

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2022-23 Budget estimates

Melbourne—Friday, 27 May 2022

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Danny O'Brien—Deputy Chair

Mr Rodney Barton

Mr Sam Hibbins

Mr Gary Maas

Mrs Beverley McArthur

Mr James Newbury

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

WITNESSES

Ms Melissa Horne MP, Minister for Consumer Affairs, Gaming and Liquor Regulation,

Ms Rebecca Falkingham, Secretary,

Mr John Batho, Deputy Secretary, Consumer Affairs, Liquor, Gaming and Dispute Services, and

Ms Nicole Rich, Executive Director, Regulatory Services, and Director, Consumer Affairs Victoria, Department of Justice and Community Safety.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee.

I ask that mobile telephones please be turned to silent.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting. We pay our respects to them, their elders past, present and emerging as well as elders from other communities who may be with us today.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2022–23 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside this hearing may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

We again welcome Minister Horne, this time for the consumer affairs, liquor and gaming regulations portfolio, and officers of your department, and invite you to make a 5-minute opening statement.

Ms HORNE: Thank you very much, Chair.

Visual presentation.

Ms HORNE: Over the last year in consumer affairs we have been delivering significant regulatory reform to achieve better outcomes and protections for consumers while continuing to support vulnerable Victorians through the pandemic. The government delivered on our commitment to introduce mandatory registration for engineers, and that commenced on 1 July last year. It is delivering better protections for consumers of engineering services. We also continue to actively monitor the impact of the recent rental reforms following their implementation in March. This year CAV answered more than 213 000 phone calls, assisted almost 7000 people with tenancy and consumer issues and funded financial counselling for nearly 18 000 clients.

This included specialist services for victims of family violence and Victorians in bushfire-, storm- and flood-affected areas. CAV conducted 190 rooming-house inspections to ensure they meet minimum safety standards. They also issued 226 official warnings and 171 infringements for underquoting and trust account offences in the property market. We commissioned the independent property market review to ensure current consumer laws are providing Victorian consumers with fair access to the housing market.

In February the *Sex Work Decriminalisation Act 2022* was passed by Parliament, with the first tranche of reforms commencing in May. We have also improved our digital services, supporting CAV's interaction with licensed and registered businesses, support professionals and community organisations. Can we turn to the next slide, please.

In gaming and liquor we have swiftly responded to the royal commission final report that was handed down last year. The *Casino and Gambling Legislation Amendment Act 2021* commenced on 1 January, addressing failures exposed by the royal commission. The Act established the role of the special manager as well as a new standalone regulator, the Victorian Gambling and Casino Control Commission. The government supports the remaining 24 royal commission recommendations, and further legislation will be introduced this year to deliver the

legislative elements arising from these recommendations. As I mentioned, the new regulator, the VGCCC, came into effect on 1 January and has already begun exercising its new powers to hold Crown to account. This includes commencing disciplinary action against Crown for facilitating the illegal transfer of funds from China. There is also legislation before Parliament to further enhance the VGCCC's powers and embed harm minimisation as a core function. Liquor regulation is being transferred into DJCS, which will enable the VGCCC to exclusively focus on monitoring gambling across the state and the casino in particular. A new CEO and chair have been appointed to lead the VGCCC, and recruitment for independent commissioners is underway.

In 2021 we also introduced important liquor regulation reforms by passing the *Liquor Control Reform Amendment Act 2021*, which delivered on our commitment to abolish outdated dry-area laws and cut red tape. We introduced automatic extension of trading hours for bars, hotels and restaurants to revitalise the night-life economy. And these reforms also contain significant harm minimisation protections, such as those governing the online marketplace and special requirements for high-risk liquor licence application.

Chair, the budget provides \$55.6 million to implement the royal commission recommendations, including the establishment and operation of the office of the special manager, and to strengthen the regulation of the gambling and liquor industries. This includes funding to increase focus on harm minimisation by the gambling and casino regulator.

We are also providing \$11.3 million to continue implementing landmark reforms relating to the decriminalisation of sex work in Victoria. This will include free legal support to sex workers and \$5 million to WorkSafe to establish a dedicated sex work safety team to develop guidance, industry support and awareness campaigns.

Finally, we are also investing \$1.9 million to harmonise essential DJCS consumer contact services to reduce call waiting times for Victorians. Thank you.

The CHAIR: Thank you, Minister. Mr O'Brien.

Mr D O'BRIEN: Thank you, Chair. Good afternoon, Minister. Can I follow up on the royal commission into the casino. Budget paper 3, page 89, has the output initiative for the extra spending, the \$55 million you just mentioned. There is \$23.4 million there for this year, for 2022–23, but if you go to the actual output for the casino and gambling regulation area, it is unchanged—it is effectively exactly the same. Does that mean that there is a \$23 million cut to everything else? Or is there actually no new money in there?

