

# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

## **Inquiry into the 2024–25 Budget Estimates**

Melbourne – Thursday 23 May 2024

### **MEMBERS**

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O’Brien

Aiv Puglielli

Meng Heang Tak



**WITNESSES**

Melissa Horne MP, Minister for Casino, Gaming and Liquor Regulation; and  
Toby Hemming, Deputy Secretary, Integrity, Regulation and Legal Services,  
Annette Kimmitt, Chief Executive Officer, Victorian Gambling and Casino Control Commission, and  
Simone Cusack, Executive Director, Gaming and Liquor, 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.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2024–25 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 of this hearing may not be protected by this privilege.

As Chair I expect that committee members will be respectful towards witnesses, the Victorian community joining the hearing via the live stream and other committee members.

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.

I welcome the Minister for Casino, Gaming and Liquor Regulation the Honourable Melissa Horne as well as officials from DJCS. Minister, I am going to invite you to make an opening statement or presentation of no more than 5 minutes, and this will be followed by questions from the committee. Your time starts now.

**Melissa HORNE:** Thank you very much, Chair. I am really pleased to be here today to speak about the actions that we are taking to prevent and reduce gambling harm.

**Visual presentation.**

**Melissa HORNE:** This year has been one of really incredible momentum towards better protecting consumers from gambling harm. As required by our government, Crown Melbourne has fully implemented mandatory carded play and precommitment on all the poker machines in the casino. We have put in place a new code of conduct at Crown Melbourne, making breaks in play mandatory for their patrons. Crown Melbourne has now the strongest protection of any major casino in the world, and these reforms underpinned the Victorian Gambling and Casino Control Commission's independent decision to find them a suitable operator of the casino. We have worked with experts, Gambler's Help providers and community stakeholders to design a new way of delivering services to people experiencing harm from gambling. This will assist more than half a million Victorians affected by gambling harm each year. Also, we have successfully delivered the licensing process for the next wagering and betting licence.

The VGCCC recently announced that Crown Melbourne is suitable to continue to operate the casino. This was a decision by the independent regulator and reflects the work done by this government to make Crown change its behaviours and its practices. We have made significant reforms in response to the Royal Commission into the Casino Operator and Licence. Crown Melbourne has had to reform itself from top down – from ownership, governance and through the introduction of mandatory carded play and precommitment. Whilst Crown has been found suitable, there is still more work to be done in this coming year. Crown Melbourne will have to continue to implement its Melbourne transformation plan, and this plan outlines the actions needed from Crown to provide the safest environment for its patrons.

Chair and committee, each year more than half a million Victorians experience gambling harm, whether it be related to their own or someone else's gambling, and to help combat this we have delivered a record investment

of \$165.6 million to deliver the Gambler's Help program, education programs and research into gambling harm and treatment. In this coming year we will be making significant changes to the way these services are delivered by putting prevention programs and Gambler's Help with the Department of Health to deliver better integrated support for people experiencing harm, campaigns with the regulator to tap in to their on-the-ground insights, and research will go to the Department of Justice and Community Safety to lead a whole-of-government research agenda. We are making this change because we know that too many people experiencing gambling harm fall through the cracks. Our system needs to be able to help the 75 per cent of people who are experiencing gambling harm who are also experiencing a mental health issue. This is an exciting new model informed by consultation with service providers, the Victorian Responsible Gambling Foundation, advocates and people with lived experience.

The Victorian government has delivered outstanding value through the award of the next wagering and betting licence, which was awarded to Tabcorp. This was an open and competitive process that attracted significant interest from potential licensees. The process considered applications from wagering and betting services providers in Australia and also internationally. Applications for the new licence were subject to rigorous assessment against several criteria, including corporate and individual probity, harm minimisation and economic benefits to the state. The new licence framework strengthens the state's commitment to harm minimisation, and the licence is set to commence in August of this year.

I started this presentation noting the successes that had been this year, and this momentum will continue into the coming year. The \$165.6 million investment in this year's budget means that the staff who were previously employed by the VRGF will continue to deliver these important harm minimisation functions. This record of investment in services for people experiencing gambling harm will help tens of thousands of Victorians. Our changes will improve the connections between Gambler's Help and other services, especially with mental health, alcohol, drug and family violence services. In the four-year funding horizon it will provide certainty to service providers. I look forward to seeing the implementations of these reforms. Thank you.

