

# CORRECTED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into 2004–05 budget estimates

Melbourne – 24 June 2004

#### Members

Mr W. R. Baxter

Ms C. M. Campbell

Mr R. W. Clark

Mr L. A. Donnellan

Mr B. Forwood

Ms D. L. Green

Mr J. Merlino

Mr G. K. Rich-Phillips

Ms G. D. Romanes

Chair: Ms C. M. Campbell

Deputy Chair: Mr B. Forwood

#### Staff

Executive Officer: Ms M. Cornwell

#### Witnesses

Mr J. Pandazopoulos, Minister for Gaming;

Ms P. Armytage, secretary, Department of Justice; and

Mr R. Kennedy, director, Office of Gaming and Racing.

**Mr PANDAZOPOULOS** — We know gaming is a popular form of entertainment. Although gaming machine revenue has been declining in the last year, it continues to be a popular form of entertainment. Our key focus is about fair and crime-free gaming for Victorians and also minimising the harm of problem gambling to individuals and communities, supported by the Department of Justice, the Victorian Casino and Gaming Authority, and the statutory roles of director of gaming and betting and director of casino surveillance. Noting the time, I will not go into the details of all those regulatory areas because we have gone through those in the past, but I will simply highlight the Gambling Research Panel as an independent research arm and the advocate for responsible gambling, who commenced work in August of 2003, and who also chairs the problem gambling round table as additional roles, as was discussed last year.

The functions under the portfolio are in three areas: the regulation of gambling, gaming policy development and gambling research. Regulations are predominantly around licensing and equipment approvals, investigations and compliance audits, casino regulation and fostering responsible gambling. In the gaming policy advice area the key activities of this output are day-to-day advice on policy options, development of policy frameworks and legislative proposals for responsible gambling practices, analysis of gaming research and consultation with gaming stakeholders, and strategic planning for the future of gambling.

Gambling research is conducted by the Gambling Research Panel. It has four themes in its research: dimensions of problem gambling; community attitudes; prevention, harm minimisation and diversion; and effectiveness of services for problem gamblers. In terms of portfolio outputs the regulation of gambling output is \$18.9 million and the gaming and racing industry management output is \$8.3 million. There is a range of compliance services that I will not go into in detail. You will be aware and I can announce that from 1 July there will be a new Commission for Gambling Regulation. The Victorian Casino and Gaming Authority and the two statutory functions — the director of casino surveillance and the director of gaming and betting — will become redundant.

In relation to the implementation of government initiatives that have occurred in 2003–04, we have worked through the player activity statements for loyalty scheme participants and we are working through the community benefit statements that will take effect in this financial year. The expected outcomes for the gaming and racing industry management output are listed. I will just quickly highlight to you that under the gambling research program to date 22 studies have been approved at a total value of about \$2.5 million, and three reports were recently released in May. I also want to highlight — we spoke about this last year — that Victoria hosts a national research program of the ministerial council on gambling, and a memorandum of understanding was signed between the commonwealth and the states to provide \$5 million of funding over five years in a cooperative national research effort.

We recently passed the Gambling Regulation Act, which took effect with royal assent on 16 December. We have been working through some of those new measures, which include the banning of pokie advertising through all media and unsolicited mail, the restriction of gaming signage, the requiring of venue staff to attend responsible gambling training, and giving more power to local government over applications for poker machines in their areas. We have commenced some of that work. It is not fully implemented as yet, and, of course, just recently we passed some amendments to that act. The priorities will obviously be about putting the new commission in place and implementing these new provisions as part of the Gambling Regulation Act.

**The CHAIR** — Thank you. My first question goes to the Commission for Gambling Regulation. Page 175 of BP3 shows the total output costs of \$18.9 million for the regulation of gambling. Can you give the committee an indication of the status of the implementation of the Gambling Regulation Act and advise when the Commission for Gambling Regulation will be appointed?

