

# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

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

Melbourne – Monday 20 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**

Gabrielle Williams MP, Minister for Consumer Affairs;

Jo de Morton, Secretary,

Miriam Slattery, Acting Deputy Secretary, Customer and Regulatory Services, and

Nicole Rich, Executive Director, Regulatory Services, Department of Government Services, and Director, Consumer Affairs Victoria.

**The CHAIR:** I declare open this hearing of the Public Accounts and Estimates Committee, and 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 today and other committee members.

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

I welcome the Minister for Consumer Affairs the Honourable Gabrielle Williams as well as officers from the Department of Government Services. Minister, I am going to invite you to make an opening statement of no more than 5 minutes, after which time committee members will ask questions. Your time starts now.

**Gabrielle WILLIAMS:** Thank you. Again, thanks to committee members. Before I begin please let me acknowledge the traditional owners of the land on which we currently meet, the Wurundjeri people, and pay my respects to elders past and present and any other First Nations people who may be here with us today or indeed streaming these proceedings online.

It is my pleasure to be able to give you an update on the achievements and priorities of the consumer affairs portfolio, which I know is close to the hearts of many of us as elected representatives given the interface it has with so many in our communities.

**Visual presentation.**

**Gabrielle WILLIAMS:** With interest rate rises, inflation and growing cost-of-living pressures, Victorian families are really feeling the pinch at the moment, and we know that many are experiencing quite difficult times. The consumer affairs portfolio is playing its part in supporting families and those who are doing it tough by ensuring a fair, safe and competitive marketplace in Victoria. This is achieved through providing clear and accessible information to consumers so they know what their rights are and also how to exercise them and in regulating the Victorian marketplace to ensure that businesses and rental providers do the right thing. This portfolio is also focused on the delivery of priority reforms to strengthen renters rights, including key initiatives within the Victorian government's housing statement, which was announced last year.

I will now move on to the next slide to talk a bit about some of those achievements over the past year. The portfolio has been focused on providing information, services and direct support to Victorians who need it most. In 2023–24 we were investing to provide financial counselling, consumer, renting and retirement housing services and domestic building legal assistance to over 32,000 Victorians. This includes more than 4300 victim-survivors of family violence who have been accessing a specialist family violence financial counselling program. Consumer affairs has supported community recovery efforts for recent natural disasters by providing dedicated information and advice to support Victorians, and we have also extended the liquidated builders scheme to help more Victorians who have been left with no assistance after their builders have become

insolvent. While we embark on larger regulatory reform of our building sector, we are delivering stronger protections for Victorians and new penalties for builders who do not take out the required domestic building insurance.

Next slide. A core component of Consumer Affairs Victoria is its regulatory functions, including compliance and enforcement activities. This year the portfolio announced a new rental taskforce backed by a \$4 million investment. That taskforce will monitor and crack down on breaches to renting laws, targeting offences like false advertising, renting out properties that do not meet minimum standards and not lodging bonds. The taskforce builds on the successful underquoting taskforce, which continues to closely monitor sales campaigns and inspect estate agency practices. The underquoting taskforce has now issued over 120 infringements, resulting in more than \$1.3 million in fines relating to underquoting practices. Consumer Affairs Victoria has also conducted, in the rooming house space, over 265 rooming house inspections so far this year to ensure standards are met and any breaches are immediately rectified, as well as over 500 product safety inspections, issuing eight infringements and 120 official warnings and receiving 63 voluntary undertakings to recall products from sale.

For the year ahead the portfolio focus is to continue delivering priority forms that help better protect renters rights and implement the housing statement, and in particular these initiatives will close loopholes that drive up the cost of living for renters, provide more certainty and security for renters over their leases and help to resolve tenancy disputes faster and more cheaply. While these reforms are being delivered, we understand Victorians need support now, and that is why the government introduced the rental stress support package, which delivers an additional \$8 million over three years for community organisations to provide more assistance to renters. That represents a quadrupling of our original commitment for that package. We are also committed to continuing to support Victorians through ongoing challenges in the market, including cost of living, housing and access to rent. With cost-of-living pressures, the government is also providing \$15 million over three years to boost financial counselling services, on top of that \$6.8 million that was announced in the budget, and these investments will build on the achievement of consumer affairs this year as the portfolio continues to deliver on the housing statement and support Victorians through the challenges that are currently in the market.