**The CHAIR:** Thank you very much, Minister. I will go straight to Mr O'Brien.

**Danny O'BRIEN:** Thanks, Chair. Good evening, Minister. Minister, you touched on, there, the axing of VRGF. On what advice or analysis was that decision made?

**Melissa HORNE:** As you can appreciate, the VRGF – and I really want to thank them for their work. It is an organisation that has been going for more than 12 years, but as they recognised themselves, it was originally designed to be a responsible gambling foundation, which was about providing those counselling services but also the education services and research. We have moved on in terms of how we are now looking at it and looking at it in a much more multidisciplinary way to deliver those wraparound support services.

**Danny O'BRIEN:** I appreciate that, Minister. The question is: what advice or analysis was undertaken? Was there a review of the VRGF that indicated that it should be wound up?

**Melissa HORNE:** There has been much work that has gone into that. It has been subject to extensive consultation with the sector, with industry and with the foundation itself.

**Danny O'BRIEN:** That is the new model. You effectively announced the axing of the VRGF in last year's budget. I am asking the question: was there any analysis undertaken to say the VRGF is out of date and we need to move on?

**Melissa HORNE:** It has been analysis that has been taken and also too that consultation –

**Danny O'BRIEN:** It is the vibe?

**Melissa HORNE:** No. It is also that consultation that has gone on over a significant period of time.

**Danny O'BRIEN:** Minister, you announced the major reforms to the operation and regulation of EGMs on 16 July last year. When will the bulk of those reforms actually happen?

**Melissa HORNE:** At the moment what we are doing is working with industry – and setting up a technical working group and also a stakeholder working group – to be able to work those reforms through. It is a really complex environment and –

**Danny O'BRIEN:** It is, but it is nearly a year since you announced them. What is the timeframe?

**Melissa HORNE:** We are still working with gambling and harm minimisation protection advocates but also with industry to be able to work through the technical complexities, how this may operate, particularly up around border towns, for example, and –

**Danny O'BRIEN:** I will come to that.

**Melissa HORNE:** what the differences are between the club environment and pubs.

**Danny O'BRIEN:** Will we see legislation for mandatory carded play this year?

**Melissa HORNE:** Toby, I do not believe – maybe that is a legislated spot. If I could come back to you on that actually?

**Danny O'BRIEN:** Does it require legislation? I assume it will.

**Melissa HORNE:** There will be parts that will require legislation, yes.

**Danny O'BRIEN:** Did you take advice or seek advice, Minister, on the sovereign risk issues of these major changes to EGMs given they were introduced a year into a 20-year contract and six months after an election where you gave no commitment about EGMs whatsoever?

**Melissa HORNE:** As you can appreciate, the gambling harm that we are seeing, where we have come out of COVID, where we have got less people playing poker machines than ever before but more losses being experienced, particularly by some of our most vulnerable people, has meant that it was incumbent on government to do something about this, and these are –

**Danny O'BRIEN:** That is not the question. The question is: did you take advice on whether there were sovereign risk issues and legal risk issues in making these massive changes after having just made a deal with the sector for a 20-year licence?

**Melissa HORNE:** These decisions were made on significant advice.

**Danny O'BRIEN:** Mr Hemming, did you provide any advice to the minister or the government on sovereign risk issues?

**Toby HEMMING:** Mr O'Brien, I cannot answer that question. It is not appropriate for me to disclose what advice on those sorts of matters is provided to government.

**Danny O'BRIEN:** Minister, you said one of the reasons there has been no timeline outlined is that technical issues need to be worked through. Has the technical reference group even been established – has it met yet?

**Melissa HORNE:** It is going through – and Simone, correct me if I am wrong – its final stages of procurement at this point in time.

**Danny O'BRIEN:** Of procurement?

**Melissa HORNE:** Yes, for –

**Simone CUSACK:** For an independent technical adviser so we get independent advice informing their discussions and work.

**Danny O'BRIEN:** Sorry; you need to speak up a bit.

**Simone CUSACK:** Sorry. It is for an independent technical adviser so that the work of that group has independent advice informing the decisions and advice coming from that group.

**Danny O'BRIEN:** So has a technical reference group with industry and those who actually use it been set up yet?

**Melissa HORNE:** We have got an industry who have absolutely said – you know, who want to be involved as part of that group.