Ms HORNE: Look, thank you very much for your question. As you would be aware, we are in the process of setting up. We have established the new office of the special manager. We have also established the new regulator. One of the key things out of the royal commission is the assumption that at the end of that two-year period the regulator needs to make a determination as to whether Crown will be given a licence.

Mr D O'BRIEN: I understand all that, Minister, but there is \$23 million additional for an output initiative, and yet if you go to page 310 the output has not changed from last year—\$79.9 million to \$80.8 million—yet that \$23 million is meant to be to that output.

Ms HORNE: But there is also—

Mr D O'BRIEN: So there is either additional money for regulation of the casino and everything else is being cut, or there is actually no additional money.

Ms HORNE: No, that is not true. Remember the liquor regulation is coming out of the regulator, and that is going into the department as well. There will also be—

Mr D O'BRIEN: But the budget paper, on page 308, says 'Gambling and liquor regulation'. Is liquor regulation still within that output?

Ms HORNE: John, do you want to just—

Mr BATHO: Yes, Minister. Mr O'Brien, one of the things with the new investment in the 2023 budget is that it includes a contingency for the special manager costs, which are going to be cost-recovered from Crown.

Mr D O'BRIEN: Right. So there is no new money. It will be all coming in through Crown.

Mr BATHO: I would not say that there is no new money. One of the components of the \$55.6 million includes the cost of the office of the special manager in addition to other costs to support the VGCCC to implement the findings of the royal commission.

Mr D O'BRIEN: Okay. Another question—I am not sure whether to maybe Mr Batho or perhaps the Secretary. In 2014 the government announced a new arrangement with Crown that extended its licence. As part of that deal there was a \$250 million up-front payment, a \$250 million payment in 2033 and there was a \$200 million payment scheduled for this year, 2022. Is that agreement still valid, still accurate?

Ms FALKINGHAM: I might pass to Mr Batho.

Mr BATHO: Yes, I am happy to answer that. Thank you, Secretary. Thank you, Mr O'Brien. One of the things which the government did in the first tranche response to the royal commission recommendations last year was to remove the regulatory certainty provisions from the *Casino Control Act* to enable the government to implement the royal commission's recommendations. There were no other changes made to the agreements between the state and Crown.

Mr D O'BRIEN: Okay. So the agreement had those milestone payments, and there is a lump sum payment. Where is that payment in this year's budget, that \$200 million?

Mr BATHO: That would not be in the gaming and liquor regulation output budget.

Mr D O'BRIEN: I cannot find it anywhere.

Ms FALKINGHAM: It would be in previous contingencies, Mr O'Brien. But we will find it for you and take that on notice.

Mr D O'BRIEN: Okay. So that agreement is still relevant. There will still be a payment there this year, and there will still be a payment in 2033?

Ms FALKINGHAM: That is correct if they meet the requirements of that arrangement.

Mr D O'BRIEN: Okay. All right. If you could come back to us on where that money is, that would be great. Minister, the public lottery tax is expected to net \$299 million above what was projected last year over the out years of the budget. Is the government simply trying to make punters plug the holes in the budget, particularly given that you have made Oz Lotto more difficult to win?

Ms HORNE: In relation to the Oz Lotto, as you would be aware, this is a national lottery not a Victorian lottery and the odds of winning any prize has actually increased from one in 55 to one in 50, and there will be seven winning numbers that are drawn from the pool. Sorry, in relation to the first part of your question?

Mr D O'BRIEN: Well, you will need to actually look at last year's budget and this year's budget and the public lottery income over the years. But when you add it all up, it is \$299 million extra compared to last year's budget.

Ms HORNE: John, do you want to just go through those details in relation to—

Mr BATHO: Mr O'Brien, are you referring to the income receipts in budget paper 5—

Mr D O'BRIEN: Yes.

Mr BATHO: for gambling revenue?

Mr D O'BRIEN: Yes, the statement of finances. I do not expect you to look at it right now, because you would need to literally compare the out years, but it is \$299 million extra. Anyway, perhaps I will leave that and move on, because I have not got much time left.

On consumer affairs, Minister, if you go to pages 306 and 307, there are a number of your targets that have been missed—dispute resolution services provided by Domestic Building Dispute Resolution Victoria has missed by about 8 per cent and information and advice provided to consumers through the telephone service has missed by about 12 per cent. Most concerning, for 'Number of court and administrative actions' the target

was 900 and the expected outcome is 80. Is this not only about COVID but a reflection of the 7 per cent cut in the budget for that particular output?

