

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2023–24 Budget Estimates

Melbourne – Monday 5 June 2023

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Paul Hamer

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O’Brien

Ellen Sandell

WITNESSES

Mr Danny Pearson MP, Minister for Government Services,

Ms Jo de Morton, Secretary,

Mr Michael McNamara, Deputy Secretary, Digital Victoria,

Mr John Batho, Deputy Secretary, Community Services and Regulation,

Ms Gayle Porthouse, Deputy Secretary, Whole of Victorian Government Services, and

Ms Jennifer Barton, Acting Deputy Secretary, Cabinet, Legal and Governance Division, Department of Government Services.

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 2023–24 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

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

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 Government Services, the Honourable Danny Pearson, and officers from the Department of Government Services and other officials. Minister, I invite you to make an opening statement presentation for 5 minutes. This will be followed by questions from the committee.

Ellen SANDELL: Chair, just on a point of order, if I may.

The CHAIR: Ms Sandell, on a point of order.

Ellen SANDELL: Just for clarification's sake, in the previous sessions with the Assistant Treasurer we were informed that the responsibilities for government procurement and also fleets sit now under government services. According to the DTF website they are still listed as under Assistant Treasurer, so I am just wondering whether there could be some clarification as to exactly where they sit.

The CHAIR: I believe the clarification is – and Minister, if you wanted to correct me – that perhaps the department is behind on the tech but the general orders will supersede the website.

Danny PEARSON: State purchasing contracts now sit within the Department of Government Services.

The CHAIR: Thank you, Minister. You have 5 minutes from now.

Danny PEARSON: Thank you, Chair. Thank you, members. It is wonderful to be with you this morning. To begin with I would like to acknowledge the traditional owners of the land on which we are meeting, the Wurundjeri people of the Kulin nation. I pay my respects to elders past and present, and I extend that acknowledgement to any other First Nations people with us today or any other Aboriginal people.

Visual presentation.

Danny PEARSON: The Department of Government Services was established to improve how Victorians and business engage with government and accelerate business digital transformation and corporate services

reform across the Victorian public service. The creation of the Department of Government Services represents our government's commitment to deliver world-class services and to make sure everyone is able to receive the benefits of modern digital service delivery. For the first time the new government services portfolio brings together digital, ICT, Service Victoria and some community services and corporate services functions from across government. This will provide a dedicated focus on digitising services and improving how Victorians engage with government.

I am particularly excited to accelerate the provision of more services onto the Service Victoria app. The Service Victoria app is quickly becoming the one-stop app for everyday life. This financial year the app has been used by nearly 50,000 people every day, with an average of 1.7 million app sessions each month. It features more than 100 services, but there is more we can do to make more services accessible through the app. We are putting citizens at the centre and by doing so ultimately saving time and money for Victorian families and businesses.

This now brings me to the next slide. I would like to let the committee know about the exciting opportunities ahead with the Service Victoria app. The app shot to popularity as one of the ways to support a safe economy during the pandemic, and the government has continued to invest in Service Victoria by delivering more features that people want. One of the most popular elements has been the promotional tiles on the app's home page screen. These tiles and the occasional push notifications which can be broadcast to users were interacted with more than 5.5 million times in the past 12 months. People see the app as useful, as helpful, and they are turning to it as a one-stop app for everyday dealings with government.

The Service Victoria digital wallet is another exciting aspect. It is a regularly requested feature which gives people the convenience of leaving home without their wallet on their person and having their ID or digital credentials with them. Service Victoria and the team in DGS are working to deliver digital credentials, which are more secure than paper or plastic-based cards and can replace a physical card. They also help to respond to data breaches by allowing compromised tokens to be quickly and easily removed or card numbers replaced en masse.

Here are two exciting examples. The working with children digital cards are now available through the Service Victoria app. More than 17,000 digital working with children check cards have been added to people's wallets in the first three months of this feature going live, with an impressive 98 per cent customer satisfaction score. Also available in the wallet is an ambulance membership card and a digital fishing licence, and more cards will soon be available as well.

The most requested feature is the recently announced digital drivers licence. Research commissioned by Service Victoria reveals four out of five people will be likely or highly likely to use a digital drivers licence. The digital drivers licence will be available to everyone in 2024. Victoria's pilot program is being rolled out in Ballarat from next month. The digital licence is more secure than a physical card version and can only be accessed through a PIN or biometric authentication. Digital services will quickly reveal if a licence has been revoked or suspended, but it will still be available for use to show identity or that the customer is over 18.

The key focus of the portfolio has and will continue to be safe and inclusive digital services. Digital services and the data we hold must be safe from cyber attack. This is a common challenge that jurisdictions and private companies around the world are facing. A new cyber attack is reported in Australia once every 7 minutes. Within this context, the Victorian Government Cyber Incident Response Service successfully responded to hundreds this financial year. This highlights the importance of investing in cybersecurity. To help meet these challenges, the Victorian government has adopted the Australian Signals Directorate's essential eight maturity model, which helps organisations protect themselves against various cyberthreats. We have also established Victoria's first expert panel on cybercrime, dedicated security operation centres, and have rolled out training to Victorian government board members on cybersecurity risks.