**Danny O'BRIEN:** But it has not been set up?

**Toby HEMMING:** There is an industry group that has been set up, and which has met.

**Danny O'BRIEN:** I am talking specifically about the technical group.

**Melissa HORNE:** We need that independent advice as well.

**Danny O'BRIEN:** You mentioned border clubs, Minister. Will the government commit to a border bubble or some similar arrangement given that if these mandatory carded play rules are introduced in Victoria but not in South Australia and New South Wales in particular that could have devastating effects on pubs and clubs in the border regions?

**Melissa HORNE:** South Australia is probably not so much of an issue, but it is something that I have been acutely aware of, and I have met with a number of operators along the border area. And that is why we are doing this important work to be able to determine how this will be rolled out.

**Danny O'BRIEN:** Will you consider a border bubble?

**Melissa HORNE:** Well, it depends on what you mean by a border bubble.

**Danny O'BRIEN:** Where they do not have to effectively have the same rules as the rest of the state given that they are literally competing across the river and in multiple locations. People will simply drive across the river, and not only the revenue but the tax revenue will go across the border.

**Melissa HORNE:** Again, as I said, this is why we need to do that important work but also to engage in those bilateral conversations with our New South Wales counterparts, who are moving into this reform space as well.

**Danny O'BRIEN:** Minister, I think you might have said last year there is evidence on this: I am wondering if you can provide the committee with any empirical or peer-reviewed evidence on how mandatory carded play helps the problem gambler. Could you provide any of that to the committee that you might have?

**Melissa HORNE:** I suppose the most recent example is the way that it has been rolled out down at Crown. Whilst the mandatory carded play model that is being applied down in Crown is not necessarily precisely what will be rolled out in pubs and clubs in Victoria, it has had significant impacts. You know, it is still in its infancy.

**Danny O'BRIEN:** A thousand jobs lost at Crown since it came in, but anyway could I quickly move onto another issue. I asked last year about liquor licensing applications and the time taken for applications to be decided on. I continue to get complaints about how long LCV is taking. What are the performance measures you have got to actually turn liquor licence applications around and are they being met?

**Melissa HORNE:** As you can see in the budget papers, there are performance measures around liquor licence application processes. We have also increased the number of staff –

**Danny O'BRIEN:** Do you realise it is still not working? There are people waiting months and months and months to even get acknowledgement that their application has been received.

**The CHAIR:** Apologies, Mr O'Brien, we are out of time. We are going to go straight to Mr Hilakari.

**Mathew HILAKARI:** Thank you, Minister and officials. I appreciate your time now this evening. I am going to take us to budget paper 3 and to some of the matters which have already been covered, but certainly in a lot more detail. Budget paper 3, page 66, outlines a 'Preventing and responding to gambling harm' budget line. From my understanding, this is a record investment in preventing and responding to gambling harm, which has been really the substance of your comments so far in your presentation. How will this money be used to bring that to life?

**Melissa HORNE:** Thank you very much. It is really important to have that certainty, particularly for Gambler's Help services. That goes over a four-year period. Certainly speaking to Gambler's Help service

providers, they were very encouraged by that. As I said, it is estimated that half a million Victorians experience gambling harm in some form or another. This can range from much lower impacts that are easily recovered through to really profound health and wellbeing outcomes that often impact family, friends and communities. I know that with the Gambler's Help service, they are expected to actually provide 73,000 hours of therapeutic and financial counselling to about 5000 Victorians experiencing harm from gambling. That was a 5 per cent increase on the previous year. In fact there was a recent study that was conducted by Federation University that found at least 201 suicides in Victoria between 2009 and 2016 were gambling related. So we cannot underestimate the importance of these services to be able to do that. Being able to maintain that strong Gambler's Help is absolutely critical to supporting these vulnerable Victorians.

Where the rest of this \$165 million is also going to will be around those public health prevention initiatives and those community education campaigns. When we established the VGCCC we put harm minimisation as part of the fundamental requirements of what they do. It did not exist there before. Making sure that the VGCCC was actually putting harm minimisation in every decision that it makes was critical. Making sure that then the VGCCC is also equipped so that it can run those public education campaigns in an agile way to respond to what they are seeing out on the ground through when they have got inspectors out in venues or they are making licensing decisions or those sorts of activities I think will be an absolute game changer, to be honest. Then of course there are the research and evaluation activities that the VRGF did admirably for many years, but they were divorced from then policymaking decisions. So it is great to have research, but then the application of it was somewhat tangential. Enabling the DJCS to run that research agenda that can then inform policy development, again, I think is a much more holistic way of tackling problem gambling.

