the offer and acceptance of bids at auctions after the hammer has fallen. The current situation, and in fact the situation for many years, has been that you can keep making offers up until a contract is signed. That has created some uncertainty with auctions, and in the second half of the year we will have that change. We are proposing to introduce what is known, for all intents, as the lemon law on new motor vehicle sales. Important work is being done on the Prostitution Control Act about the efficacy of prosecutorial activity and how we might make that easier for the relevant agencies; and we are doing some work with residential accommodation and are proposing changes in the first stage to student accommodation and to boarding houses. We are working closely with other partners on that.

On financial counselling, through the recent budget process we have secured consolidation of the funding for financial counselling in Victoria. That is a very important part of our work. I welcome the commonwealth's doubling of financial counselling assistance over next four years and look forward to working with it cooperatively.

In conclusion on the funding matter, the CAV accounts for about 3.9 per cent of the department's total output — that is about 141 million. Of this, some 40 is sourced from appropriations and 97 is sourced from trust funds, including a \$50-million allocation for public housing from the property fund but done in accordance with the relevant legislation, and I think we have got a slide there that talks about the source of funds. As people on this committee would be familiar, consumer affairs has a series of trust funds, and they to some extent underpin the operations of the agency each year.

The CHAIR — Thank you, Minister. We had an extensive discussion or exposition on trust funds in our latest outcomes report. There are quite a lot of trust funds in the system. Thank you for that. Just a clarification, is this alcohol action plan over a number of years?

Mr ROBINSON — It is over a number of years, isn't it?

Dr COUSINS — That is right.

Mr ROBINSON — Yes. It goes over five years, I think, as the total.

The CHAIR — Five years. Yes; I noticed we only collect \$7.7 million in licence fees. We are obviously spending more than that per year in terms of regulating.

Mr ROBINSON — We have foreshadowed that there will be a review of licensing fees. They have not been reviewed in some time, and certainly some forms of licences in Melbourne are much cheaper than you would see interstate.

Ms MUNT — I was interested to see in your presentation mention of fall-of-hammer regulations. I have done a bit of buying and selling of property during my time, sometimes at auction, and there are certainly traps for the unwary. We are talking about a major investment in most people's lives and there can be difficulties. Budget paper 3, page 178, 'Protecting consumers', states:

This output ensures that consumers are protected through appropriate regulation and education ...

I was wondering if you could tell me if there is anything that is going to be put in place to address protecting consumers through education and regulation, particularly in regard to purchasing a property, and particularly in regard to purchasing a property at auction?

Mr ROBINSON — The reforms I have outlined with the fall-of-the-hammer changes are not the only thing that CAV do. They have a very active monitoring program of estate agent activity — auctions in particular. We have in Victoria a tradition where auctions are a more marked feature of the real estate industry than in some other states. I am not quite sure why, but that is very much part and parcel of life in Victoria. CAV keeps a close eye on both bidding practices and on underquoting. In 2007 I think there were 13 major compliance exercises on the estate agents market — on auctions in particular — and a substantial number of ongoing investigations have resulted from that. We have also seen successful court actions against two agents in the last 12 months, and they do

send a very clear signal to the real estate industry that practitioners need to observe some central tenets of the law and of regulations. What we are proposing now arises from discussions that have been held amongst a number of groups, including the advisory group we have got — the Estate Agents Council. It is about looking at how we can create greater certainty and confidence for consumers at auction. In the last six to eight months there have been a couple of reports of vigorous disagreements at auctions, where the property has actually sold to someone who did not seem to bid in the public process out the front.

The CHAIR — Were they in a tree, Minister?

Mr ROBINSON — But, as I said, the law for many years has allowed bids to be received right up until the contract is signed, so the fall of the hammer does not preclude bids being offered after that. Most consumers would be surprised by that. They would assume that the fall of the hammer is the point of finality, but it is not. We intend to make it the point of finality. We have had some detailed discussions with stakeholders about this, and we are in the process of drafting changes to sets of regulations. There are two sets of regulations we have got to amend, and our estimate is that change will be in place at the end of June. Going into the next auction season we will certainly be selling the message, via CAV through the usual channels, and the REIV will assist in that, that the law on auctions has been modified and the fall of the hammer is the point at which you need to have your bid in; otherwise offers certainly cannot be accepted.

Mr WELLS — Minister, on budget day your colleague the Minister for Mental Health put out a press release which states:

The budget provides \$17.6 million to create a compliance directorate in the Department of Justice to increase licence inspections and ensure compliance with new laws and regulations, review liquor licensing fees and develop an assault reduction strategy led by Victoria Police.

On page 178 of budget paper 3 under the heading ‘Protecting consumers’ the target set for inspections, compliance monitoring and enforcement activities in 2008–09 is exactly the same target as 07 and 08, so why is that when you are spending an extra \$17.6 million?

Mr ROBINSON — I think some of the explanation is probably because the compliance unit will take some time to establish; we are not establishing it overnight. This is an area in which effective action depends upon clear cooperation between different agencies. In this case you are looking at the director of liquor licensing, you are looking at Victoria Police and you are looking at councils. They all have a role to play. My expectation is that the estimates we put there have probably been exceeded. It is a very active area. If you take stock of inspectorial activity and enforcement activity that is conducted by consumer affairs, by the director and by police, I would not be surprised if that is exceeded. But what we have got to do — and it is foreshadowed in the alcohol action plan — is get a more dynamic compliance unit established that is based upon more active cooperation between police, councils and consumer affairs. Consumer affairs in the first instance have the licensing function through the director of liquor licensing, and the director has a range of independent powers. She is resourced to take those powers involved in a whole range of hearings and applications and a whole lot of licence matters. We will ultimately create a much more dynamic and integrated vehicle for ensuring compliance, not with just the law as it stands now but the law as it will be strengthened, I think, over coming years to tackle what is a real scourge — the rise of antisocial behaviour around a lot of nightclubs and entertainment venues.

Mr WELLS — Minister, are you telling me that this spending \$17.6 million to set up another bureaucracy, and the cost of setting up that \$17.6 million will actually not result in one extra inspection? You might be underestimating it, but the fact is that in the 08–09 target you have actually stated 7750. So we are setting up a bureaucracy and that is not actually going to pay for one actual, additional inspection.

Mr ROBINSON — No, I am very confident that the establishment of the compliance unit will lead to a substantial increase in inspectorial activity. I expect it probably has not been foreshadowed accurately in the budget papers, because the alcohol action plan announcement was only made very recently, but I would expect the measures will be updated accordingly in the coming year.

Mr WELLS — Okay, so how much has specifically been put aside to increase licence inspections? If you are going to set up this bureaucracy, then how much is actually going to be put aside to actually do the increase in inspections?

Mr ROBINSON — I would say we will be allocating enough from that and other resources to ensure we do the job as well as we need to do the job. We are talking about this compliance unit being set up — I think the actual alcohol action plan refers to that being the major piece of work in 2009, so it may actually be in the year ahead of us; not the coming financial year or the year after that. But I can assure you this will be an area of a far more coordinated activity and a greater quantum of activity.

Mr WELLS — Okay. Just to clarify one point, why has there been a reduction from the actuals in 06–07? Why are we pumping in so much money to this area, but the actuals for 06–07 are 8575? We are actually going backwards.

Mr ROBINSON — I might ask Dr Cousins to give some — —

Mr WELLS — I mean it does not make sense — —

The CHAIR — Maybe they are reducing red tape, but anyway can we have the answer, please?

Mr WELLS — They are reducing red tape! They are actually spending \$17.6 million to increase red tape, but we do not see any results according to these figures.

Mr ROBINSON — No, I would not agree that we are increasing red tape. We understand we have got a regulatory reduction, but we also understand we have got to do more to get effective compliance with the law. Community expectations have changed in this area in a relatively short period of time. We have seen the emergence of a very unsettling antisocial behaviour trend, and we have got to now put in place the structures to deal with that in a more coordinated manner, so that is exactly what the alcohol action plan does. I am very confident that through the course of the next 12 months and beyond we will build that resourcing and you will see a far more integrated and effective response, which will allow us to ensure that right through the liquor licensing area those people who seek licensing and those people who wish to maintain licensing understand even more clearly their obligations to the community.

Mr WELLS — And the clarification on — —

Dr COUSINS — This is a complex question. Firstly, whilst the expected outcome is shown as a 7500 quantity there, in fact I would expect that we will achieve the target, but nevertheless that is a lower figure than, as you point out, the previous year. I think we have had some concerns about this particular output measure for some time. It has been subject to some ongoing review, and that was a recommendation made by this committee. The difficulty we have with this is that there is no differentiation between the type of case — what comprises that figure. So, for example, one High Court case which we have been involved in over the last year accounts for one output measure, whereas a warning letter also accounts for one output measure. So you have got a vast range of matters and responses within this measure.

It is true that there has been a substantial change over the last years in fact in the nature of the compliance and enforcement activity, and that has been consistent with the desires of Parliament, which has passed amendments to the Fair Trading Act. So, for example, what is happening now is there is much more emphasis on civil matters in the higher courts than there has been in the past, so that is affecting the output in terms of numbers. Obviously there is a vast difference in terms of the level of resource that goes into taking a High Court case than there is in terms of a simple visit and perhaps a compliance letter.

The other thing I would say — and another reason why we are concerned about these output measures is that they take no account of the proactive industry compliance work that we have been doing. So, for example, over the past year we have been running a number of industry forums — with the building industry, for example. That actually does not record in the compliance activity. So I guess what I am saying to you is the numbers themselves are quite misleading at the moment, and we are working on improving the output measure.

The CHAIR — Okay, maybe that goes back to my comment on gaming, that we are looking at outcomes rather than simply enumerating outputs. That is probably a bigger task.

Mr ROBINSON — Chair, I might just add one point of clarification — I do not think I quite understood the question that was asked, but I think I understand it now. Just to take up Dr Cousins's point, in the course of the last year, when you look at the total outputs and you just want to make an estimate of the number of outputs, and

this year what that would be, Dr Cousins is quite right; one of the landmark achievements of CAV in the last 12 months has been its pursuit of a credit case all the way to the High Court. It is resulting in a landmark judgement. The case involves Australian Finance Direct. The value of that High Court judgement will be felt right across the country, not just in Victoria — for consumers and the protection they can be afforded — but it will benefit consumers right across the country. As Dr Cousins says, that shows up as one item out of 7500, but in terms of value to consumers, it is worth its weight in gold. It soaked up a lot of resources, but in terms of outputs this year that it worth its weight in gold as an output.