**Mr PANDAZOPOULOS** — We are on track to commence from 1 July this year. Whilst the act received royal assent in December and it combined 8 of the 10 principal gambling acts, there have been a number of things we had to do with that. We have had to work through a process of consolidating not only those acts but also regulations that were part of that to take effect as of the commencement period, and I am advised we are on track for all the regulations to continue. Cabinet is currently considering the three commissioners. There will be a full-time executive commissioner, a part-time chair and a deputy chair of the new three-person Commission for Gambling Regulation. Hopefully we will have cabinet's endorsement of that very, very soon so we can start on 1 July. The commission, when in place, will consider a number of areas that were part of the Gambling Regulation Act — for example, the compulsory training of staff. We will require the new commission to determine what the training for responsible gambling is to be what it will actually contain. So we are on track with that to commence from 1 July, and we are looking forward to that new process starting.

**Mr FORWOOD** — Minister, I refer you to page 19 of the department's annual report under 'Early intervention', which deals with the advocate for responsible gambling and the problem gambling round table for which you announced an appointment in August last year. The report says this was the creation of a new executive position within the department, and I wondered if you could tell us whether that is a full-time position and at what level; what is the total funding for the advocate for responsible gambling and the problem gambling round table; and what qualifications does Kerrie Zamurs-Cross bring to the position of — —

**The CHAIR** — Kerrie Cross.

**Mr FORWOOD** — Kerrie Zamurs-Cross, as described on her own web site. What qualifications does Kerrie Zamurs-Cross bring to this position other than the fact she is a close friend of the Labor Party?

**Mr PANDAZOPOULOS** — First of all, the process was that we determined as an election commitment to put in place an advocate for responsible gambling to be a bridge between the industry and the community sector, noting the diversity of different views. Kathleen Townsend Executive Solutions was appointed as consultant to do a search and seek people. There was an interview panel that consisted of the head of the Department of Justice, the director of the Office of Gaming and Racing and a representative from the Department of Human Services as a public servant. They made a recommendation about Kerrie Cross because of her skills in the areas in which she has had experience in the health and community fields. We were certainly trying to find someone who does not have a biased view of what is happening in gaming and who takes a practical view, but who also has the ability to work with all stakeholders and to try to generate cooperation, which has been a very difficult thing to do until the advocate has come on board. I am really pleased that Kerrie Cross is in the position she is; I think some good things will come out of the roundtable. She certainly has the confidence of the people around the roundtable and with good cooperation I think we are going to see some interesting initiatives come out of that for the first time.

Apart from her extensive meetings with stakeholders and visiting gaming venues and Gamblers Help services, some of her priorities have been to try to focus on how the industry can work closer with the Gamblers Help services. We have services all around the state, but to date there has been a great reluctance — although the barrier is breaking down — by gaming venues to even deal with the local Gamblers Help service providers that can give assistance and support. Understandably venues have had issues about whether they should extend duty of care provisions, but she has been able to bridge that gap. Linking Gamblers Help services locally with venues has been a priority area. I think she is best placed to do that; we have been very pleased with her and I think she has the confidence of those around the roundtable, noting the very diverse backgrounds that all of them come from.

**Mr FORWOOD** — My questions were: how much is the whole office being funded for, how much is she being paid, is she full-time and what is her executive level?

**The CHAIR** — Your original question did not ask how much she is being paid. It was at what level?

**Mr PANDAZOPOULOS** — She is in the EO3 band.

**Mr FORWOOD** — She is an EO3. Full time?

**Mr PANDAZOPOULOS** — She works four days a week.

**Mr FORWOOD** — Is she paid for full-time or for four days?

**Mr PANDAZOPOULOS** — Pro rata.

**Mr FORWOOD** — Pro rata four days at EO3 level?

**Mr PANDAZOPOULOS** — The total budget for the office of the gambling advocate, which includes responsibilities for the roundtable, is \$350 000.

**Mr FORWOOD** — And she is getting more than half.

**The CHAIR** — He did not say that.

**Mr PANDAZOPOULOS** — I do not know what she is getting paid.

**Mr FORWOOD** — I can do the sums.

**Mr PANDAZOPOULOS** — That is fine. You know what EO3 is, but the reality is that the office gets \$350 000 and has two staff.

**Mr FORWOOD** — How do you know if she is doing her job properly?

**Mr PANDAZOPOULOS** — Like everyone else, she is subject to performance plans and has a contract with the head of the Department of Justice. Certainly the feedback you get from all the stakeholders — —

**Mr FORWOOD** — Are you supporting her?

**Mr PANDAZOPOULOS** — Absolutely. I think it is really wrong of you to take a political view on it. It was certainly a very independent process, totally arms-length from me as minister. That is not the way I do business or the way that the government does business. I know it is a cheap political shot, but the reality is that she is very well placed and has the respect and support of stakeholders, and is not biased either way in the issue. As you know a whole lot of people have solid views either way on gambling, and trying to find people who do not have a bias but who can also work with communities was a key task for Kathleen Townsend Executive Solutions, and I think it chose a good person for us to select.