**Mathew HILAKARI:** The proposed repeal of the VRGF – is that fundamentally what that goes to or are there other ways that the proposed changes are going to improve the delivery of gambling support services?

**Melissa HORNE:** Certainly putting the counselling services into the Department of Health – we know that there are comorbidities.

**Mathew HILAKARI:** It is really to health – that is right.

**Melissa HORNE:** There are often issues related to family violence or to mental health issues or other issues, so being able to have those wraparound sorts of supports is critical.

**Mathew HILAKARI:** You mentioned the importance of making sure we have got gambling services funded over a four-year period, but are those services fully funded?

**Melissa HORNE:** That is correct.

**Mathew HILAKARI:** Fantastic. In terms of the consultation that has occurred in the lead up to this, could you maybe take us through some of that consultation?

**Melissa HORNE:** Well, there was consultation with industry, there was consultation with the VRGF and there was consultation with the regulator. It was very wide reaching.

**Mathew HILAKARI:** Fantastic. I will take us back to that line item in budget paper 3, page 66, 'Preventing and responding to gambling harm output'. I understand it is split across several agencies – is that right?

**Melissa HORNE:** That is right. So \$106.8 million will go to gambler's help, \$15.8 million over four years will go for research and evaluation, and \$43 million over four years will go to that public health approach and education campaigns.

**Mathew HILAKARI:** Great. And what is the sort of funding that we are going to see with the VGCCC?

**Melissa HORNE:** Sorry?

**Mathew HILAKARI:** With the VGCCC – what is their quantum of funding?

**Melissa HORNE:** The VGCCC – obviously our regulators are funded to operate, but on top of that the expectation with them running the education campaigns is that it will be \$43 million over four years.

**Mathew HILAKARI:** Fantastic. In terms of the campaigns that we are seeking to run over the period ahead, I would be really interested in what some of those campaigns are, and how we deal with the meaningful campaigns to change behaviour.

**Melissa HORNE:** I might hand over to the regulator for that one, given that you will be designing those.

**Annette KIMMITT:** Thank you, Minister. We are really excited at the opportunity to do some groundbreaking work in transforming industry and community expectations around safe gambling – being provided access to safe gambling. We are inheriting some existing campaigns and programs, so they will continue on for a little while, but we are going to be taking a very multidisciplinary approach. So we are going to be working together with Health, with the department and the research arm of the department to develop – as soon as VRGF join us – a five-year strategy for transforming community sentiment, industry understanding, and running a campaign. I am actually really quite excited at the prospect of coming back to the committee again down the track and sharing with you what that five-year strategy looks like. But we have got some programs that we are taking on board like the Love the Game program, the campaign that is already in place, so they will be coming into our fold, but we have got a great opportunity to work together with Health and with DJCS on devising a new five-year strategy with that fabulous funding that we have been given to do that.

**Mathew HILAKARI:** And have you got some learnings out of some of the work that you have already been doing that will be applied to these programs?

**Annette KIMMITT:** Yes, we have. What has been really interesting – I will maybe just link it back to the Crown mandatory carded play and mandatory precommitment and play periods – we have seen over the last three months quite a significant change in play patterns, with Crown now mounting and being required to mount interventions at the 3-hour mark. We actually are seeing, through the data that we are getting, people taking breaks in play, which is a fabulous thing to be seeing. The idea of people taking breaks as a way of preventing harm, we think, is a really powerful tool, and so focusing on encouraging breaks in play is really important. We have seen it in the online space as well where we see online providers looking for real-time data, looking at markers of potential risk and mounting interventions at that point to cause players to take a break in play. It is a really powerful indicator at preventing harm. So we are really excited to be able to think about how we leverage what we have been learning about the way in which player behaviour is impacted by that sort of break, and how we factor that into education campaigns as well.

**Mathew HILAKARI:** So something as simple as a break away from gambling, even just a momentary one, is something that goes to a great deal of reduction of harm?

