

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 21 May 2008

Members

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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.