Mr WELLS — Yes, I know, but the point is you are spending \$17.6 million and the press release screams that it is going to increase licence inspections and ensure compliance, but it does not reflect it here in the budget papers.

The CHAIR — Okay, the point has been made.

Mr SCOTT — Thank you, Minister. I refer you to page 178 of budget paper 3, which specifies an output which involves developing and administering consumer protection legislation, and I would like to ask you about what action the government has been taking — into the estimates period — since the consumer credit review was conducted to ensure that consumers of credit services are protected from exploitation.

Mr ROBINSON — Credit remains a very active area for CAV, both on the national front with work continuing at the ministerial council. We anticipate that on Friday in New Zealand we will be able to secure some agreements on further amendments to the uniform credit code. This has been work that has been under way for a number of years, and the workload, components of which are led by different states, is anticipated to continue for some time. Certainly the mood of ministers at that forum is that credit should be transitioned to a commonwealth responsibility. No-one is quite clear why it was not transitioned in that way some years ago when banking services and some of the financial and corporate regulation very much came under the purview of the commonwealth. Certainly there is a need for that to happen, but it is a little complicated by the fact that the uniform credit code is far from comprehensive, and the states do have capacities and prerogatives at the boundaries of that.

I should say we have taken steps to implement outcomes and recommendations made to us with the consumer credit review that was led by James Merlino, and late last year we introduced legislation which picked up on a number of those recommendations. We also convened last year a very productive affordable credit summit, and that involved CAV calling together a number of the major lenders: the Consumer Action Law Centre, the Brotherhood of St Laurence and the Financial and Consumer Rights Council. That was a very productive forum. I attended the opening of it. It has led to ongoing dialogue with those participants and out of that, a credit task force. The task force is exploring the feasibility of mainstream affordable small-amount credit, including whether existing initiatives need to be expanded to, whether new initiatives are required to be developed or both.

We acknowledge the work — and there is some very productive and genuinely good work being done by some — of the larger lenders. I am thinking of the National Australia Bank in particular, which has made a sizeable contribution to help get the no-interest loan scheme up and running in Victoria. That is still at a pilot stage, but it is working very well and I think is a signpost to what we might be able to do beyond this point.

As you in particular would be aware, we have undertaken some work with the payday lending or small loans sector. You would recall that I asked you to undertake some work, which is currently under way and I hoping to get a report back from you later in the year, about emerging practices. We do have in Australia a variety of responses at state level to how some of the payday lending practices should be regulated.

I make the point that I think within that sector there are some very good lenders and there are some very dodgy operators, and what I am hoping from your review is that we can get some clear indications as to how we should go forward. I do not think it is enough to simply come in and say, ‘This is the established lending sector; we think they are all reprobates, therefore we will heavily regulate them’, if it means that the better providers in that sector then say, ‘It is not worth our while staying; we will withdraw’, and then you leave vacant the question, ‘Who will fill that void?’, because someone will fill that void.

The CHAIR — The black market.

Mr ROBINSON — You do not want less reputable people coming into that space, because all they will do is seek to exploit people, with no concern about the consequences of that exploitation. That probably gives you

an overview as to where we are going, but I would expect by the end of the year we will get a fairly firm direction from the commonwealth as to the pathway it seeks to get greater harmony in an accelerated way with credit legislation across the country.

Ms MUNT — Will any of that discussion cover credit consumers who get a black mark against their name and find it very difficult to wipe that from the record — sometimes unfairly have a black mark against their name?

Mr ROBINSON — That is a very good question. The director is here, and the director will be meeting tomorrow with the officers of SCOCA. The director may have advice on that.

Dr COUSINS — Also that is a significant issue for the Australian Law Reform Commission. It is undertaking a review of privacy, and that includes the issues around positive credit reporting. That is a significant issue that CAV had commented on in the report that James Merlino had led, and a submission from the Victorian government went to the law reform commission around that subject.

Ms MUNT — Was that a public submission?

Dr COUSINS — Yes.

Mr RICH-PHILLIPS — Minister, I would like to take you back to the issue Dr Cousins discussed, with the level of enforcement and compliance activities. Across these budget papers from 06–07 to 08–09 we are seeing a doubling of the output funding, from 70 million to 140 million. At the same time there is no increase — there is a decline, in fact — in the number of licensing transactions and a decline by 1000 in the number of enforcement and monitoring activities. I take what Dr Cousins said about the High Court case, but is it the case that you have done the one case and therefore it has diverted resources away from all your other enforcement activities? Where has the 1000 decline in enforcement activities occurred? Is it the ‘please explain’ letters you talked about before? Where exactly has the drop-off been in the 1000 activities, and has that not taken place, presumably, as a consequence of doing that High Court case. With respect to the additional funding, how many additional liquor licences inspectors will be on the ground as a consequence of that additional funding that you spoke about earlier?

Mr ROBINSON — Let me deal with the last part of the question first. We have not made a determination as to how many. We have not put a quantum on it. That is a decision we will make based on the work that is still ahead of us. We are establishing the compliance unit. We will get advice from people within the department as to what the level of staffing is to give effect to what we seek to achieve, and I think it would be wrong to work backwards from a figure now and construct a number just around a staffing figure. But I envisage it will be more than we have got now, substantially more than we have got now, or it will be a resource that is capable of delivering greater inspectorial and enforcement activity than is the case now.

Just on your output measures, you mentioned 141 million to 70 million. Of course the figure has been inflated by the one-off allocation out of the property fund of 50 million for public housing. So because the property fund does make allocations under the act, every now and again that figure shoots up. It can be misleading in that sense.

I will make some general comments on the compliance function and will certainly try and give you a sense of where my head is at on this. Trader education, as the director has indicated, is and remains a key objective. There is an intersection of responsibilities in a number of our portfolio areas where our effectiveness is tied into the role of councils and police. Prostitution is a good example of this, where councils, CAV and police all have responsibilities, and if there is not an effective cooperative arrangement between those three agencies, you will not get ultimately the quantum of enforcement activity you would desire, because it will be too easy for one agency or another to say, ‘Well, really, you would be better off going over there’, or whatever.

Similarly, the way in which the law is constructed in some portfolio responsibilities — and, again, prostitution is a good example — the onus upon the relevant agency to prove the offence is quite burdensome, and is very, very complicated. You actually have to prove in that instance that not just was a sexual service offered illegally — that is by someone who was not registered or licensed — but it was actually provided, and the courts have determined over time that you need to be able to prove that that has happened on at least one occasion, so presumably two, in the space of a short period of time. The resource effort required to get a successful prosecution under the act as it is currently worded is very, very burdensome. You end up soaking up a huge amount of resource to try and ping someone with this offence. So what we have said there is we need to have laws that are more reflective of the expectations that you can ping someone with an offence, and in prostitution we have commenced some work that

will look at amendments — hopefully we will have those in the Parliament later this year — which will make the role of councils and police in particular, as far as prosecuting people who are acting in an unlicensed way goes, much easier. I am very keen to make sure we get the law right so that we can, when we put the resources in, get the output that everyone deserves — that is to get an effective prosecution. That is part of what is on my desk at the moment.

Another example from prostitution which will not come up in the stats, but again there is relationship with other agencies — through the course of the year CAV was able to do some terrific work in the prostitution area when they had a tip-off about a doctor who was providing health certificates in a very illegitimate way to sex workers. CAV undertook a lot of work on that. In the end that matter, I think, was referred to the medical registration board and it took the appropriate action. So it does not come up as something where CAV would have recorded a prosecution because there was nothing for us to prosecute, but CAV did a lot of the work. Again, the indicators as they are currently comprised do not necessarily give an accurate picture of the work that goes on behind the scenes and the sometimes complex relationships between CAV and co-joined agencies. Do you want to say anything further about that, David?

Dr COUSINS — I have perhaps just a couple of things to add. The doctor, by the way, was suspended.

Mr ROBINSON — Not this doctor — the other doctor.

Dr COUSINS — It is not just the one case in terms of major cases that we have had this year. We could get the details for you obviously, but just off the top of my head there are six Supreme Court cases this year that we have had. We have a number still under way. There has been quite a change, I think, in the nature of the activity. What I did not mention earlier, another area of activity which is very proactive, if you like, in dealing with problems, is the whole area of unfair contract terms. During the course of the year, for example, we have dealt with a range of problem areas. Fitness centres is one area where in fact we currently have two cases before VCAT. This relates to terms and conditions of contracts with customers, which are the source of many of the problems and complaints that we get coming to consumer affairs. These actions have the potential to spread and have an impact across the whole of that industry and so it is worth a lot of effort on those to get the precedents because it is very important. We do not make the law. At the end of the day in this area the courts and VCAT will pontificate on what the law is, and that will help to clarify things for those industries. So there have been some quite big matters there that we have dealt with that are not in fact in these statistics. For example, we dealt with Qantas over its frequent-flier program and achieved amendments to that to the advantage of all frequent-flier users ultimately, but there are quite a range of other areas there as well. Just in relation to the numbers game — —

The CHAIR — Quickly.

Dr COUSINS — Yes. The big drop-offs have been warning letters but also infringement notices. There has been some deliberateness about that. It is very easy for inspectors to write an infringement notice for a highly technical breach. We have been trying to avoid being overly technical, if you like, about these things. So our numbers of infringement notices are down. That has been an area subject to broader government policy thinking as well in relation to infringements. Another response and another area of growth, which again is more time consuming than all those, is around the area of enforceable undertakings. Whilst the numbers overall are down, some parts are up, and enforceable undertakings is one area. Again, that is a really important area for trying to determine, if you like, future compliance with the law. For example, in an enforceable undertaking we will typically get agreement that an organisation will adhere to the Australian compliance standard, which will help to influence future compliance activity.

The CHAIR — Thank you very much. We have time for two more questions.

Mr PAKULA — Minister, on page 178 of budget paper 3, the opening paragraph of ‘Protecting consumers’ says:

The output ensures that consumers are protected through appropriate regulation and education that promotes awareness and compliance with consumer laws, specifically focusing on the needs of vulnerable and disadvantaged consumers ...

In that context I just want to ask you if you could take us through the steps that you are undertaking over the forward estimates period to protect tenants?

The CHAIR — Yes, including university students too.

Mr ROBINSON — Yes, I knew we would get there eventually. Last year we launched — and I think we had given an election commitment prior to that that — a residential tenancy review. We had a residential accommodation discussion paper, and we had about 50 submitters to that. Out of that there were three major concerns.