**Ms GREEN** — In your presentation you referred to the regulation of gambling, and \$18.9 million is listed as the output cost in budget paper 3. Page 175 talks about a key government outcome for that outlay — namely, building cohesive communities and reducing inequalities. In that context how do the regional caps work and what is the government doing to increase that number of capped areas?

**Mr PANDAZOPOULOS** — There are two parts to that. First of all you are aware that we had a world first back in 2001 when we created five capped areas. We looked at what areas should get capped and how you determine vulnerable areas. There were three key areas: the accessibility of gaming machines per 1000 adults, so the density of gaming machines per 1000 people; the amount of money spent per adult on gaming machines in that local government area; and also the socioeconomic status of that area using the Australian Bureau of Statistics SEIFA index, or socioeconomic indicators for areas of disadvantage. So looking at all of those we identified the five top areas based around the municipalities of Maribyrnong, Greater Dandenong, Darebin, Bass Coast and Latrobe. We looked at those areas and neighbouring suburbs that had very similar features and we decided to cap Maribyrnong, Greater Dandenong and Darebin-plus areas — municipalities plus neighbouring suburbs that we determined to be vulnerable.

The full effect of the reduction of gaming machines in those areas occurred on 14 February and we have seen a reduction of 406 machines over a three-year period. We made an election commitment to extend that cap to five additional areas — Ballarat, Warrnambool, Greater Geelong, including the Borough of Queenscliffe, Greater Shepparton and a Moonee Valley-plus area that includes part of both the cities of Moreland and Melbourne. We are also looking at extending further the existing Darebin-plus, Maribyrnong-plus and Greater Dandenong-plus areas. We have been waiting for the SEIFA data to be available, and that has been made available to us so work has commenced in that area.

There has been a reduction in gaming machines in those municipalities: in Maribyrnong by 157, in Greater Dandenong by 147, in Latrobe by 69 and Bass Coast by 41, which has been quite popular in those local government areas. The reason for putting in caps was to deal very early with community concerns about gaming venues because there was a high concentration of pubs in some lower income areas. So it was really about saying there would be no extra gaming machines. We were also able to remove gaming machines from four of the five areas determined by the VCGA.

In all parts of Victoria there has been a reduction in revenue, and perhaps I can talk about some of those capped areas. In places like Maribyrnong there has been expenditure of about \$5.3 million less in 2002–03 than in 2001–02, about \$12.3 million less in Greater Dandenong, a \$10.2 million decline in Darebin, \$1.8 million decline in Bass Coast and a \$2.7 million decline in Latrobe. That gives you an idea about what is happening with gambling expenditure in capped areas.

**Mr FORWOOD** — It would be useful if you could table those figures because the figures off your own web site, which compare revenue per machine from 1998–99 to 2003–04 — —

**The CHAIR** — Is it 2001–02 or 2002–03?

**Mr PANDAZOPOULOS** — It is 2001–02 and 2002–03.

**Mr FORWOOD** — If you look at Bass Coast, this shows that — —

**The CHAIR** — That is a different year.

**Mr FORWOOD** — Okay. The latest year 2003–04 shows that the take per machine has in fact gone up by 43 per cent, and the total amount of revenue being taken through gaming machines is up since the pokies came out.

**Mr PANDAZOPOULOS** — Since pokies came out? It has gone from zero up, of course.

**Mr FORWOOD** — According to this the total take now — —

**The CHAIR** — Because there are less machines.

**Mr FORWOOD** — But it is the total take. You can do it either way. If we can have a look at those figures, we will compare them to the figures on the web site.

**Mr PANDAZOPOULOS** — We publish figures on the web site so that people can access them and they are updated every month. If you are saying that there has been a reduction in gaming machines, but the total expenditure does not reflect the reduction per machine — is that what you are asking?

**Mr FORWOOD** — If you look at Bass Coast, the total number of machines is 220 and revenue per machine is \$74 152, which shows an increase of \$22 507 or 43.6 per cent. That is off your web site.