Ms HORNE: In relation to the number of court and administrative actions, if you refer to the questionnaire you will see that that 80 number was actually a typo in the budget paper—

Mr D O'BRIEN: I thought it must have been, because that is, horrendously, 8 per cent of the target.

Ms HORNE: The number is actually 803.

Mr D O'BRIEN: Okay.

Ms HORNE: In relation, though, to your question there about the information and advice provided to consumers, there are two performance measures that speak to each other, because there is both the telephone service but there is also too the one previous to that, which is about other services—which are written correspondence, face to face and dispute assistance, and there was a shift to an online environment.

Mr D O'BRIEN: Right.

The CHAIR: Thank you, Mr O'Brien. Thank you, Minister. Mr Maas.

Mr MAAS: Thanks, Chair. Thanks, Minister, and thanks, officials, for your attendance this afternoon. Minister, I would like to take you to regulatory reform and that of sex work decriminalisation. Budget paper 3 at page 91 refers to funding to continue reforms relating to the decriminalisation of sex work in Victoria. I was hoping you would be able to provide the committee some further detail on what that funding will go towards.

Ms HORNE: Thank you very much for your question, because I think this has been such a landmark reform of the Andrews Labor government—to decriminalise sex work. As you would be aware, just by way of background, in November 2019 the Victorian government announced a targeted review into options for legislative reform to decriminalise sex work in Victoria. I would like to thank Ms Fiona Patten for the outstanding work that she undertook to lead that review, and she handed down her recommendations in October 2020. As a result, the Victorian government then undertook a lot of further consultation with the industry as well as different groups representing religious and community interests and law enforcement agencies. As a result the *Sex Work Decriminalisation Act* was passed on 22 February this year. And it is so important, because this really supports sex workers' safety and human rights, and it is aimed at ensuring that sex work is safe work. That is why this budget has allocated \$11 million to support the implementation of the decriminalisation.

We are taking a two-step approach to this decriminalisation, and stage 1 started on 10 May this year. This did several significant things: it supported the decriminalisation of street-based sex work in most locations, it repealed the requirement for independent sex workers to register, it repealed public health offences under the *Sex Work Act 1994*, it repealed industry-specific advertising controls—because this was simply out of date, and what we have found is that advertising now really occurs on your online platforms, such as, you know, Tinder or Grindr—and there are new anti-discrimination protections in the *Equal Opportunity Act 2010*. Stage 2 will kick off on 1 December 2023, and that will include the more meaty reforms: the repeal of the *Sex Work Act 1994* and a transition to regulating sex work industry through existing mainstream government regulators. There will be a re-enactment, too, of offences relating to children and coercion in other legislation to ensure their continued operation. There will be the establishment of liquor controls for sex work industry and the amendment of planning controls.

So if we break down that \$11.3 million investment to complement the legislated reform, where it will go is there will be free legal support for sex workers through the St Kilda Legal Service, who do an outstanding job. There will be \$5.3 million for WorkSafe to create that dedicated sex work safety team, because as you can appreciate this has not been an area where WorkSafe has had any sort of real regulation, so they need to be able to skill up their workforce so that they can have the guidance, industry support and awareness campaigns. And also this work will go a long way to improve the understanding amongst workers and employers of the rights and obligations under workplace health and safety and workers compensation laws. The funding will also support the development of specialist training for inspectors to effectively regulate and support the industry, and the Victorian Equal Opportunity and Human Rights Commission will receive more than \$1 million to educate accommodation providers and other businesses on their rights and duties under anti-discrimination

laws. These investments really build on the introduction of anti-discrimination laws for sex workers and put in place help to address that stigma and remove barriers for sex work taking place in safe locations.

Mr MAAS: Thanks, Minister. Still on regulatory reform, this time with gambling, budget paper 3 at page 89 details \$55.6 million over three years to respond to the Royal Commission into the Casino Operator and Licence, part of which will support the VGCCC. Can you outline for the committee the activities that this will support the VGCCC to undertake?

Ms HORNE: Thank you very much. As you can appreciate, following the establishment and then the royal commission handing down its findings the government has done a power of work in this space to establish a new gambling and casino control regulator. One of the key decisions was about taking liquor out of the regulator and putting that back into the Department of Justice and Community Safety, because some of the behaviours—the predatory, horrendous behaviours—that we saw emerge out of the royal commission meant that we really needed a commission that was focused on where the most harm was done. We have got a new chair in place, we have got a new CEO in place and on top of that we have also massively strengthened their powers. We did that with legislation that came into effect on 1 January this year. There is also legislation before Parliament at the moment to further improve casino inspectors’ powers, but also, importantly, to embed harm minimisation as a core focus of the regulator, because coming out of the royal commission that predatory behaviour we saw towards some of the most vulnerable people in our community was morally reprehensible. Not only have we got the Victorian Responsible Gambling Foundation that receives funding to be able to carry out its important work, it was also really important to have at the heart of the regulator a harm minimisation component, so that is what we are doing.