The first was with student accommodation. It has been the case in Victoria since the early 80s that the Residential Tenancies Act provides what is not far off a self-exemption for an accommodation provider who can claim some connection with a university or tertiary institution. If you are in that position and you are located near Melbourne University — and I do not think you even need a formal letter from the university — you can declare that you are exempt from the provisions of the act. Over time that has led to, I think — and it has been pointed out to us in the submissions — some substantial disadvantage to students, particularly overseas students, in that they are not covered by the same protections as other tenants. That was the first area. The second area relates to the rooming houses and boarding houses. A lot of MPs would have some familiarity with where they are poorly managed. It creates major amenity issues.

The third was to do with residential parks. I know that Summerhill Residential Park is in Mr Scott's part of the world. With residential parks people can purchase an accommodation unit on a park but not actually own the land on which it stands. The law is written in a way that has not kept pace with the emergence of residential parks. The law is such that if you want to seek protection under the act you have really got to go off to VCAT and argue that for the purposes of the act you actually live in a caravan park, because the caravan park definition gives you protection. That is how the world has changed, and it sort of relates to the point I made earlier about legislative modernisation and ensuring that acts are appropriately keeping pace with the way the world is changing. What we have signalled so far is that we will be taking action in respect of student accommodation, and we will be tightening up the exemptions. It will not be up to people to simply say, 'I am an accommodation provider; I have got some proximity to a university and I am going to declare myself exempt'. We will actually put in place some tests for that. I am not saying we will close that off entirely at this stage, but we do intend to tighten up the eligibility for that.

The CHAIR — That would be good.

Mr ROBINSON — In respect of rooming houses and boarding houses, we have signalled, as per the request that was made by a number of councils, that we will align the Health Act regulation on rooming houses and boarding houses with the definition under the Residential Tenancies Act. This will ensure that councils are able in more cases to go down and apply the Health Act where there are complaints about the way boarding houses are being run. That is a regulatory change that the health minister will oversee.

These will contribute to a better environment for tenants, but they are only the start of the work. We have got an interdepartmental committee established to start looking in more detail at rooming houses and boarding houses, and beyond that at the residential parks. The essential problem is that in both of those cases you can end up dealing with bad operators. It is like a lot of things in life, there is no law that says you have to be a good person, unfortunately. The problem is where you end up with a bad rooming house or boarding house manager — and there are a handful of them around Melbourne. They do not seem to give a hoot about the hardship they cause. They seek, I think, unreasonably to exploit people, and you have got to have a framework that deters them without making life impossible for all the other people in that line of business who are trying to do it with a good reputation and do it in a good way. There is a lot more work ahead of us on that.

Mr BARBER — I am interested in compliance around the area of those laws that govern retirement villages; those body corporate style arrangements. Can you tell us what your likely compliance activity is in this area, and also who is the third party advocate that you fund? If people have a problem in this area, who would they go to?

Mr ROBINSON — I will refer the second part of that question to Dr Cousins. We do get ongoing correspondence from retirement village tenants at times. That is often in the case where the family member has died. They want to know what is going to happen to the unit and the way in which the entity will deal with that. That often creates some difficulty. We have had some amendments to the law and further amendments are in train to deal with some of these aspects. We intend that the effect of the changes will be overall to bring the entire sector up to a higher standard of compliance and uniformity. There are some differences in the way some of these centres work.

Insofar as the second part of your question concerns who do we fund, I might pass to over to Dr Cousins.

Dr COUSINS — Part of the law changes that the minister mentioned are related to the requirements on retirement villages to have in place dispute resolution mechanisms. Understandably a lot of people in retirement villages feel vulnerable and are reluctant to complain, so that is an important step. Consumer Affairs has funded for the last two years the establishment of an organisation called the Residents of Retirement Villages. It was auspiced through COTA, the Council on the Ageing. I think that is an important group to advocate for residents to us, the regulator in the industry.

The CHAIR — Thank you very much. Minister, just one final point about the response to question 12 on the questionnaire in regard to table 4.2 in budget paper 4; it would be good if you could reconcile the figures on liquor licence fees.

Mr ROBINSON — Sure.

The CHAIR — I note there is a misprint in the budget paper. I will talk to Treasury and Finance about that one. That concludes the consideration of the budget estimates for the portfolios of gaming and consumer affairs. I thank the minister and departmental officers for their attendance today. The committee has a couple of issues that it will follow up. Some questions will be forwarded to you in writing at a later date. It is requested that a written response to the matters be provided within 30 days.

Witnesses withdrew.

Transcript of evidence

7.3 Corrections portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

Transcript of evidence

7.4 Gaming portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 21 May 2008

Members

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

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr A. Robinson, Minister for Gaming,
Dr R. Kelleher, Acting Secretary,
Mr R. Kennedy, Executive Director, Gaming and Racing,
Mr A. Clayton, Project Director, Gambling Licences Review, and
Ms J. Shinn, Executive Assistant to Executive Director, Gaming and Racing, Department of Justice.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolios of gaming and consumer affairs. On behalf of the committee I welcome Mr Tony Robinson, Minister for Gaming and Minister for Consumer Affairs, Dr Roslyn Kelleher, Acting Secretary of the Department of Justice, Ross Kennedy, executive director, gaming and racing, Alan Clayton, project director, gambling licences review, and Jennifer Shinn, executive assistant to the executive director, gaming and racing. 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 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 procedures in this 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 being given today is being recorded. Witnesses will be provided with proof versions of the transcript. The committee requests that verification be forwarded to the committee within three working days of receiving the proof version. In accordance with past practice the transcripts and PowerPoint presentations, and any documents tabled, will then be placed on the committee’s website. Following a presentation by the minister, committee members will ask questions related to the budget estimates. Generally the procedure follows that relating to questions in the Legislative Assembly. There are no supplementaries, and you are meant to try to keep to 4 or 5 minutes in response, Minister. I ask that all mobile telephones be turned off, and I 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 gaming.

Mr ROBINSON — Thanks, Chair and committee members, for the chance to be here. I am going to start with a qualification — I think we got some technology problems.

Dr KELLEHER — We do. We are dependent on the paper.

Mr ROBINSON — We do have some technology problems.

The CHAIR — But you have handed out something to us, and I am sure we will be able to carry on.

Mr ROBINSON — I will discuss briefly the gaming portfolio outputs, then I will turn to some gambling regulation issues, the gambling licences review, developments in responsible gambling policy, the government’s actions in addressing problem gambling, and then I will just conclude with an overview of priorities for 2008–09. The gaming and racing portfolios, as you would be aware, are supported by the Department of Justice. My comments will be confined to the gaming component of that portfolio. I understand the Deputy Premier is before you next week, and he can deal with the racing issues. The portfolios account for 2.2 per cent of the department’s total budget — 3.6 billion. The budget for the gaming and racing portfolios in 2008–09 is 72.2 million, and two-thirds of that is dedicated to funding the VCGR — that accounts for 19.5 million — and taking action on problem gambling policy, 27.7 million.

Other funded activities include policy and research functions, including national gambling research activities that are administered by Victoria, and funding for the gambling licences review. The VCGR continues to be regarded as one of the pre-eminent gambling regulators in the world. That is something we are determined to maintain. Its budget, as I said, for 08–09 is 19.5 million — that is a rise of about half a million. The commission’s activities are geared towards achieving a fair and crime-free gambling industry in Victoria — something I think all of us would acknowledge it has done a very good job at over the past 15 years or more — which is operated in a responsible manner. The commission regulates commercial gambling activities, including electronic gaming machines — poker machines — lotteries, the casino as well as community and charitable gaming, such as raffles, bingos, lucky envelopes and the licensing of venues and employees. The commission comprises a chair, deputy chair and a full-time executive commissioner, supported by staff from the Department of Justice.

Just as a rough guide, there were some 522 gaming venues across the state as at 30 June last year — and the casino, of course — and the VCGR in the last year conducted 1651 gaming inspections. So if you want to work in averages, that is about three inspections per venue. The gambling licences review is the major focus of the Office of Gaming and Racing’s work in 2007–08 and will continue into next year. As you would be aware, last October we

announced the outcome of the lottery licence process, and we are now in the transition phase. From 1 July lotteries will be run by two companies in this state — Tatts, which will maintain the block lottery products and Intralot, the new entrant which will run the instant or non-block lotteries, or the ‘scratchies’ as we say.

In April this year we announced the reconstruction of the remaining gambling activity — wagering, Keno and gaming. I will not go into great detail, but I think you are all aware of the decisions there. We will have a single Keno licence beyond 2012; we will have a venue-based gaming model; and we will have a single wagering and betting licence. There is a lot more work to be done as we go into transition, not just through to 1 July with the lotteries but through to 2012 with the remaining gambling activity.

On responsible gambling activity, I am sorry we do not have the slide, but we did present some material here about Victoria relative to other states. I just want to make a brief comment there. Victoria still maintains the lowest number of gaming machines per 1000 adults after Western Australia, which has only machines in the casino. New South Wales has 100 000 machines, nearly three times as many gaming machines per 1000 adults as Victoria. They have a ratio of, I think it is, 19.7 machines per 1000 adults, compared to Victoria, which I think at the moment is about 6.8. Because we have got a fixed number of machines and the population is growing, by the end of the new gaming arrangements in 2022 we anticipate that that density will shrink to under six to about 5.8.

We have the highest taxing arrangements for gambling revenue in Victoria; we make no apology for that. About 82 to 85 per cent of those taxes find their way into the health services. Problem gambling expenditure in Victoria in 2006–07 — the last time we have been able to actually get comparable figures together — was just under 20 million; New South Wales, 11.3; Queensland, 3.8. A further comparison, just in policy measures, on ATMs precommitment research on problem-gambling counselling we are well ahead of those other jurisdictions.

Further announcements in the current year in terms of responsible gambling policy, we have announced policy on precommitments, so all new machines that come into the market after 2010 in Victoria will be required to have a precommitment feature. We also made a further announcement on ATMs. We had in place a policy through legislation last year that would limit the amount that could be withdrawn per day from ATMs at gaming venues to \$400 per account, but in fact we have now gone further and said that all machines would need to be out of all parts of gaming venues by the end of the current licensing period. What you will find is that in effect at the end of next year a large number of machines will be pulled. So we are setting the pace on that policy.