**Mr PANDAZOPOULOS** — Again, I do not know the figures that you are giving me, and if you provide those figures as part of a question we will get back to you and provide that information. Certainly the data that I have says that in 2001–02 Bass Coast expenditure — —

**Mr FORWOOD** — How many machines in that year?

**Mr PANDAZOPOULOS** — In June 2003 there were 237 machines.

**Mr FORWOOD** — So now there are 220.

**Mr PANDAZOPOULOS** — Correct, because the cap took effect in February.

**Mr FORWOOD** — And my figure here for the total taken is \$ 16 313.386, what is yours?

**Mr PANDAZOPOULOS** — The total net expenditure for 2002–03 was \$16 376.077 — —

**Mr FORWOOD** — So it has gone up?

**The CHAIR** — No, it has gone down — it is 16.376.

**Mr PANDAZOPOULOS** — It has gone down.

**Mr FORWOOD** — There are 17 fewer machines between your 237 and my 220.

**Mr PANDAZOPOULOS** — Yes, and it has gone down. You are saying 16.1, are you not?

**Mr FORWOOD** — I am saying 16.31.

**Mr PANDAZOPOULOS** — Yes, 16.31 compared to 16.376.

**Mr FORWOOD** — Okay.

**Mr PANDAZOPOULOS** — Well, it is a reduction.

**The CHAIR** — The minister has said it has gone down. On those figures it has gone down.

**Mr PANDAZOPOULOS** — What month are you including?

**Mr FORWOOD** — I am including the first 10 months of the year. What are you including?

**Mr PANDAZOPOULOS** — We are including a full year in 2002–03. Provide us with the figures and we will have a look at it, but what you are talking about has gone down.

**Mr FORWOOD** — They are your figures.

**Mr PANDAZOPOULOS** — I do not have the figures. They are on the web site. I can tell you that when we were in opposition we did not have those sorts of figures to even have a look at.

**The CHAIR** — In terms of follow-up we can put the specifics of that in a follow-up question so that we are absolutely sure we are talking about the same data.

**Mr CLARK** — I refer you to the issue of the new or renewed gaming operator licences, which of course is a critical process both for gaming and for its broader implications. Can you tell the committee what discussions you have had to date with the existing gaming operators about this issue; what the government's intentions are both as to whether or not you will go to tender for renewal of those licences or whether you will negotiate with the existing operators; what the time lines are that you have in mind; and what processes you intend to put in place to ensure the probity of the process and the best outcome for the state?

**Mr PANDAZOPOULOS** — That is a long question, and I thank you. You are referring to the expiry of the Tabcorp-Tattersall's licences by 2012. We will be announcing the time frame you are asking about over the next few weeks. You are aware that the review deals with the first licences that are up for renewal, which are the lottery licences, which end in 2007; and then for 2012 there are the gaming, wagering and Club Keno licences. We have given a commitment to starting that process during this term of government.

The national competition policy review, the Marsden report that was conducted a few years back, had a look at the national competition policy requirement at the national level to review the Gaming Machine Control Act. We did agree in principle to a more competitive industry. We said the government would give at least five years notice to the industry, so certainly the plan would be to have an answer for the industry in the financial year 2006–07. That will give them five years notice; that is the objective.

It obviously has to be a thorough process. There are a number of social, economic and community considerations that the government needs to take into account about what is the future of the industry. We acknowledge the industry needs some certainty, but we also acknowledge that we have to take national competition policy considerations into account. We will be announcing exactly the time frame and the process that we will go through. It will certainly require a degree of probity.

A lot of work needs to be done on how the different parts of the licensing system are structured. There is a lot of interest, not only in the community but also interest in what racing's view is about the future and what it wants to do, and what are the views of the duopoly versus the hotels association and the clubs association et cetera. Obviously there will be other views by local government and the community, but we will make an announcement in the next few weeks about the scope and timing of the reviews and the structures that will be used as part of that process.

**Mr CLARK** — To clarify, when you say you hope to give the industry an answer by 2006–07, do you mean that you hope to have determined by 2006-07 who the licence-holders will be post 2012, or you hope to have decided by 2006–07 whether or not you will have a competitive process or whether you will have negotiations with the existing operators?