**The CHAIR:** Thank you very much, Minister. The first 8 minutes is going to go to the Deputy Chair.

**Nick McGOWAN:** Thank you, Minister. This question is for the Secretary. Secretary, funding available to the department from the Victorian Property Fund would decrease by \$24.8 million and \$9 million from the Residential Tenancies Fund. How will this impact the government's ability to be able to meet its obligations for those funds?

**Jo de MORTON:** What was the last bit of that question, sorry?

**Nick McGOWAN:** How will it impact the government's ability to meet its obligations in respect to these funds?

**Jo de MORTON:** All the projections show that there are sufficient funds for all the commitments against those two trust funds, so we are not expecting any impacts.

**Nick McGOWAN:** In the questionnaire there is no funding reference to RDRV in question 33. That is despite RDRV being a substantial part of the housing statement. At what point will the department be committing funding to RDRV?

**Gabrielle WILLIAMS:** RDRV will be funded out of the trust fund purposes, which is a legitimate use of those trust funds, which is precisely why as a service and a service that is designed to provide a more streamlined, easier to access, cheaper alternative dispute resolution service – early intervention service, if you like – for those rental disputes.

**Nick McGOWAN:** And will that fund be accountable to separate performance measures within the budget?

**Gabrielle WILLIAMS:** Do you have a sense of the performance measures, Jo, while I just look –

**Jo de MORTON:** For RDRV?

**Nick McGOWAN:** Yes.

**Jo de MORTON:** That will be part of the establishment project to work that through around what the form of it is and what the performance measures will be. The development of RDRV is something that is active right now.

**Gabrielle WILLIAMS:** Right now.

**Nick McGOWAN:** Thank you. The government have two taskforces running under the CAV banner, one on underquoting and another one on doggy rental providers. How much money has been allocated for the underquoting taskforce in 2024–25?

**Gabrielle WILLIAMS:** The underquoting taskforce, again, is funded out of trust funds, if I am – Nicole will be able to confirm that for me. We will continue to monitor that funding and the outcome of the taskforce over the course of this year, and then we will make any future decisions around the requirement to continue it in due course – noting that it is not subject to budget cycles, it is subject to allocations from those trust funds.

**Nick McGOWAN:** That is a good point. Do we actually have a breakdown of how much is allocated in terms of expenditure both for the underquoting taskforce but also for the rental taskforce?

**Gabrielle WILLIAMS:** The underquoting taskforce, from memory, is about \$3.8 million, and the rental taskforce has a \$4 million allocation.

**Nick McGOWAN:** And do we know how many staff are employed by each taskforce, or are they a combined staff? How does that actually work?

**Gabrielle WILLIAMS:** Consumer Affairs Victoria is currently in the process of ramping up its staffing numbers to meet the demand of that rental taskforce. This is taking the lessons from the underquoting taskforce, which has been hugely successful not only in terms of the infringements that have been issued, as I talked to before, but also in one case criminal proceedings instigated against one particular real estate agent for quite egregious behaviour. I can hand over to Nicole Rich of Consumer Affairs Victoria to talk about the process that they currently have underway to meet that additional demand for the work of the rental taskforce. Nicole, would you like to speak about the recruitment processes that are currently underway.

**Nick McGOWAN:** Sure. And Nicole, if you could give us some idea of how many FTE for each or what you are anticipating.

**Nicole RICH:** Sure. Yes. We see it as BAU for the regulator, of course. What the taskforces do is allow us to ramp up the activity and keep a sustained focus. I think the underquoting taskforce allowed us to recruit an additional 14 FTE across intelligence – you know, investigators, inspectors, lawyers – and the renting taskforce follows a similar model. I think we will end up with an additional 16 FTE across those functions to enable us to boost that capacity. They will be dedicated roles, but of course the core officers and staffing of Consumer Affairs Victoria are also available to support taskforce activities.

**Nick McGOWAN:** Okay. I think, Minister, you were alluding to this, but has consideration been given to having one taskforce rather than two, or is that not a live issue at this point?