Taking Action on Problem Gambling has total funding of \$132 million, and work is progressing in a number of the action areas. The total expenditure in 08–09 under Taking Action on Problem Gambling is close to \$28 million, and in the current year it is in excess of 20 million. We look forward to the coming year — and I will just finish on this — and obviously the gambling licensing arrangements will continue to receive our attention. We will continue to fund, with even more funding this year, the ‘Taking action on problem gambling’ action areas. There will be a new provider for the Gamblers Help telephone, and web-based problem gambling services will be extended. The centre for problem gambling research and treatment will take the next stages in its development. We will be launching a new problem gambling community awareness and education strategy, and we will be doing some very active work, I anticipate, with other states and certainly with the commonwealth, as we see the COAG gambling council reactivated, welcomingly, after about an 18 months hiatus. We hope to have that next meeting in Melbourne because we believe we have got a good story to tell.

The CHAIR — Thank you very much, Minister. I have asked the department previously about subsidies and concessions et cetera, and I think it is going to provide any further information that it has. That is probably more relevant to other parts of the department.

Mr ROBINSON — I have got some advice on that, Chair, if you would like.

The CHAIR — Yes, sure.

Mr ROBINSON — I anticipated this question. The only obvious response to that in the gambling portfolio would be the differential in tax treatment between clubs and pubs. Pubs pay the 8.33 per cent and clubs do not. I think the budget papers account for this differential in budget paper 4 as about 67 million, I think. That is what we estimate is the differential. There are other red tape reduction measures. That could be a later question we could address you on.

Mr WELLS — It is question 6.

Mr ROBINSON — Your question 6? You are doing well to get six questions, Kim.

The CHAIR — Keep going, Minister.

Mr ROBINSON — We have anticipated a review of bingo arrangements. We have some draft regulations out on bingo, and they will reduce the red tape burden, especially for some retirement homes and church groups. We are also doing some work on a very old rule in pubs and clubs, the sign-in rule. We are not sure that that has any real relevance today. It is a burden on clubs in particular, and we will be looking at that as to whether that could be updated to reduce the burden.

The CHAIR — If you could expand on that and give us a written response on that in detail, it would be good.

Mr ROBINSON — Sure.

The CHAIR — Particularly when we are trying to work out what subsidies and concessions there are, including some implicit ones like the one you identified. It is quite large; \$67 million is really quite considerable, particularly when you are going forward in your policy, which is obviously is not going to come in for a number of years, there are going to be further differentials between the clubs and the pubs in respect of gaming.

Mr WELLS — Minister, I am just looking at your ‘Addressing problem gambling’ and the announcement in 2006 with total funding of 132.3 million. That is over what period?

Mr ROBINSON — Five years; it is through to 2011, I think.

Mr WELLS — Which leads me into the question I wanted to ask. This committee recently reported that the government’s problem gambling communication campaign was actually cut between 05–06 and 06–07. How much will be allocated to that particular campaign in 08–09 and the forward estimates?

Mr ROBINSON — I would take issue with you to say it was cut. I think it was an underspend as to what might have been estimated before. It was not actually cut. I do not think a decision was made to actually cut it. The actual figures you were looking at were a product of what was actually placed in the market in terms of advertising. Advertising is a key component of the suite of problem gambling measures. Estimates are made about the per annum spend, but the actual spend depends on a range of factors. The advantage of having a program that runs over five years is that any underspend or in any year where we do not meet the projected spend, that money is carried forward. So it is not lost to the program; it is actually carried forward and it is a resource that can be applied in the following year.

The 08–09 spend is likely to be around \$3 million; it might be slightly more. It will coincide with a new advertising campaign and tougher in-venue messages. What we do formally in advertising complements a lot of what is done outside that strict advertising spend. The focus increasingly with advertising is to identify the timeslots both through the year when gambling expenditure is on the increase — because it is cyclical; it goes up and down through the course of the year, and that is a well-established pattern — and by deduction problem gambling goes up and down a bit through the year. Also the trick with advertising is to try to place it at the best times during the week. So if you are like me and you happen to listen to the races on the weekend, you will find that 927 has a lot of ads over the course of a Saturday afternoon. I think it has one between most races. I think we place about 2500 spots with 927 through the course of the year. There are also some practical issues that confront the people running the programs about where to place ads — for example, in last year’s federal election you just could not get spots between about September and December; you just could not buy spots at all, and if you could have found one, it was probably going at three times the rate because of the demand from other sources. I am happy to let Ross Kennedy provide a little bit more advice, if you like.

Mr WELLS — Yes, it is just, I guess, the spend over the forward estimates period on this campaign.

Mr KENNEDY — As the minister said, we have a five-year time frame for ‘Taking action on problem gambling’, and within the budget we have a dedicated component for community awareness, of which advertising is the major feature. The spend will be up and down according to the sort of advice we get on the best timing for awareness campaigns and the availability of media from time to time. The commitment is therefore full expenditure over the period.

Mr WELLS — How much will that be for advertising?

Mr ROBINSON — Over the course of the whole five years or the remaining part of the program?

Mr WELLS — For starters, over the five years, how much — —

Mr KENNEDY — Over the whole five years it is 37.5 million.

Mr WELLS — And the 08–09 is 3 million?

Mr ROBINSON — Three million. But I think the figure Ross is quoting from probably includes advertising and some others.

Mr KENNEDY — It does. It is the whole promoting package.

Mr ROBINSON — There is no dedicated action area there that just talks about ads placed, because ads placed, by themselves, are not a firm enough guide as to what you are doing in activity in the area. You can run lots of ads, but if you do not have the counselling services for people to connect into, the ads themselves are less meaningful.

Mr WELLS — So it is \$37.5 million over the next five years.

Mr ROBINSON — In that relevant action area.

Mr KENNEDY — Promoting healthy communities is the action area.

The CHAIR — What is the five-year period?

Mr ROBINSON — Through to 2011, so that is in the remaining part of — —

Mr WELLS — But with regard to the problem gambling communication campaign, are we talking the same — —

Mr ROBINSON — No, my understanding is the communication campaign talks about ads and others, does it not? It is not just ads.

Mr KENNEDY — It is the promoting healthy communities action area of ‘Taking action in problem gambling’. A component of that is the communications campaign. A large part of the communications campaign is the media buy, but there are other elements. The total campaign cost is 37.5 million over five years.

The CHAIR — But there are also some community grants in this I know for local action, which might be sort of getting diversion tactics — —

Mr KENNEDY — That is right. We can break that down for the committee.

Mr ROBINSON — It includes an education component as well.

The CHAIR — Maybe you can give us something in detail on it.

Mr WELLS — Can we just clarify that the 37.5 million is for the healthier communities?

Mr ROBINSON — That is for the action area.

Mr KENNEDY — The action area promoting healthy communities.

Mr WELLS — How much is just the advertising campaign?

Mr KENNEDY — Which is part of that, which I will have to come back to you with a breakdown.

Mr WELLS — Right. Can we have that on notice, on how much that will be? Also how do you assess the success or otherwise of the ads that you are placing? What strategy do you have in place to check whether it has been successful or not?

Mr KENNEDY — We are into the fourth phase of the community awareness campaign, and after each phase we commission an independent evaluation of the effectiveness of the campaign, largely measured by awareness levels. Each of the three phases to date at the evaluations has led to refinements of the subsequent phase, but confirm the effectiveness in each case.

The CHAIR — I might add that our report on the financial performance outcomes has a recommendation seeking to strengthen the evaluation processes of advertising campaigns. We expect a response from the government within the next few months.

Mr ROBINSON — I might say, Chair, I had a discussion with Jenny Macklin briefly last week because she has been asked by the Prime Minister to provide the gambling ministers or gaming ministers forum, and there is a meeting I think foreshadowed in July. One of the things I think we will be advancing quite strongly to the commonwealth is that there is the opportunity to try to develop some standard methodologies across the states, because we put some information together about the comparison of problem gambling expenditure, and we are very confident we are miles ahead of the other states. But in fact there are no common measuring tools here, and I think ultimately that is what we need in this country. We need to have a debate in which we can compare best practice.

The CHAIR — I think we are all pulling in the same direction on this.

Ms MUNT — Minister, you touched briefly in your presentation on gambling licences review, and if I could just refer you to budget paper 3, page 162, under notes, no. (i), it says:

The 2008-09 budget includes funding for the gambling licence review.

I would just be interested if you could give me some more details on the post-2012 industry structure.

Mr ROBINSON — Fine. It has been a huge component of the work of the Office of Gaming and Racing, supported by the department, over the last three or four years, but particularly the last year, and it will continue to be a huge component of the work going forward. The government's decision was based on — and I say this to pubs and clubs; I am doing a lot of forums at the moment with them explaining the announcement — essentially the four Cs. What we have adopted is a more competitive environment. We had the national competition policy review of the gambling industry in Victoria back in 2000 or 2001 and it concluded — and it was made public at the time — that a duopoly was not as competitive in terms of the outcomes and the benefits delivered to the community. We said at that time that we would have a more competitive environment, so heading to a venue model and also allowing for the Keno operations to be hived off and offered as a sole licence. Currently they are not. It does provide for that competition. Similarly, offering the wagering licence to the market and allowing bidders to compete for that business is good.

With lotteries, I think we said last year that the value of competition to taxpayers over the course of the next 10-year period can be measured in hundreds of millions of dollars. Typically in Victoria what we have done since the 1950s — governments of both persuasions — when Tatts first came in, at the end of any licence period, Tatts was invited to the back room, cup of tea, scone, licence extension, money paid over. No-one ever knew whether that was good value. We have clearly said competition going forward is a key component so that taxpayers can be more confident about the value they are delivering. These licences or entitlements are worth something and taxpayers expect us to deliver best value.

We also said that the changes going forward deliver control and certainty to the gaming industry, to pubs and clubs. One of the weaknesses of the gaming system as it is currently constructed is that the operators own the machines, so they get to decide where they will be moved. It does not matter what your relationship is with a gaming company, in a pub or a club, you can have the company ring you and say, 'You are doing a good job, but we are moving them'. In fact there are some clubs which will pick up the paper and read that there is some proposed development. In fact the machines are coming from them. Under the system going forward from 2012 pubs and clubs will have the ability to secure entitlements, and if they have entitlements they will have control and certainty about those for the full 10-year period. They will have the ability to trade them. It is also about community where removal of the licensed operators means in the first instance their share of the revenue is available to the pubs and clubs. Ultimately under the model we are proposing, more of the benefit of gaming activity rests with the community. We think that is a positive.