**Mr PANDAZOPOULOS** — We would not be going out to tender until after that time. What we are saying is we are keeping in faith with the decision that we made as part of the national competition review that they will get five years notice. It is really five years notice of the industry structure.

**Mr RICH-PHILLIPS** — Will part of that process be a review of the overall cap on machines, either an increase or a decrease?

**Mr PANDAZOPOULOS** — The Premier has already announced that there will be no more than the current 27 500 gaming machines.

**Mr RICH-PHILLIPS** — Will that be reviewed?

**The CHAIR** — This supplementary question has to do with licences, existing gaming operators, negotiating time lines and probity.

**Mr RICH-PHILLIPS** — It is part of that.

**Mr FORWOOD** — It is part of negotiations?

**The CHAIR** — Not really.

**Mr MERLINO** — I refer to page 175 of budget paper 3 and also to your presentation. What is the government doing to control and restrict gaming advertising and signage; and if there is a restriction, how is the government preparing for the implementation of the restriction on gaming venue signage?

**Mr PANDAZOPOULOS** — You would be aware that the Gambling Regulation Act, as those who have read and studied it would know, does have banning of poker machine advertising and a restriction of signage, but in the restriction of signage it also has exemptions. What we have said, and given assurance of in the second-reading speech in the house, is that we are not wanting to ban signage, like New South Wales and South Australia are doing. We acknowledge the industry in Victoria is different in that it has products, and reasonable signage is what we are after. The government has also accepted the arguments that local government has been raising over a period of time that there should be standardised signage for venues. The reality is that some of the venues are pretty garish when they do a poor service to those that are trying to be reasonable in their communities. So we are talking about a standard signage system.

In terms of banning gaming machine advertising, that will occur six months after the act commences. The act will commence on 1 July, but the advertising bans will commence on 1 January next year. So you will not see the print or television advertising or hear the radio advertising that is currently going on. It will all disappear.

Some advertising will be exempt, which specifically relates to not capturing responsible gambling advertising or promoting gamblers help services. Also there are exemptions for advertising in trade magazines, where of course it is appropriate to promote gaming machine product types et cetera. But generally it will be banned in what we understand as the mainstream press. Advertising in direct unsolicited mail is also banned. The other area of exemption is where mailing lists are solicited. So if you are member of a loyalty program and you have agreed to receive information or you have filled in a form that says, 'I want information', obviously that will be allowed as a form of advertising.

In relation to signage in more detail, though, we have said we will allow limited use of Tabaret and Tatt's pokies signs. Some discussion is going on now as part of an attempt to prepare draft regulations and a regulatory impact statement for later this year. We are certainly wanting directional signage. We have accepted an argument from the clubs industry, which says clubs are often not on main street frontages and highly visible, that they tend to be like racing and bowls clubs, at the back in areas where there is not a lot of traffic or where they are not on main shopping centres. So we think directional signage is important.

We have started that sort of process. We want reasonable signage rather than to ban signage, and we think that is a very good responsible gambling outcome. A number of venues have signage that is advertising and promotes gaming products attached to their buildings. They will all be banned; and the Crown pokies logo and advertising will all be part of that and will be banned as well.

**Mr RICH-PHILLIPS** — The Tipstar footy competition arose from a government election promise in 1999 and since it has been running it has been reporting a loss every year. Have you been approached about and are you considering restructuring that product to make it viable? You are right that we did in the 1999 election campaign say we were happy to go out to tender and license a footy tipping-type product that returned income back into sport, unlike other products. That has been supported. What I can tell you is that up until round 9 of this footy season total ticket sales are 7.95 per cent higher than at the same stage last year. Government revenue from these sales has increased by 14.54 per cent compared to the same period last year.

**Mr FORWOOD** — How much?

**Mr PANDAZOPOULOS** — I have got the percentage figures. We can provide them for you. We will take that figure on notice seeing you are not asking the question. We are happy to take it on notice.

Certainly in terms of revenue our intention was about any revenue being earned on this type of product going back into women's sport and sports medicine et cetera, and groups are getting access to that money and no-one is saying that they do not need it. So turnover is increasing, and in the end it is a commercial product. It is their product. They won the tender for it through Tattersalls. Like all new products, I would imagine it takes time before it starts having an effect.