**Gabrielle WILLIAMS:** I do not think it is a live issue at this point because they have got quite distinct purposes, but obviously the types of expertise that are being brought into Consumer Affairs, which Ms Rich just spoke to in terms of investigator roles and other, sort of, analytic roles, will obviously be similar. Any future decisions around the work of consumer affairs in this space will be made in due course, but obviously the point of those taskforces was really to respond to the issues that were coming to CAV in quite large numbers, being identified by the community, whether that be the very pressing issue of underquoting, which has come through to CAV and through to the government in various different forms and ways, and also through the renting taskforce the issue of, in particular, the enforcement of things like minimum standards, false advertising – issues that we know were growing in prominence and deserved that kind of focus of a blitz, if you like, to make sure that we not only could get the outcomes for Victorians experiencing these poor practices, but also it allows us to get a much better sense of what is actually happening out there in the marketplace as well. So it is a really great sort of data harvesting tool, if you like, to get a sense of what is actually happening in the marketplace – the scale of the issue – and therefore how we need to respond going forward too.

**Nick McGOWAN:** Just following up on that, Minister, from 1 July 2023 to today, do you know how many warnings have been issued in that period, and in addition to that, how many fines have been issued?

**Gabrielle WILLIAMS:** For the underquoting taskforce?

**Nick McGOWAN:** For the underquoting taskforce, yes.

**Gabrielle WILLIAMS:** I can get you some figures on that. Just bear with me.

**Nick McGOWAN:** While you are looking for those, the RDRV – do we know what the expected commencement date is for that?

**Gabrielle WILLIAMS:** The work to design that is taking place at the moment, so we will have more to say about that in due course.

**Nick McGOWAN:** Months, or this year?

**Gabrielle WILLIAMS:** We will have more to say about that in due course.

**Nick McGOWAN:** October? November?

**Gabrielle WILLIAMS:** There is some legislation that has obviously got recently passed to commence the work on that, but there is still work underway that is imminent that will determine the design of that body, and we will have more to say about that in due course.

In terms of the first part of your question around the underquoting taskforce, it has currently monitored 1798 sales campaigns, inspected 263 estate agencies, issued 120 infringements – that is the figure I gave before, that totals about \$1.3 million in fines – and also issued about 140 official warnings to estate agents who were caught up in that underquoting work. And as I referenced earlier too, there have also been criminal proceedings in one case instigated against an agent –

**Nick McGOWAN:** Just one case, Minister?

**Gabrielle WILLIAMS:** Yes. That was a case of quite egregious conduct. Ms Rich might be able to talk to that in slightly more detail if you like, but that was –

**Nick McGOWAN:** Before we do that, Minister, what is the value of the fines issued to date?

**Gabrielle WILLIAMS:** \$1.3 million.

**Nick McGOWAN:** 1.3 million. Thank you.

**Gabrielle WILLIAMS:** Ms Rich, would you like to supplement the conversation?

**Nicole RICH:** I just note that it was the first but it hopefully is not the last if there needs to be further action. I just note that we do have other matters that are currently under investigation. Obviously, I cannot comment on the specifics, but it could well be that there will be further court actions in time.

**Nick McGOWAN:** Minister, in terms of the RDRV, is there a particular reason it has not kicked off as yet? Is there something that is actually stalling that, or –

**Gabrielle WILLIAMS:** No, there is nothing in particular that is stalling it. What we are keen to do is make sure that we consult with key stakeholders across our property sector and those impacted, obviously, in our rental market to ensure we get it right. That is the work that is taking place right now.

**The CHAIR:** Thank you, Minister. We will go straight to Mr Tak.

**Meng Heang TAK:** Thank you, Chair, Minister, Secretary and officials. Support for renters – the funding allocation for the rental stress support package, and I refer to budget paper 3, page 44, Minister, could you please explain for the committee what the rental stress support package is and how it is administered, and whether the package is meant to be standalone, or it is supposed to be run complementary with other supports?

**Gabrielle WILLIAMS:** Sure. I can talk about our rental stress support package. It is a source of great pride, given the extraordinary boost in funding that we have given, up from our original commitment. A bit of context might be helpful. Under our landmark housing statement, which was launched in September of last year, we made several commitments to strengthen and protect renters' rights in Victoria, and we are getting on with implementing a number of these reforms. We will be consulting closely with industry and renter advocacy groups on a range of different measures that form part of those commitments – everything from restricting rent increases between successive fixed-term rents to banning rental bidding and the portable rental bond scheme, among many others. And of course we have just been talking too about the establishment of Rental Dispute Resolution Victoria. But we also committed to delivering a rental stress support package, and that was an acknowledgment of the acute pressure that many Victorian renters are experiencing. We know that right now around about 5 per cent of Victorian households are experiencing rental stress, meaning that they are at risk of not only being unable to pay their rent but also effectively at risk of homelessness and being evicted and not having an alternative to go to easily. The process of eviction obviously creates additional barriers to securing future housing as well as acting as a barrier to a whole range of other things in life – employment, access to health care. The flow-on effects of losing housing are enormous.