At the moment we have just gone through lotteries and we are transitioning through to 1 July with the wagering, Keno and gaming. There is a lot more work ahead of us. In the first instance we have consultations with the racing industry. We gave an undertaking that we would do that and that is to get to a point where we have had discussions about what constitutes 'no worse off' for their funding stream beyond 2012. We are also doing some post-announcement work. I am talking to pubs and clubs. We will have a formal communication program beyond that with all stakeholders, because it is important with the independent review panel in place that all stakeholders are treated equally and have equal access to information, so that will be done formerly once we get into June or July. We will move towards a registration of interest stage for the Keno and the wagering licences, and that we anticipate in the second half of this year. We anticipate that will probably take about 12 months or 18 months to work through to conclude those matters. We are also doing a lot of work in formulating the policy around the transition through to venue and pub ownership of the machine entitlements. That will require a lot more intense work and modelling; we have to work through what the appropriate sliding tax scale will be. There is a lot more work in the second half of the year and we are going to have a very, very active time.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the Merkel review and how it is funded. The budget allocates 9.1 million for the gambling licences review. Does that include funding for the Merkel review, as apparently it did last year, according to Minister Andrews? What funding is provided for the Merkel review going forward each year, and how are the members of that panel remunerated; is it on a per-meeting basis or a fixed fee?

Mr ROBINSON — I will just say briefly that the Merkel panel is doing a very good job. The Merkel panel under the legislation, I think, has delivered three reports to the Parliament and will continue to deliver reports to the Parliament. It can do so at the panel's volition ; it does not need our permission to indicate it wants to make a report ; it has that unilateral power. The staffing components are separate. In terms of the funding required, pretty much the funding that is required, as is indicated by the panel is needed, is provided; we do not have arguments about that because it has got an important job to do. The actual panel's operation, I think, through 07–08 cost about 700 000.

Mr CLAYTON — Seven hundred and fifty.

Mr ROBINSON — Seven hundred and fifty. There is a larger allocation made for the whole gambling licences review. That is a much larger team of people, and again we make no apologies for that because this is a monumental piece of work. But I might let Ross Kennedy and Alan Clayton, who heads the steering committee, comment.

Mr CLAYTON — The point about the 08–09 budget is it is an aggregate budget, which would include costs for the IRP, the independent review panel, and the gambling licences review. There is no set break-up in the aggregate figure, so the budget figures that you have got of \$9 million allocated in the 08–09 budget going forward and equally the independent review panel costs were taken out of the overall budget for the gambling licences review in 07–08, the current financial year.

Mr RICH-PHILLIPS — The minister said it was 750 000 for 07–08.

Mr ROBINSON — I think that is right.

The CHAIR — That is the expected cost, is it, at this stage? There are still a few months to go.

Mr ROBINSON — Yes, for this year, for the actual independent review panel.

Mr RICH-PHILLIPS — For the Merkel panel. Do you anticipate that will be consistent going forward?

Mr CLAYTON — If I could answer that, Minister?

Mr ROBINSON — Yes, sure.

Mr CLAYTON — It is not easy for us to anticipate what the expenditure will be because, as the minister said, the independent review panel will determine when it is going to report. So it is not clear to us at the start of the year how it is going to report and when it is going to report. As the minister said, the funding for the independent review panel will be made available as needed, but at this stage we do not have a forward plan in terms of the budget because they will determine, as the review proceeds, as the licence allocation process proceeds, at a number

of points along the pathway when it is going to report, and how much work it takes it to report is really a matter that crystallises as it goes.

Mr RICH-PHILLIPS — So how do they obtain the relevant funding? If Merkel decides that he wants to report on issue X, he then has to come to the department seeking funding to actually go through the mechanics of reporting?

Mr CLAYTON — He submits his costs. As he goes he submits costs.

Mr RICH-PHILLIPS — So he does not need to seek — —

Mr CLAYTON — He does not seek clearance, he just submits costs.

The CHAIR — So you make a reasonable estimate.

Mr ROBINSON — That is important. In order for people to be confident that he is doing his job in an unfettered way — and the reports he is delivering are certainly frank and fearless — it is important that he does have that discretion, much as it is at odds with what we would consider to be established practice in controlling costs. He has an important job to do and to this point in time he has been able to do that very well and we anticipate that arrangement continuing. He will be delivering reports for some time yet.

Mr RICH-PHILLIPS — The other part of the question was the remuneration of members of the panel. What are the arrangements there?

Mr KENNEDY — It is prescribed on a daily sitting basis, but I do not have the figures with me; we can certainly supply them.

The CHAIR — Okay, we will take that one on notice.

Mr PAKULA — It is per sitting?

Mr KENNEDY — Per sitting, yes.

Mr RICH-PHILLIPS — And can you tell us how many sittings there have been of the panel?

Mr KENNEDY — We can come back to you with that.

Mr PAKULA — Seven hundred and fifty thousand bucks worth!

Mr CLAYTON — We do not keep a record of that and I do not know whether they do. The only way that we can really — —

Mr RICH-PHILLIPS — Presumably if they are claiming per day they would have to submit the number of days that they sit.

Mr CLAYTON — The only way we could provide advice to you on that is what their aggregate expenditure is for the period that you would request advice on, so, as we said, what the expenditure was up to this stage. We would just receive their costs as they go and then account for it at the end by aggregating out what its expenditure is for the year.

Mr RICH-PHILLIPS — Would they not be making a daily claim — if they sit 10 days, for 10 times the sitting fee? Would not the department hold that information?

Mr ROBINSON — I think what you will find is their sitting arrangements vary depending upon the load. There was a lot of work in the lead-up to the lotteries decision. But through the course of the year their workload will ebb and flow a little.

The CHAIR — Okay, if you provide what information is available to us on the basis of that information we would appreciate it.

Mr SCOTT — I refer you to budget paper 3, Minister, pages 180 and 181, and the ongoing enhancement of the regulatory environment. Can the minister update the committee on the government's overall problem gambling strategy and how it will be progressed through this budget?

Mr ROBINSON — Thanks for the question. Again, I am sorry, we do not have the slide. There is a lot going on in terms of problem gambling strategies and the regulatory environment. I think that is what you are asking about in particular. We do intend to increase the expenditure under the program in 08–09 to 27.7 million. So a number of areas in this program have been scaling up through the course of it. Of that, around 11.8 million has been provided to the gamblers help agencies and to statewide initiatives promoting enhanced services for culturally and linguistically diverse and indigenous communities. Treatment services are very much at the fore of taking action on problem gambling, and the gamblers help service system is undergoing significant reforms through the course of this year, including a raft of new service enhancements that ensure problem gamblers and their families receive the most effective treatment options. We have significantly redeveloped the gamblers helpline service. It is the intention it will be able to offer scheduled therapeutic counselling, self-help materials, online counselling, 24-hour-a-day, seven-day-a-week, face-to-face appointment scheduling for gamblers help services. These new service enhancements are intended to complement the current service provision of the telephone counselling services across Victoria.

Last September we launched the Melbourne University and Monash University joint centre for problem gambling treatment and research. That was through an allocation of \$4 million, and we look forward to that developing. I might briefly speak about some of the things that will be doing. It is headed by Professor Alun Jackson from Melbourne University. It also has a centre director, Professor Shane Thomas, from the faculty of medicine at Monash University; two senior research fellows, two research assistants and an administrative officer. The centre intends to undertake internationally competitive gambling research to look at things like the epidemiology of gambling forms, risk and protective factors in relation to problem gambling, longitudinal studies of youth gambling, family violence gambling, and how people cope with depression in gambling, an important link in the chronicity of problem gambling and the phenomenon of natural recovery. We really look forward to that being advanced further in the coming year.

We have other legislative changes. We had legislation passed through Parliament last year that required major industry participants to have in place responsible gambling codes of conduct. Both of the licences that came out last year with lotteries for the first time have responsible gambling conditions in them. Responsible gambling conditions will continue to be part of the licences going forward, from Keno. We also have the Responsible Gambling Ministerial Advisory Council. I will be seeing them again at their next meeting, and we look forward to them doing some work with us on the ATM policy. We have invited them to help us work up what an acceptable exemption policy would be for small towns where the ATM in the gaming venue might be the only ATM in the town; they will do some work on that. I have spoken to Professor Singh, who is the chair, and invited him to assist us in working on our policy of precommitment and how we might find a suitable standard of precommitment mechanisms for all machines. There is a lot happening at the moment, and we are going to have a very active year ahead.

Dr SYKES — My question relates to the lottery review. As I understand it, the budget papers forecast a 10 per cent increase in lottery taxation revenue compared with 07–08 — up to 354.8 million. What is the sensitivity of this forecast to any failure by Intralot to be up and fully operational by 1 July? The background to that question is that there is a rumble in the jungle out there amongst —

The CHAIR — You do not trade rumours, I am sure.

Dr SYKES — The Nationals member for Northern Victoria Region is out there on his tom tom beating his drum. That will be picked up in a moment by the slower thinking members. The issue is that we are particularly concerned about the \$10 000 up-front fees. It has been estimated by some people in the industry that they may have to generate an extra \$60 000 worth of sales to cover the additional costs. What is the impact if Intralot does not get up and running; and what are you doing to address these concerns that appear to be soundly based about increased costs for the operators and therefore the potential impacts on their profitability and access of these products to small communities?

Mr ROBINSON — That is a fair enough question. We are conscious of some anxiety amongst agents. I have met now with the Lottery Agents' Association, I think, on three occasions. I met with them early this week, or

it could have been late last week. Our license of course is with the lottery companies, not with the agents directly; their relationship is with the lottery company. What we said as a general statement to all — we say this to lottery agents and we say this to some clubs that I have spoken to about the changes in gaming — is that the government's first obligation is to taxpayers right across the state. We make decisions in the case of lotteries [inaudible] particularly the value we can return to taxpayers. The decision as I said last year to go with two lottery operators is one that will, on our best estimate, return far more to the state than if we just kept with one. The agents have had a number of complaints. In the first instance there was some disquiet about the way Tatts was handling its arrangements with a number of the lottery agents. There were a small number that only sold lottery tickets, not in mixed businesses as such, and there was some toing and froing between Tatts and those agents about their ability to sell Intralot products. We have worked through that and got a satisfactory resolution. We are pleased about that. Eighty-five per cent of lottery sales are actually Tatts products. That is where the bulk of sales remains.