**Mr RICH-PHILLIPS** — Going to the question, though, have you been asked to look at restructuring that product?

**Mr PANDAZOPOULOS** — The industry likes you to do all sorts of things. The reality is the government went out to a tender and is sticking with the tender.

**Mr DONNELLAN** — Your slide in your presentation referred to giving more power to local government over applications for poker machines in the area. What is the government doing to give local councils more control over gaming in their local area?

**The CHAIR** — And how do you assess performance and effectiveness?

**Mr PANDAZOPOULOS** — Our objective is about giving councils more of a say. You would all be aware that councils have been saying that there have been anomalies, for example. In the responsible gambling act in 2000, the election commitment we had was about putting in place a social and economic impact assessment that the regulator had to be satisfied on, and that there be no net disbenefit to communities in determining gaming venue applications or extending of gaming licences or 24-hour trading. So councils have had a say about that. Applicants are required to put in such an assessment. Councils can also make submissions and the regulator determines that. But in the last election campaign we also accepted the argument of local government that there was an anomaly in two areas. There was an anomaly in planning law that not all gaming venues required a planning permit, unlike other businesses which required planning permits, so we intend to change the Victoria Planning Provisions to have some consistency across the state to require planning permits for venues and extensions of gaming machines. We have not finally determined it yet, but with that we are considering venues being able to increase machines by a very small number without a planning permit. We think it is not an unreasonable argument that if you are getting one or two extra gaming machines, do you need a planning permit for that? We are considering that at the moment, but we have not made a final decision.

On the Victoria Planning Provisions, the social and economic assessment will continue, but also decisions on new gaming venues under the act are now appealable to VCAT. That is another power that local government has, so it has two areas that it can get involved in. One is in the planning stage and the second is in the new venue application or extension of gaming machine numbers to the new Commission for Gambling Regulation.

**Mr FORWOOD** — Minister, I refer you to pages 177 and 178 of BP3, which are your two output groups. I wonder if you could provide the committee, on notice preferably, with a reconciliation of the programs those funds are spent on across both the output groups, and I take it that both those output groups are fully funded from appropriation? They do not include external revenue from the sale of licences or stuff like that?

**Mr PANDAZOPOULOS** — No, they do not. You might have noticed — I thought you would be commending us about something you have raised in previous years.

**Mr FORWOOD** — Yes, I am. I am very pleased — —

**The CHAIR** — Just a moment. He is catching his breath as he is about to say something.

**Mr FORWOOD** — I am commending him.

**Mr PANDAZOPOULOS** — You have raised in the past — and that was a fair comment as well — the way the system had been set up a number of years ago regarding special appropriation for the regulation of



gambling compared to the public service side of it. That is direct in the budget now, but we are happy to provide details to you as requested.

**Mr FORWOOD** — Thank you.

**The CHAIR** — My question goes to the revenue in relation to gaming. The smoking bans had an impact on revenue. In looking at the last two budget papers, it is clear that we are looking at a reduction in revenue of \$97.4 million. Do you expect that revenue has plateaued or are indications that it might continue to drop?

**Mr PANDAZOPOULOS** — Again, I am not responsible for the revenue, but I am just trying to find out — —

**The CHAIR** — It is in BP4, page 212. So gaming revenue we can refer to the Treasurer?

**Mr PANDAZOPOULOS** — I will just try to find it. I have something here, but I need to find where it is.

**The CHAIR** — We can put that to the Treasurer unless you have something you want to say.

**Mr PANDAZOPOULOS** — I have something here about revenue. I am just trying to find it. Gambling tax projections — I have something here, so I will see what information we can give you. Whilst there is an increase, it is an increase off the reduced base. Whilst the member for Bass has raised in the house that it is a one-off decline and there is going to be an increase in gambling revenue, the reality is it is an increase off a decline, and there is certainly a considerable amount of forgone revenue by government since smoking bans occurred that coincided with a whole lot of other initiatives.

**Mr FORWOOD** — It is page 128 of BP4, is it?

**The CHAIR** — BP4, statement of finances, page 121?

**Mr FORWOOD** — Page 128.

**Mr PANDAZOPOULOS** — That is right. It is obvious that there is a decline not highlighted for some of the local government areas — what some of those declines over the year 2002-03 are. I know in Greater Dandenong on its own there is a decline of \$12.33 million. We will see what this financial year's figures are when they are completed, but we are expecting a long-term overall reduction of that base figure when smoking commenced.