In Victoria we are lucky to have a very substantial marketplace of community organisations who are working tirelessly to support renters who are in this situation, whether that be through legal assistance, through advocacy services or indeed through financial counselling. Our original commitment to back in this work was for \$2 million to address the high demand for rental assistance being experienced by these organisations, but when we opened up the expressions of interest for that package we received a really large number of proposals that we could see very clearly would make a critical difference for renters doing it tough right now, which is why we were able to expand the package to almost \$8 million, quadrupling that original commitment.

Across that package is funding for 13 organisations who will provide increased services to Victorian renters in their communities, including through community education, information and advocacy, legal advice and financial counselling. These organisations operate across our state, so the geographic spread is broad. We have got Child and Family Services, CAFS, in Ballarat. We have got Mallee Family Care, Quantum Support Services in Gippsland and South East Community Links, who do incredible work in my electorate of Dandenong and will be well known to Mr Tak as well. We have also got a number of statewide recipients – Anglicare, Housing for the Aged Action Group, Justice Connect, Launch Housing and Tenants Victoria – who are partnering as a part of a sort of consortium with ARC Justice, Barwon Community Legal Service, Peninsula Community Legal Centre and West Justice as well.

This boost to our original commitment will really be about ensuring that renters across Victoria can get that specialised, wraparound support they need to keep a roof over their heads and avoid homelessness. Paired with our existing package of rental reforms that have been introduced since 2021 – and you might remember that we have so far introduced over 130 rental reforms in addition to the handful of additional ones that have come about through the housing statement that we are working on right now – this represents a significant boost in support for Victorian renters, and it is work that we know is meaningful at the best of times but is particularly meaningful now as Victorians are feeling the pinch.

I referred earlier to some of those other housing statement initiatives which are currently underway in being delivered. Some of those are quite complex pieces of work, whether that be the portable rental bond scheme or some more straightforward initiatives like extending notices of rent increases and notices to vacate from 60 days to 90 days. One that I think is also really important is the introduction of mandatory training and licensing for real estate agents, for property managers, for owners corporation managers and conveyancers as well and also making rental applications easier and protecting renters' personal information, because we are often told about the fact that rental applications will ask quite extensive personal information of people that many do not understand the pertinence of in that context and can be a cause of concern. I hope you can see from that that we have both got the landscape of 130 already delivered rental reforms, a significant body of others that were committed to through the housing statement, as well as the nearly \$8 million in the rental stress support package, which goes to organisations right now to be able to support people who need that support most acutely in our community and who are at highest risk of homelessness. It is a very comprehensive and ambitious package.

**Meng Heang TAK:** Thank you, Minister. Certainly the 130 rental reforms would have been well received, especially in the south-east community by the Springvale legal service centre, which we share a boundary with.

Minister, how is the government making sure that the people are aware of their rights and obligations – we have already heard that there are a large range of reforms – so that the work of the taskforce is supported?

**Gabrielle WILLIAMS:** What was that, sorry? That last bit.

**Meng Heang TAK:** So that the work of the taskforce is supported.

**Gabrielle WILLIAMS:** Yes, sure. Are you talking about the renting taskforce in particular?

**Meng Heang TAK:** Yes.

**Gabrielle WILLIAMS:** Yes. I mentioned our 2021 reforms introduced several changes to strengthen renters' rights, including through things like the introduction of basic minimum standards. Those include things like permanent heating that works, hot and cold water, a working toilet – you know, things that we would fairly expect should be in any property – and doors that can be unlocked without a key from the inside, for example. These reforms also include placing limits on how much bond amounts can be set at so that in most cases a bond can only be set at one month's rent and also things like allowing renters to have pets in their rental properties, which was obviously a big centrepiece of those rental forms. In March of this year we reached our three-year anniversary of these changes taking effect. While we know they have had enormous impacts for renters in terms of their safety and their security in their rental properties as well as their ability to make their rental home truly a home, we also know that there is more that we can do to protect those renters' rights.