We have also had some more recent issues with the way in which Tatts and Intralot will share counter space, if you like. In part, this is about two companies just getting used to each other. There is a bit of chesting — young bucks on the paddock testing each other out. The agents in more recent times have had some concerns about Intralot's preparedness for the changeover. We signalled to them that — and I am in the process of writing to Intralot about this — we expect them to fulfil their obligations to the state to have things perform up to the standards that we set. If they are not, we have the ability to fine them, and we have indicated that the state will not be shy about doing that if they have made commitments and cannot deliver on them.

There will be a requirement for lottery agents to equip themselves under the agreement they have with the new licence holder, Intralot, with the right equipment and machinery to undertake those sales. What that involves is really a matter for Intralot and the agencies; it is not something we get involved in. As we said to some agents, the licences were going to be renewed. From 2008 onwards we were going to have a different scene, so the arrangements to support that, including what they would be required to undertake with the new licence holder, were there for everyone to see. There would be costs to be borne. We will continue to work with lottery agents to try and ensure that the transition works as smoothly as possible. I know there are some concerns about the way in which Tatts will withdraw some of its scratchy products before 30 June. We are approaching Tatts to talk to the agents directly, to try and assure them. I think some of the claims around some of the anxieties are probably a little misplaced, and we will be able to deal with those.

The entry of a new player is the other thing. Sorry, there are two things. As we go to 30 June, the requirement that tax withdraw products will probably mean that they will have some bonus draws and have to distribute the pool winnings so they do not have anything left over by 1 July. Similarly, the new entrant from 1 July would probably be foreshadowed with a fairly strong advertising campaign. So I think it is swings and roundabouts in all of this, but we are confident both for agents going forward and for taxpayers generally that the decisions we have reached are in everyone's best interest.

Dr SYKES — Chair, just a clarification: do you expect Intralot to be fully operational by 1 July?

Mr ROBINSON — I do not know that we said they had to be fully operational. I think we required that they have their full range of products available but, Alan, you might want to talk about this.

Mr CLAYTON — There is a plan that is contained within the licence about how the games will go forward, so there are certain dates for certain games in the plan. I think, just adding to what the minister has said, both Tatts and Intralot were required to put a transition plan to the VCGR for their consideration, and the VCGR has approved Intralot's transition plans, so the progress is on target in the context of what the licence conditions require.

Dr SYKES — Chair, just clarifying the general answer that the minister gave: as I understood it, Minister, you are saying the primary responsibility is to all Victorian taxpayers?

Mr ROBINSON — Correct.

Dr SYKES — But if the implementation of a new system results in substantially increased cost, and operators are going to need to generate at least \$60 000 more income to cover those costs, is that not discriminating against small operators and therefore, by default, small communities, and particularly in my case, rural communities?

Mr ROBINSON — An agent in the city might run the same claim as an agent in a rural town. I do not know that there would be any difference based on that.

Dr SYKES — Yes, there will be small operators in the city but there will also be a lot of small operators in small country communities.

Mr ROBINSON — Any transition will require readjustments. One of the things that we have done is agreed to an Intralot arrangement where they will offer a higher commission on some of their products than is currently the case with Tatts — I think 10 per cent commission rather than 9 per cent commission. I am not wanting to get into the absolute nuts and bolts of what Intralot's arrangement would be with agents. I think there is probably room for negotiation, and Intralot needs those agencies as much as the agencies will be requiring Intralot. I think some of the claims you hear might be accurate, some may be inaccurate. There is a lot of anxiety but we are confident that as we move through the transition phase, we will get to 1 July and some of these concerns will have been allayed.

Mr PAKULA — Minister, you talked earlier in the answer to one of the previous questions about some discussions you have had with Jenny Macklin. You also, on page 180 of budget paper 3, talk about the establishment of consultative processes. In that context I am wondering if you can just outline to the committee in some more detail what provisions you have put in place for working cooperatively with both the commonwealth but also with the other states over the forward estimates period in some of these areas?

Mr ROBINSON — One of the things I have been keen to do as a relatively new minister in this portfolio is to try and advance this discussion but at times it is a pretty set-piece discussion — you have got people who are opposed to the industry, people within the industry. I think actually we have got to accept that gambling activity is a legitimate activity. It is very much a big industry. It employs I think some 50 000 Victorians. It employs a lot more people around the whole country and it needs to be regarded as that. But what the community wants, not just in Victoria but elsewhere, is to see that we are constantly attentive to the need for it to run responsibly, and I think it is difficult to do that if we do not have a ready interchange with other states. The COAG forum, the gaming ministers forum, is the appropriate place to do that. We were pleased to hear that the commonwealth was wanting to revive this because we think that it can only deliver good. It can only deliver a forum in which states are more readily comparing themselves to each other.

As I said earlier, we have got a good story to tell. Decisions over the last few months in particular, I think, have placed us firmly at the forefront of gaming policy in the country. I was just talking the other day to the AHA. If you compare us with New South Wales, where this is a public health matter — we are talking about the smoking bans, it is not strictly a gaming matter — they moved to smoke-free venues, like we did, but then they allowed outdoor smoke areas. Now we to some extent allowed that, I guess, but they have gone to that in a big way. Now they have allowed machines to be moved out into the smoking areas. That is just backsliding on a huge scale. They just do not take that public health message or the connection with problem gambling at all seriously. We think that is a regression, not a progression. The fact that they do not have to get into a forum and be asked as to why they are doing that is not good. We would like to see the ATM commitment. I suspect over time that will become the national standard — the removal of ATMs from all venues. Is that my phone? I do apologise for that; it is normally on silent.

I am strongly of the view that precommitment is going to become a national standard, and that is because of the technology that is emerging. You can either go two ways on this: you can put your head in the sand and think that the world will somehow leave you alone, or you can engage with other governments, look at what is best practice, try and bring your community with you. We are very hopeful that this forum will accelerate gaming policy development across the country. We will also be lobbying the other states to join us regardless of the outcomes of the ministerial council forum in adopting, as a broader standard, the precommitment mechanisms. Every five years or so, there is a national standard drawn up. We are prepared to go it alone on a standard for machines in Victoria beyond 2010 but it would be in everyone's interest if a precommitment feature is mandated across the country.

Mr BARBER — Minister, what standard of precommitment would you be pushing for?

Mr ROBINSON — I have been not mischievously but deliberately a little open on that because I do not want to come out today and prescribe that it must be system X when system X may or may not be the best that is on offer. We want a system that does not allow people to simply play on one machine and walk around the corner and

start on the machine next to it. You would be aware, Mr Barber, that there are all sorts of people out there who tout for business — we get emails and other approaches from them regularly. I do not want to give them any comfort by saying that the system they are offering would be the best. I just think that this is an area in which technology is emerging at a furious rate. We want to adopt a standard that serves our purposes well, and serves our purposes well through the period beyond 2010.

Mr BARBER — Minister, I guess I was asking not about the technical standards but the features of it in terms of is it compulsory and is it linked across every machine?

Mr ROBINSON — Every machine in Victoria would have it, yes.

Mr BARBER — But is it linked between every machine and is it compulsory for everybody who plays a machine?

Mr ROBINSON — My intention is that it would be. Unless I get advice that that would not work, that is the direction we would take. I am conscious that I am not a technical expert in this field and if I go out and say, 'It should feature A, B, C and D', not knowing what A, B, C and D are in a technical sense, it could be horribly misinterpreted. What we have said to Professor Bruce Singh at RGMAC is that we would invite him to travel to Nova Scotia later this year, because Nova Scotia is broadly recognised as probably the most progressive jurisdiction in this field. I understand that they have rolled out a precommitment variety of machine. We would want to have a look at what that does and whether that is suitable here.

Similarly, we also want to lobby the other states because we think this is a great opportunity to join us on this and ultimately, if people who are going to run machines in venues are dealing with manufacturers, it would be better if we had one standard in Australia, with all machines in Australia featuring a precommitment feature, rather than different standards. I cannot be any more specific than that, except that we will be guided in large part by the advice we get from Professor Bruce Singh and the departments and agencies in other jurisdictions.

Mr NOONAN — Minister, I just want to go back to the regulation of gaming, which is referred to at page 180 of paper 3, and specifically to get you to elaborate on the impact of a couple of the dot points of your presentation here in relation to the precommitment mechanism on the machines, and also perhaps the impact of the ATMs. If you could give the committee a feel for how many venues currently have ATMs — I do not know if you can do that — and also give us some further information on the caps on gaming machines going forward?

Mr ROBINSON — With the caps, the second phase of the caps policy was rolled out late last year and that resulted in another more than 500 machines being moved out of targeted municipalities. We have a series of caps in place. We are not intending to change that; we think the caps work quite well. If you look at some of the gaming turnover figures from capped municipalities, there is quite a substantial drop this year, after those changes the year before. We think, certainly listening to some of the commentary from the business community, that caps are having an impact. One of the reasons that they are projecting that gaming companies' revenues are slowing is because of the caps policy, so I think the caps policy is a valuable addition to the range of policies we have. I should preface it by saying that the thing about gambling policy and problem gambling in particular is that there is no one solution. I think some years ago perhaps people were inclined to think that there was one simple solution and in fact there is not. Certainly in Victoria our faith is in the diversity of policy approaches we have and we believe collectively they get much closer to where we want to be than by focusing on just one policy. So caps are working and will continue to apply.

With ATMs, we had earlier announced a policy where we would limit from early 2010 the amount that was permitted to be withdrawn from a gaming machine in a venue. I think that was \$400 a day. What we started to receive from venues in the last few months was advice that providers of ATMs were saying that this was going to increase the cost of reprogramming machines for that measure. Subsequent to our decision in March that in fact by the end of 2012, the end of the current licensing period, they would all be removed from all parts of venues, including car parks, the advice has strengthened to say that really, in a large number — I think it is roughly about 600 ATMs in gaming venues across Victoria — or a majority of those cases, it just will not be feasible for the gaming venue to pay what is required to get the machines reprogrammed for only a two-year period.

We have had some approaches to say, 'Well, given you've made this rule about banning them all from 2012, why don't you just relinquish the earlier decision about the changes from 2010?'. We have not accepted that; we are sticking with the changes. One of the repercussions of that will be that from late next year, probably — I would not

put a number on it, but I suspect in a very substantial number of venues in Victoria — the machines will go and they will not be replaced. We think that is good policy ultimately. As I said, I am confident that this will become a national position at some point in the future, so it is important that we get ahead of the game on that. With the precommitment — as I said, work will start this year. Work towards the national standard was scheduled to start between the different gambling offices in the different state jurisdictions. That will continue but our input to that of course will be predicated on us adopting a precommitment standard and we will separately be doing that work through RGMAC and the Office of Gaming and Racing — probably the VCGR — about what we actually input to that new standard.