**The CHAIR** — Thank you very much.

**Mr CLARK** — Minister, have you been made aware of any instance or report of money laundering at Crown Casino and, if so, what action have you taken in response to such instance or report?

**Mr PANDAZOPOULOS** — We certainly read what is in the papers as well. The issue of crime at the casino is the responsibility of the police. That is why they have the casino crime unit over there. Whilst the regulator obviously has an interest in a crime-free gambling environment, the reality is the police have to be able to pursue any sorts of issues of concern about money laundering. It is their job to go and pursue it. We know that in June 2003 when the VCGA conducted the third triennial review of the casino operator licence, the authority sought advice from the Victoria Police at the time with respect to matters including staff collusion, money laundering, prostitution, drug trafficking and international gaming cheats as part of that review process.

The review found there were no issues known to Victoria Police that would adversely affect the ability of Crown to continue holding the casino licence at that time.

You asked about information: obviously the regulator has sought advice from Victoria Police as part of that triennial review process, and that occurs regularly. There are also the responsibilities under the Financial Transaction Reports Act of the commonwealth to report to Austrac certain quantities of dollars being cashed or sought, so the issue really rests with Victoria Police and its casino crime unit.

**Mr CLARK** — Do I take it that other than what you have just told us you have not received any reports from the regulator to you about concerns as to money laundering?

**Mr PANDAZOPOULOS** — No. It is fair to say that, yes, apart from that triennial review.

**Ms GREEN** — Minister, I return to the discussion about responsible gaming. I understand that as the gaming minister in Victoria you are a member of the ministerial conference on gaming, which is due soon. What has the government been doing to promote responsible gaming measures at the commonwealth level?

**Mr PANDAZOPOULOS** — Normally the states do not like the commonwealth interfering in areas that have traditionally been state responsibility, but the reality is that there is growing convergence, and that is why the Council of Australian Governments created the ministerial council on gaming back in 2001, or something like that. The commonwealth government has obviously had an interest from the community impact point of view. But also the reality is, and the commonwealth acknowledges this, that there are certain powers it has in relation to communications laws and banking laws which give it a greater ability to regulate and influence outcomes that help reduce problem gambling and help retain the integrity of gambling.

I highlighted betting exchanges earlier, which is about the integrity of gambling. It is reluctant to pursue that, but in relation to ATM and EFTPOS facilities it has started a process acknowledging that it has some responsibilities under the banking code where it can work with financial institutions about ATMs. We have been disappointed that that process has been very slow. There is a ministerial council in Melbourne not this Friday but next Friday where this issue will be back on the agenda. While Victoria and Queensland are the only states that have withdrawal limits of \$200 per transaction, we cannot direct the banks to have daily limits on ATM machines that are located at gaming venues, and that is an area we believe the commonwealth should be considering.

At the ministerial council we will also raise an issue that has been raised by the Gamblers Help service providers to the advocate. Cabinet has endorsed me to put a paper pointing out that under the commonwealth Bankruptcy Act it is a criminal offence to be declared bankrupt if it has been caused because of what has been defined under that act as rash and hazardous gambling. The Gamblers Help services highlight that it is a major impediment to people rebuilding their financial lives. People can be declared bankrupt for all sorts of other speculative things, but it creates a criminal offence to be declared bankrupt as a result of gambling. We think it is unfair and deters people from seeking help and getting their lives back in order. We are taking that to the commonwealth through the ministerial council and will say that we believe it will be doing a service to problem gamblers if it amends that provision.

The ministerial council has also called on the commonwealth to ban spread betting, which is another form of gambling that has the potential to grow. It is illegal under state law, but it is legal under commonwealth law, so there is a conflict there under the Corporations Act. We have asked them to consider that as well.

We are working together on a draft national framework on problem gambling which has to go to the Council of Australian Governments. These are cooperative things. We do not want the commonwealth to be involved in traditional jurisdictions, but the reality is it has some levers, particularly under banking and communications laws, and we are exploring how they can be used. But we would like to see some of it done a bit quicker on ATMs.

**Mr RICH-PHILLIPS** — Last year the Parliament passed the Gambling Regulation Act, that telephone book which now regulates the industry, which provided for the appointment of a full-time commissioner and two part-time commissioners. Can you tell the committee who has been appointed to those three positions?