But some of the powers that the new regulator has got are that it can take disciplinary action against Crown in findings of illegal or serious misconduct under the royal commission. There was a recommendation out of the royal commission to say that we needed to increase significantly the penalty regime from \$1 million to \$10 million. The government considered that finding and said, ‘Well, in fact what we would like to do is exponentially increase that’, so we have increased that penalty to up to \$100 million. We have got the casino operator to comply with the recommendations of the regulator and we can require the casino operator to pay the regulator’s reasonable costs and expenses of taking disciplinary action.

To be fair, we are seeing the results taking place already. There is disciplinary action against Crown currently underway for the China UnionPay process. This was uncovered in the royal commission, and this could see Crown liable for a penalty of up to \$100 million. The regulator has also signed a memorandum of understanding with federal anti-money laundering authorities to protect Victorians from serious financial crimes. And there has been a thorough investigation of the unpaid casino tax, and already we have recouped \$61 million from Crown in the last year.

I think our reforms are allowing the VGCCC to focus on upholding the highest standards in the industry and really focusing on protecting some really vulnerable people in our community.

Mr MAAS: Great. Thanks, Minister. I will leave it there. Thanks, Chair.

The CHAIR: Thank you, Mr Maas. Mr Hibbins.

Mr HIBBINS: Thank you, Chair. Budget paper 5, page 18, refers to revenue from the casino. It is reporting that it is still significantly increasing. Has that factored in the introduction of harm minimisation provisions at Crown Casino that have been recommended by the royal commission?

Ms HORNE: I do not have budget paper 5 in front of me, I am sorry.

Mr HIBBINS: You have indicated things like precommitment and what have you for—

Ms HORNE: That is right. If I can talk just a bit around the precommitment, we will be introducing legislation later this year that acquits us of those remaining recommendations, and some of those are quite complex. If I can actually get back to you—or Rebecca, do you have that detail around—

Ms FALKINGHAM: Mr Hibbins, those reforms, as the minister said, because they are in the second half of this year, would not be factored into the budget papers yet, but you would see them in the budget update and budget next year.

Mr HIBBINS: Right, okay. Thank you. Is there a figure at the moment in terms of the impact that those reforms will have?

Ms FALKINGHAM: Not that we have with us today, but we are happy to take that on notice.

Mr HIBBINS: All right. Thank you. I want to ask now regarding the rent the casino operator actually pays for that Southbank site, which I understand is a dollar a year. Is the government looking at having the operator, particularly if there is a new operator, of that site pay actual market rent for the Southbank site?

Ms FALKINGHAM: Mr Hibbins, that is actually a question best directed to the Department of Treasury and Finance.

Mr HIBBINS: Okay. All right. Thank you. Can I ask now, in regard to consumer affairs and renting, my understanding is that the government is looking at minimum standards. We are really seeing now, particularly with cost-of-living pressures—a study found that renters actually pay more for electricity than home owners. It is about \$150 a year on average. Are you looking at expediting those minimum standards to ensure that renters are not paying more and you are reducing their cost of living?

Ms HORNE: Thank you for your question. I did see that article today around renters paying on average up to \$150 more. There are a couple of different things at play there. Firstly, as you would be aware, there are the 130 reforms as part of the *Residential Tenancies Amendment Act* that has come into play, that makes sure that there are significant protections for rentals. Now, those minimum standards apply to rental agreements entered into after 29 March, but there is also what will be available to both renters and home owners alike—that ability to get \$250 off their electricity bills or off their power bills through that comparison, but that is obviously the responsibility of the minister for energy.

Mr HIBBINS: Are you looking at minimum energy efficiency standards for rental properties?

Ms HORNE: DELWP was allocated \$3.6 million over four years for those minimum rental standards as part of that clean energy transition initiative.

Mr HIBBINS: Okay. All right. Thank you. Thanks, Chair.

The CHAIR: Thank you very much, Mr Hibbins. That concludes the time we have set aside for consideration of the estimates with you today, Minister Horne, and your officers. The committee will follow up on any questions taken on notice in writing, and responses will be required within five working days of the committee's request.

We thank all ministers and officers who have given evidence to the committee today, as well as Hansard, the committee secretariat and parliamentary attendants. We also thank the hospitality, security and cleaning staff who have looked after all of us.

The committee will resume consideration of the 2022–23 budget estimates on 6 June.

I declare this hearing adjourned.

Committee adjourned.