Mr DALLA-RIVA — Minister, I refer you to the budget paper 3, service delivery, page 180. In the third paragraph it says:

Consultative processes are established to encourage input from a wide variety of persons interested in the gambling sector, including direct stakeholders and the broader community.

I understand from one of your overheads that in relation to addressing problem gambling, there was action taken in 2006, with total funding of \$132.3 million? Of those, I note that most of the action there has been complete, there are only two ongoing, with the third one —

Mr BARBER — Problem solved.

Mr DALLA-RIVA — I do not know if the problem has been solved, but it appears that we have got these programs finished. I am curious, because the community advocacy on gambling project, which I gather was one of those funded and established in 2006 under the VGLA, had an initial two-year period. I am just trying to work out, given that there was funding in 2006 for an advance for a period of time, are there funds provided in the forward estimates in the 2008–09 budget to continue projects like I have just mentioned, or are these types of projects virtually finished now, given that at the time VGLA made it very clear that this is one of the conduits of providing a clear channel for the state government to listen to community concerns about gambling? I am trying to get a feel, in terms of the forward estimates, for what componentry of some of those previous problem gambling areas are ongoing, given that a lot of them have been completed, and are projects like the community advocacy on gambling finished?

Mr ROBINSON — The presentation in the slide there is a simplistic presentation. When we say, for example, that we are ensuring a more socially responsible gambling industry, that is largely complete in the sense of the legislative changes we have made and announced through the transition to the new model. That is the model that we are going forward with now. Obviously in order to successfully undertake the very massive transition through to a venue-operator model, you cannot thereafter be changing — announcing further substantial reforms to that industry structure, otherwise you would never get the thing started or stopped. We are in a position with the independent review panel, and certainly one of the things Mr Merkel reports on, is the quality of access to all the information that is available about industry restructure matters. That is largely complete, compared to where we were. We do have an ongoing capacity to deal with the sorts of things you are talking about. The community advocate on gambling was established in, I think, 2006. It has had an interesting genesis, and the person in the position left after 18 months or so. I might be wrong there.

Mr KENNEDY — Eighteen months, I think.

Mr ROBINSON — We had some dialogue about that. I will be seeking further advice on that, and I have spoken to a number of people about that in the last few weeks. I want to be sure — and the funding is available in a continued position, as I said, but I want to be sure that everyone understands what that position is there for. I am reading through the genesis of it and the work that was done, and the fact that the person left, I am just not clear in my own mind what was intended, and I want to be very clear about what was intended before we just say, 'Here is some more money, off you go'. People interpret the role in different ways. One of the things that the advocate did was assist councils in making submissions to the Kirby report. That is well and good, but I do not think you need to establish a separate office of the community advocate just to help councils make submissions to a public inquiry. The councils are very capable of doing that themselves. I would be looking for a more defined and significant role than just something that might help councils do what I anticipate councils are quite able to do themselves. We need to have a bit more of a think about that and seek some input in the second half of the year. But that funding continues, that funding is available.

Mr DALLA-RIVA — To follow up, in 2006 it was \$132.3 million? Have those moneys been extended?

Mr ROBINSON — No, continuous — —

The CHAIR — We had a question about that before.

Mr ROBINSON — To 2011.

The CHAIR — It is over a five-year period, remember? There is \$28 million next year.

Mr DALLA-RIVA — And of that will there be a component for this?

Mr ROBINSON — Yes — —

Mr DALLA-RIVA — Of a variation — I guess what you are saying is — of a variation of this particular advocate?

Mr ROBINSON — Yes, and the advocate's role within that is a very small component. But the advantage of a five-year program is that the moneys are to be contained in that program. They are not sort of remitted back to Treasury every year and then you have got to argue separately. The money is there and any underspend in a given area in a given year provides — that resource carries on and is available to us going forward. It does give us a fair bit of scope as to how we can apply the resources going forward. This is a field in which knowledge is improving all the time. If you went back, 10 years ago most of what is being done now was not even being attempted. It was being done in a pretty half-hearted measure, either the actual content of policy or the resourcing of it. We have come a long way. We are very confident that Victoria is positioning itself now well ahead of the pack in Australia, but there is more work we need to do and we have a capacity in this program — —

Mr WELLS — More to be done?

Mr ROBINSON — There is more to do.

Mr WELLS — More to be done?

Dr SYKES — More to do? A new version!

Mr ROBINSON — Do you like that? You heard it first here.

The CHAIR — Thank you, Minister. I assume on that one there, to clarify, 'Protecting vulnerable communities', that there will be action under 'Promoting healthy communities' in that respect?

Mr ROBINSON — Yes.

The CHAIR — Like, for example, providing support for reducing gaming dependency in certain communities, like the Chinese community, for example.

Mr ROBINSON — A very active program is going on there. We will provide you with more information. If you want, I can provide you with copious detail of the sorts of work that goes on within those projects.

The CHAIR — The other final comment before we have a break and switch over to consumer affairs is that I notice in your output measures in terms of quantity that there were lots of briefings. It is interesting that the department of education has dropped this because it felt the briefings were not of strategic concern. No doubt Treasury and Finance may well look at the outputs and the types of outputs in the future and discuss that with departments?

Mr ROBINSON — Chair, I am sure that will be a source of endless debate and discussion.

The CHAIR — Yes. Thank you very much, and I thank the officers of the department.

Witnesses withdrew.

Transcript of evidence

7.5 Police and Emergency Services portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

Transcript of evidence

7.6 Racing portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 3 June 2008

Members

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

Chair: Mr B. Stensholt

Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr R. Hulls, Minister for Racing,
Dr R. Kelleher, Acting Secretary,
Mr R. Kennedy, Executive Director, Office of Gaming and Racing, and
Mr G. Prescott, Manager, Office of Racing, Department of Justice.

The CHAIR — I welcome Ross Kennedy, executive director, Office of Gaming and Racing, and I call on the minister to give a brief presentation of no more than five minutes on the budget estimates for the racing portfolio.

Overheads shown.

Mr HULLS — The first slide speaks for itself, really. We are a national leader. The industry employs over 70 000 people, two-thirds of those are in country Victoria. It is a huge economic and social contributor to the state and contributes in excess of \$2 billion in economic activity and the bulk of the economic benefits have arrived in rural and regional Victoria, including a very vibrant breeding centre. The next slide again is the make up of the portfolio. It is a very small part of the Department of Justice's budget. It contributes 2 per cent of the total budget of \$3.58 billion. The next slide talks about achievements in 2007-08 including the race fields legislation. It includes basically the fact that it was introduced primarily to protect the integrity of Victorian racing by ensuring that wagering activities of non-Victorian bookmakers on our races could be appropriately monitored by our racing stewards.

The next slide talks about funding support. RIDP, the Racing Industry Development Program and also the Living Country Racing Program, all about capital infrastructure in the main in relation to racetracks around the state. The next slide talks about priorities for 2008-09 and obviously the biggest priority is the wagering licence. We remain committed to a very strong and vibrant racing industry and we want to ensure that funding arrangements are structured to ensure that we continue to have a world-class racing industry. We have confirmed that after 2012 the Victorian racing industry will be funded from wagering to the greatest possible extent rather than through a combination of wagering and gaming machine revenue. We believe this is the appropriate path down which to go. It will maximise incentives for the wagering licence-holder and the wagering industry to work towards the overall betterment of the racing industry. The next slide which is the last slide is again on priorities for 2008-09, ensuring we have a strong and growing racing industry, an appropriate legislative framework and governance structures in place to ensure that we maintain public confidence in our racing industry.

The CHAIR — Thank you, Minister. I refer to pages 180 to 181 of budget paper 3, which deal with the outputs and deliverables on the gaming and racing management and regulation. One of the things we are interested in as a committee is good governance. I guess you could elaborate on what the government is doing and what it wishes to do in the future to ensure the racing industry is actually appropriately governed both in its present and obviously future day challenges.

Mr HULLS — I think there is a bit of misconception out there in relation to what role the government has in relation to the racing industry, setting race dates and those types of things. People forget that we did put in place an independent governance structure for the racing industry that was supported by all sides of the house and it is true that the next decade will see the racing industry facing challenges and opportunities that are unprecedented in its history. We were always concerned to ensure that the industry was best positioned to respond cohesively and effectively to these challenges and that is why we commissioned an independent review in 2006 to assess the industry's ability to respond appropriately. The review has been, I think, a catalyst in motivating internal discussions within the industry on issues such as governance, administration, future wagering environment post 2012 and the like. Under landmark changes to Racing Victoria Ltd's constitution, which passed the Parliament towards the end of 2007, an independent board was set up to lead Victorian thoroughbred racing into the future. This new board is independent of government. It has seen the appointment of three women, I might say, which is really quite unprecedented and reflects the growing importance of women to the racing industry. The amended RVL constitution was tabled in Parliament on 30 November 2007, paving the way forward for the implementation of a completely independent RVL board that was announced immediately after the AGM of Racing Victoria Ltd in December 2007.

I think this board is one of the most talented boards of any sporting organisation in Australia and is well placed to lead the industry into the 21st century. It includes Pamela Catty, who was a group manager of corporate affairs in Coles and brings substantial commercial and banking sector expertise; Robert Cooke, who is the managing director and chief executive officer of Symbion Health and has qualifications in finance and administration; John Harvey, director and chair of the audit committee at David Jones, amongst many of his board appointments; Peter McMahon, who has a wealth of experience in finance and banking; Naseema Sparks, whose background is marketing and also business; and Tim Warren, who has finance experience, mainly in the resources sector. When you add those to the chair of RVL, Michael Duffy, who has a racing background but is also a former federal

Attorney-General, so is experienced in dealing with government; deputy chair David Karpin, with extensive business and board experience, and also Barbara Saunders and Mark Ewing, who have experience in accounting and administration. I think you would agree that it is pretty impressive line-up to take the industry into the future. But I repeat: this is a board that is independent of government. It makes decisions for and behalf of the industry independent of government.

Mr RICH-PHILLIPS — Minister, you spoke about the changed gaming arrangements-racing arrangements and talked about the shift from supporting a racing industry through gaming and wagering to one that is based primarily on wagering. When those announcements were made in April you indicated the government was committed to developing funding arrangements that were no less favourable for the racing industry in this state. Can the committee take from that the current contribution to racing from EGMs through Tabcorp of \$35 million will now come from wagering in addition to its current contribution?