**Annette KIMMITT:** Absolutely.

**Mathew HILAKARI:** Is that part of the reason that we are introducing the mandatory closures of pokies venues in the near future?

**Melissa HORNE:** It is a couple of things; absolutely it is having that break in play, but also what we were seeing some venues do was that it was previously just that 4-hour period, and as soon as one venue closed, one just down the road would open or it would continue. There were actually venues that were providing shuttle bus services to get gamblers from one venue to another. And look, I would like to give the Endeavour Group a bit of a shout-out because across all of their venues they have already instigated that six-hour closure, which is terrific to see.

**Mathew HILAKARI:** And that is really important, that even just the intent of government is starting to see real changes occur. I guess you could not get away from gambling if people were shuffling you from one gambling venue, onto a bus, straight – so that break in play never really actually occurred. Are there any other things that we have learned from our experience in Crown Casino already that will be applied?

**Annette KIMMITT:** We are only three months in, so we are still learning, but probably the break-in-play issue has been the most stark in the data that we are seeing. Crown had started implementing carded play and encouraging their patrons to take up carded play quite early, so we have seen this decline in play time and seen people taking breaks.

**Mathew HILAKARI:** Thank you.



**The CHAIR:** Thanks, Ms Kimmitt. We will go to Mr Puglielli.

**Aiv PUGLIELLI:** Thank you, Chair. Thanks everyone, for being here. We see in budget paper 5, page 162, the revenue from poker machines is \$1.373 billion this year for 2023–24, and then it increases to \$1.407 billion in 2024–25. We then do see revenue, positively, does start to slowly decrease in the estimates from 2025–26, down to \$1.28 billion. Now, perhaps for the department, is that decline expected from the introduction of carded play and mandatory commitments?

**Toby HEMMING:** The answer is yes. That is part of the basis for the forecasts by the Department of Treasury and Finance, the introduction of some harm minimisation measures.

**Aiv PUGLIELLI:** Okay, thank you. Minister, with the incoming reforms, do you anticipate that those are going to include measures that are currently operating in Tasmania, like the limits of \$100 a day, \$500 per month, \$5000 a year?

**Melissa HORNE:** In terms of what someone can commit to spend, or –

**Aiv PUGLIELLI:** Yes, the mandatory limits.

**Melissa HORNE:** Look, the approach that we have taken – and we have been very unequivocal of what our reform looks like – is around cash limits so that people can only load up a limit, and then it is that precommitment card where you can set your own loss limit. But in terms of saying to a person, ‘This is how much you’re allowed to spend on an activity that is legitimate,’ I do not see that that is the role for government to determine what people’s own economic circumstances are.

**Aiv PUGLIELLI:** Right. But given gambling harms that are occurring across the community, I look at that Tasmanian system where daily limits can be increased to \$500 a month limits to \$5000 but there is still the hard, annual limit of \$5000 that remains; are you calling that system ineffective, inappropriate?

**Melissa HORNE:** I think the way that gambling operates in Tasmania is vastly different to the way that it operates in Victoria. But at the heart of it we are saying that people can set their precommitment levels of what they wish to lose, but also too there is that added safeguard that they cannot change that. Say you are playing the pokies, you have set your precommitment level at, I do not know, \$100. You want to then chase your loss, so you want to up your precommitment level; you have got to wait a further 24 hours to do that because it gets back to that break in play. The longer you can step away from the poker machine and do that reset on how you think and have that break in play, that allows you then to rationalise your decision-making.

**Aiv PUGLIELLI:** That is my time. Thank you.

**The CHAIR:** Thank you, Mr Puglielli.

Minister and officials, our time today has come to an end. Thank you very much for taking the time to appear before the committee. The committee will follow up on any questions taken on notice, and responses will be required within five working days of the committee’s request.

I do want to say that if you or someone you care about requires information or assistance in relation to gambling harm, please call Gambler’s Help on 1800 858 858. It is free, it is confidential and, most importantly, it is 24/7.

I would like to thank all ministers and officers who have given evidence to the committee today as well as Hansard, the committee secretariat and parliamentary attendants.

I also want to thank the hospitality, security and cleaning staff who have looked after all of us today.

The committee will resume its consideration of the 2024–25 budget estimates tomorrow, which is Friday 24 May, at 8:30 am.

I declare this hearing adjourned.

**Committee adjourned.**