**Mr PANDAZOPOULOS** — I said earlier that that is being considered by cabinet at the moment. Also it will have to go to executive council. So I cannot advise you at the moment because it has not been — —

**Mr RICH-PHILLIPS** — Why has it taken so long?

**Mr PANDAZOPOULOS** — It has not taken so long.

**Mr RICH-PHILLIPS** — You had the legislation back in December.

**Mr PANDAZOPOULOS** — We have people in mind, but obviously until it is endorsed and ticked off by executive council the decision is not formally made.

**Mr RICH-PHILLIPS** — Certainly you had the legislation in December and you are not making the appointment until July.

**Mr PANDAZOPOULOS** — It does not come into operation until 1 July, so we are doing everything to implement it by 1 July and commissioners will be appointed.

**Mr MERLINO** — I refer you to the compliance services output of \$8.86 million, which is a subset of the 18.9 under the regulation of gambling output. Can you tell the committee why the government has introduced community benefit statements for clubs and hotels? You referred to that in your presentation. Could you also provide some information about the performance measures with regard to that?

**Mr PANDAZOPOULOS** — The reason for the community benefits statements is that there was a degree of concern by local government in the community sector and also by venues themselves, in that they felt they were good corporate citizens and that maybe other competitor venues down the road were not contributing. Under the Community Support Fund pubs pay the equivalent of an extra 8.33 per cent of their gaming revenue to the Community Support Fund, because they are not deemed to be clubs. This is an attempt to highlight to both clubs and pubs that being transparent shows the community how it is that they are benefiting communities. It will make sure that if clubs are not at least contributing the equivalent of 8.33 per cent then they should be paying that amount into the Community Support Fund in the same way as pubs are. We acknowledge that venues provide donations and support to charities et cetera, and certainly clubs provide a lot of other additional things that are of broader benefit to the community. This is a way for them to be transparent to make sure they are meeting those requirements and to deal with the issues where there has been community concern about venues that may or may not have been contributing to the community as is intended as a result of venues earning some of the proceeds from gambling.

In terms of performance measures about the level of compliance with the requirement and the degree of community benefit, there are discussions going on at the moment about what that schedule will be, so there will be a certain standard form they will all have to fulfil. It will take into account things like gifts, sponsorships, subsidised activities for members of the community, provision of assets that benefit the community and volunteer activities — all those sorts of things will be part of that contribution or the equivalent contribution of 8.33 per cent.

**Mr CLARK** — Can you tell the committee what evaluation is being undertaken of the various problem gambling initiatives, programs and projects that have been undertaken by your government, and can you now or on notice give us a breakdown of funding that is going to be provided for problem gambling programs in 2004–05 and what the source of that funding will be?

**Mr PANDAZOPOULOS** — There are two parts to that question. The first part is about problem gambling. You would be aware that the Minister for Community Services is responsible for that. Their funding source is the Community Support Fund. You may recall the recent amendments to the gaming and racing acts that went through the house make the Community Support Fund the first port of call for problem gambling and research purposes, which come out of the Community Support Fund, but in relation to the adequacy of those resources and where they go, that is an issue for the Minister for Community Services. In relation to the other bit, you asked about performance — —

**Mr CLARK** — What evaluation have you done on things such as clocks, lighting and other measures you have implemented over recent years?

**Mr PANDAZOPOULOS** — It is part of the gambling research program. We have said that we are happy to be tested on policy areas — so, for example, there is a research project which will probably finish later this year in relation to regional caps. That independent panel is the one which does that testing. Some of those reports will be out in the new financial year.

**The CHAIR** — Thank you, Minister. Thank you to your departmental officials who have joined us here today. To those who are not here but who prepared the work for the Public Accounts and Estimates Committee questionnaire and who will be doing more with the follow-up letter, we put on record our appreciation. The Hansard transcript will be circulated to you in a few days, together with the follow-up questions. Good afternoon.

Most importantly, before I officially conclude the estimates for this year, I want to place on record our appreciation to Michele Cornwell, the executive officer of the Public Accounts and Estimates Committee secretariat, and to each and every one of the PAEC team who have worked above and beyond the call of duty for these estimates.

**Committee adjourned.**