Mr HULLS — That is really what the discussions are about now between the government and the industry as to what ‘no less favourable’ means. ‘No less favourable’ is a term that is not new; it is actually enshrined in the Gambling Regulation Act, so it is not new terminology. Just to go back a bit, we decided to have a single wagering operator. We did that because we believe that provides certainty and stability for the racing industry in Victoria. A single parimutuel licence is a consistent feature wherever racing is held around the world. It has served Victoria well in the past and I think it will do so in the future. What we will do of course through this process is introduce competition into the bidding process for the licence to get best value for money for the industry and also for Victoria.

One advantage of having a single parimutuel licence is that we will retain the system of one large pool. What does that mean? It basically means that you get better and more stable odds when punters place a bet. The wagering and gaming operator licences originally issued in 1994 were linked because the licences were granted to the then state-owned TAB. Since then of course Tabcorp has become a publicly listed company and the gaming operator licences will not exist beyond 2012.

The wagering industry is growing. It is a viable industry that has the potential to increase revenues from its own racing product. I think these new arrangements, where the funding of racing to the greatest extent possible will come from wagering, does give the racing industry control of its future. They will work very closely with the wagering partner who will give primacy to the racing industry. The industry in Victoria is the second-largest wagering expenditure in Australia. I think it does offer a very attractive licence for any potential provider of wagering.

We are committed — and this again gets to the second part of your question — to ensuring that the industry continues to prosper and we have commenced consultation with the industry on future financial arrangements, with the guarantee that the conditions will be no less favourable than currently exist. Discussions are taking place as to what that means and I expect those discussions — and I do not want to pre-empt the outcome — will canvass a whole range of issues including taxation arrangements and the like. But it is true that the industry currently gets about \$75 million — and I will stand corrected — a bit more, about \$75 million-plus from gaming machines each year and discussions are being held at the moment as to what ‘no less favourable’ means. But if they are getting \$75 million-plus from gaming machines now, obviously those discussions will be centred around how that money is going to be made up and that will be part of a whole range of discussions that are taking place.

Mr RICH-PHILLIPS — You said the industry would be funded from wagering to the greatest extent possible. Does that mean the government is keeping the door open either to direct funding from government or some residual EGM funding?

Mr HULLS — I am not going to pre-empt the outcome of the discussions that are taking place now, but what you are saying is not new. The government made an announcement that the racing industry would be funded to the greatest extent possible from wagering revenue. We have broken the nexus with gaming machines, and the industry will be funded and dealt with on terms that are no less favourable. There are experts involved from the racing industry and from the government and overseen by a probity auditor in relation to what those things actually mean, and that is taking place now.

Ms MUNT — I would also like to speak about the regulation of the gaming and racing industry. In particular I wonder if you could explain to the committee what the racing integrity review is.

Mr HULLS — I think, as the Chair said at the outset, the reputation and health of any industry, in particular the racing industry, is built on its foundation of integrity, and it is absolutely crucial that this integrity is not compromised, and that the integrity of all participants is upheld, as are the rules of racing. You cannot compromise integrity in any way. As you know, there was an investigation in relation to activities surrounding the former CEO of RVL, and I think that investigation acknowledged some shortcomings within betting services and integrity services divisions of RVL. That included some difficulties in the transfer of information between betting services and integrity services areas up the chain of command.

From my point of view the difficulties really shone a spotlight on the issue of whether RVL's integrity assurance services should continue to reside within the same corporate structure as its commercial operations. That is something the industry needs to face; it is something that I as minister need to address as well. As a result I set up a review by acting judge Gordon Lewis in relation to giving me advice about world best practice integrity services within the racing industry. He has been given fairly detailed terms of reference and they have been publicly released. They will take into account some of the issues I have raised, including whether integrity services should remain a function alongside the commercial and development roles of the controlling bodies, or be set up as a separate independent entity. If a case can be made out for the separation of functions, whether they should be delivered individually for each of the three codes — for thoroughbred, harness and greyhounds — or whether there should be one integrity body dealing with all three codes, ensuring that adequate pathways exist for the escalation of integrity issues up the chain of command, developing an integrity assurance structure and culture that is fully transparent and accountable and incapable of external influences, and any other aspect that he wants to report on. He is due to report to me by early August of this year. Once he has made those recommendations the government will have to make a decision, in consultation with the industry, as to which path it wants to go down.

Mr SCOTT — Minister, I refer you to budget paper 3, pages 180 and 181, and the output 'Regulating gaming and racing'. What is the government doing to support the greyhound industry in caring for retired greyhounds?

Mr HULLS — That is a good question because it — —

The CHAIR — Derelict dish-lickers.

Mr HULLS — It is asked at any public accounts committees that I have been at, and I am always keen to give an update, because I have to say that the greyhound adoption program is a fantastic program. It is one that is recognised right around the world so far as animal welfare is concerned. Hopefully gone are the days when a greyhound that is past its use-by date — all sorts of things used to happen to them. Anyone who has ever had anything to do with a greyhound would know they are extremely placid animals. Believe it or not, they are quite lazy, and I am not going to make any reflection on the upper house and similarities. They actually make great pets. The greyhound adoption program has been enormously successful. In 06–07, 354 greyhounds were put through the program bringing the total number of adopted greyhounds — to go through the program they train the greyhounds and then they are adopted out as pets. There have now been some 2200 adopted out since the program started in 1996.

What has happened since the last Public Accounts and Estimates Committee meeting is that they have extended the program to a prison pet partnership program — a PPP. When people think of PPPs they would not normally think of the prison pet partnership program. I was fortunate enough to launch that program at Dhurringile Prison. The program's catchery is not bad: everyone deserves a second chance. It is not just the greyhounds, it is the prisoners as well. I have to say that the PPP plays a very impressive role. It rehabilitates retired greyhounds, as well as attempting to rehabilitate prisoners. Some of the prisoners I spoke to were extremely attached to the pets, and were very upset when, having undergone the greyhound rehabilitation program, the pets then left the prison and were fostered out, if you like, to the families who were adopting them. They have had a huge impact on the prisoners at Dhurringile, so much so that I am advised that they are going to expand the PPP, the program, to other low-security prisons such as Beechworth, Tarrengower and Langi Kal Kal as well. So if it is as successful at those prisons as what I saw at Dhurringile, it is fantastic not just for the pets but also for the prisoners as well.

Ms MUNT — Do you know how it goes when they actually go to homes? Is it working out?

Mr HULLS — Extremely well. I have met with some people that have adopted greyhounds and they just have not looked back. Some of them have adopted more than one. They find that the pets are extremely tame as a

result of this program. When I was first racing minister I actually demuzzled greyhounds. You probably remember that greyhounds had to be muzzled, and I could never quite understand why. There was a view around that they were vicious animals and used to bite everybody, but it is quite the opposite — they are very placid animals. Once they have gone through this program they can be demuzzled and they are loving pets basically.

Mr DALLA-RIVA — Attorney-General, I refer you to the statement of finances budget paper and in relation to taxation in racing on page 43 it talks about the forward estimates increasing from 129.4 million up to 152 million into the 11–12 year. You will be aware, and I probably want your question in relation to how you are dealing with it, but moneys wagered through Northern Territory-based bookmakers and betting agencies have increased substantially from about \$200 million in 2001 to what is estimated around \$4 billion today. So can you advise what impact this will have on the revenue proposed here for Victorian racing in particular?

Mr HULLS — I think it is important we send a message to those corporate bookmakers that operate in other jurisdictions that they cannot free ride on our product, and that is why we have introduced the race fields legislation to ensure that those bookmakers who want to bet into Victoria have to pay a fee to RVL to be able to use the product and the integrity of the product that exists here. I think that those figures in the budget papers are right, and I expect that the wagering industry will be a vibrant industry and will continue to be vibrant. But it has to be remembered that it is competing against other forms of discretionary dollar spending so it is absolutely crucial that the industry continues to innovate and revitalise its product if it wants to compete, and I expect the announcement of the stand-alone wagering licence will ensure that that does occur.

In relation to the competition from corporate bookmakers, as I said, we have introduced our race fields legislation, but I have also reconvened the bookmakers reform working group to ensure that bookmakers here can continue to compete for that wagering dollar that is going to other forms of betting, whether it be Betfair or corporate bookmakers interstate. I think the health of the industry in Victoria is reflected by the fact that for the first time in a decade there are in excess of 200 registered Victorian bookmakers and significant numbers applying for registration. It is pleasing to note, I might say, that 11 of those, I think, are women; female bookmakers in Victoria. Nonetheless, it is clear that the evolution in the national and global wagering sector has resulted in an increasingly challenging market environment for those that are in the wagering industry. You have probably noticed recently that Tabcorp, in an innovative move, decided that they were also going to set up in the Northern Territory to compete against some of the corporate bookmakers that exist in the territory.

In relation to the bookmakers reform working party, I reconvened that to consider various proposals to meet head-on some of the challenges that are facing the industry, and that group reported to me, from memory, in January, I think, of this year, and they have made a number of recommendations. That includes bookmakers being allowed to operate 24/7 from approved racecourse locations; bookmakers being permitted to operate offcourse from premises that I, as minister, would approve; Tabcorp being approved to offer fixed-odds betting on all races which again would, going to your question, enable Tabcorp to better compete with some of those corporate bookmakers; that the issue of non-bookmakers being able to invest in bookmaking operations be looked at, and that public companies be permitted to become registered bookmakers.

So a lot of those recommendations, or all of those recommendations at least, have been made. I am currently considering each and every one of those with a view to taking legislation into the Parliament later this year. What I would say about them is that it is important that bookmakers are able to compete. It is important, of course, that Tabcorp be able to compete appropriately. We are entering a new wagering environment but any reforms that I implement will have an eye to keeping bookmakers operating at racecourses because it is absolutely crucial in my view for the colour and movement of racing, for the ongoing viability of the industry and the ability to continue to attract people to the course. The last thing we want is to lose bookmakers from our racecourses. So some of these reforms will enhance the viability of wagering and in particular bookmakers oncourse. Some of them, I suspect, will lead to bookmakers removing themselves from racecourses. I simply repeat, without wanting to pre-empt what the government intends to do in relation to these reforms, that we will always have an eye to retaining the presence of bookmakers oncourse.

The CHAIR — Thank you, Minister. I note for the record that Ged Prescott from the Office of Racing was also at the table assisting the minister. I thank departmental officials for their assistance during this hearing. We will now break for a few minutes while we change to the industrial relations portfolio.

Witnesses withdrew.