CAV, Consumer Affairs Victoria, receives a lot of intelligence from the public around the needs that exist and where those sorts of gaps are and where the work needs to be strengthened, particularly in enforcement approaches. In response to the contacts CAV has received from the public about instances where requirements are not being met, we announced the establishment of that new renting taskforce, which you have alluded to, to crack down on those rentals that are not meeting minimum standards as well as other offences like false advertising and failure to lodge bonds. That is being funded, as I mentioned before, with a \$4 million investment and will sit within Consumer Affairs Victoria, with that recruitment underway. That includes bringing in intelligence analysts, inspectors, investigators and lawyers, who will focus on detecting offences, including through intelligence received from the public, which we know is incredibly valuable to CAV. Obviously another important part of CAV's work, though, is around that education piece, making sure that consumers understand what their rights are and rental providers understand what their obligations are, so the two very much go hand in hand. This is something that we have heard from the real estate industry itself. We know the bulk of them are doing the right thing, but there are some that are not. One thing that they have given us feedback on is the importance of providing an education campaign around that that really brings that sector up to speed in understanding what they should be doing, because most of them want to be doing the right thing. That is a really important part of Consumer Affairs Victoria's work.

Often, obviously, the focus goes on the enforcement end of those taskforces. We have gone through some of the figures on the underquoting taskforce and what that means, but at the end of the day we want Victorian consumers to know and understand their rights and know how to get an outcome and know what services are available to them to access, whether that be consumer affairs itself or, for those doing it particularly tough, the range of organisations that are there to support them too and for those in the industry, whether it be real estate agents or other forms of rental providers, to understand what their obligations are, not only straight up to meet the law but also to be an ethical operator within our housing market.

**Meng Heang TAK:** Thank you, Minister.

**The CHAIR:** Thank you, Minister. The last session is going to go to Mr Puglielli.

**Aiv PUGLIELLI:** Thank you, Chair. Good morning. We have seen from the state government over the years that when a market fails the government steps in to provide support to Victorians that they need. We have seen that in water, we have seen it in electricity and we have seen it in council rates. I suppose my question is: Minister, do you accept that the rental market in Victoria has failed – that it has failed renters, it is failing Victorians – and the government needs to intervene if we are seriously going to protect renters from homelessness?

**Gabrielle WILLIAMS:** I think what I can say is that over the years, in particular since those raft of reforms that came through in 2021, we have done a power of work as a government to improve our rental sector, and that work is ongoing. I think we can see from the number of initiatives that we have introduced as a part of the housing statement there are some very significant initiatives in there to be delivered, and that work continues.

**Aiv PUGLIELLI:** I fully appreciate that, like, reform, reform, reform – keep it coming, please. The market as it currently stands though – I mean, we are hearing from renters every day in our email inboxes; I am sure you are as well – is failing people. It has continued to fail. We have not got there yet. Renters are still struggling. The rents are going up. I had an email this morning indicating a high rent increase that someone in my region is experiencing. It is really distressing to see that state of the market as it currently stands. Do you accept that things as they are have failed and we need to do more?

**Gabrielle WILLIAMS:** I think our housing statement points to the central issue at the heart of all of it, which is a supply issue, that as long as we have a shortage of housing the flow-on impacts of that are going to continue to be felt, which include higher rents and a shortage of supply. I mean, at the moment the issue of a lack of supply means that for any person trying to put a rental application in for a property, they are up against dozens of others. I think our vacancy rate at the moment is 1.1 per cent in our rental market, but that is all about more stock, which is precisely why we have committed to 800,000 more homes over the next decade.

**Aiv PUGLIELLI:** And I appreciate that. It takes years to build those homes, though. For those renters right now that are a rent increase away from homelessness, what are you offering them?

**Gabrielle WILLIAMS:** I have just gone through fairly extensively our package there – everything from our almost \$8 million in our rental stress support package to the rental taskforce itself, which is cracking down on that bad behaviour. I know Ms Rich can talk in more detail about the work of CAV to respond to some of the pressures being felt in the marketplace. But to your point, at the heart of this is getting more housing stock into the market. That is work that is progressing in earnest. It is a key priority of the Allan Labor government. You will hear many ministers in our cabinet talk to that work, because it is a centrepiece of our agenda at the moment.

**The CHAIR:** Thank you, Minister.

Minister and department officials, thank you very much for appearing before the committee today. The committee will follow up with any questions taken on notice in writing, and responses are required within five working days of the committee's request.

The committee is now going to take a short break before beginning its consideration of the public and active transport portfolio at 9:45 am.

I declare this hearing adjourned.

**Witnesses withdrew.**