Alongside this work, we are working to make sure all Victorians can access and use digital services. Last year we released the *Victorian Government Digital Inclusion Statement*, which sets out what we are doing to achieve this. Activities range from free wi-fi in the Melbourne CBD to the \$550 million Connecting Victoria program to improve digital connectivity through telecommunications infrastructure investments. New and upgraded services will be switched on progressively, with all projects due for completion by June 2026.

We are also helping people navigate the web to access government services through progressively migrating websites onto the easy-to-use vic.gov.au website. 120 websites have been migrated so far.

The CHAIR: Thank you, Minister, I will stop you there. Mr McGowan, you have the floor for the next 8 minutes.

Nicholas McGOWAN: Thank you. Secretary, I refer to budget paper 3, page 206, the performance measure total accommodation costs. I note the accommodation cost is given to a cost per square metre per year. Secretary, what was the size of the public service accommodation footprint in square metres in 2021–22, and what is it anticipated to be as at 30 June 2023?

Danny PEARSON: Just for clarification, Deputy Chair, is this within the CBD, is this across Victoria? Can you be a bit more precise? Or are you talking about what is covered by the CAMS?

Nicholas McGOWAN: This is the total figure, so it is the total public service accommodation footprint. Page 206, if it assists.

Jo de MORTON: Yes, I am not sure if we have got the total square metres. The workspace utilisation is 11.8 square metres per FTE, in line with a target of 12 square metres per FTE. Have we got the total –

Gayle PORTHOUSE: We do not for 2022–23, but it was 1,105,958 square metres – the total portfolio – the previous year.

Nicholas McGOWAN: Total portfolio, okay. And do you have a differential for the metro area?

Gayle PORTHOUSE: Not with me.

Nicholas McGOWAN: CBD?

Gayle PORTHOUSE: No, I do not, not with me.

Nicholas McGOWAN: Could you take both those questions on notice, please? Thank you very much. Do you know what was the total cost of the accommodation in 2021, and what it is expected or anticipated to be at the end of 30 June this year, so in 2023?

Gayle PORTHOUSE: I have the square metre cost but not the total cost.

Nicholas McGOWAN: Could you take that on notice, please?

Gayle PORTHOUSE: Yes.

Nicholas McGOWAN: You do not have it with you, do you? If you do, that would be great.

Gayle PORTHOUSE: I do not think so, but if I do, I will let you know before the end of this session.

Nicholas McGOWAN: Okay, thank you.

Danny PEARSON: We can try and see if we can provide additional information to assist.

Nicholas McGOWAN: Thank you. Noting the increase in accommodation costs per square metre from 2021 to this year, what are the projected costs per square metre in the forward estimates?

Danny PEARSON: Well, I think that is dependent upon whether leases have got in-built escalation costs in them, and I suspect they probably do, but it depends upon the quantum. Then it also depends in terms of whether any leases are up for renewal. As you would appreciate, the CAMS proactively manages the accommodation footprint of the government, and where you have got suboptimal leasing that is due for expiry, both leases are often concluded and the staff are transferred to another lease. So it is a bit hard to be specific, but I will try and endeavour to see if we can provide additional information to the committee to help with your deliberations.

Nicholas McGOWAN: Thank you, Minister. Is the department projecting that forward? Because obviously in terms of anticipating the cost in future years, the outlying years, have you done some analysis in respect to that in the department? Perhaps that is for the Secretary.

Jo de MORTON: Yes, as the Minister said, I think some of those leases are quite long term, and so those projections go through the life of those long-term leases. Others it is a bit hard to anticipate what different departments and agencies might need by way of their future arrangements. So where we can because we have got the long-term leases locked in – but that would not cover the whole accommodation requirements, because different departments' and agencies' needs will change, depending on their circumstances.

Danny PEARSON: So you might recall, for example, Deputy Chair, we had the suburban hubs, which we commissioned because we wanted to have that level of flexibility and provide, you know, the ability for people to work more closely. We committed to that at that particular point in time because it was the right thing to do, it was the fair thing to do, but we are wrapping that up because it is no longer fit for purpose or required. So there is probably some level of projections that we might be able to provide in terms of a broad sense, but again it is dependent. If you have got a lease in an old, daggy building that is due for renewal, you are probably not going to renew it. Alternatively there could be something that happens in 12 months or 18 months time that could change things, which might then change the projections.

Nicholas McGOWAN: Minister, thank you for that. That brings me to a good point, and I am sure you were going to raise this. You said only a couple of years ago, 2021, and I quote:

New suburb government hubs will also bring workers into Melbourne's suburbs, providing support to local economies and for local traders.

So we are talking, you know, about Footscray, Mulgrave, Williams Landing, Dandenong and Essendon Fields. Now, this is very bad news in the budget for them – a \$20 million program cut. What is so different between 2021 and 2023, and going forward – 2024, 2025?

Danny PEARSON: I think it comes back to the pandemic, and I think that the focus –

Nicholas McGOWAN: This was announced after the pandemic, Minister.

Danny PEARSON: I am sorry?

Nicholas McGOWAN: This was announced in 2021 by you, Minister, after the pandemic.

Danny PEARSON: Bear in mind that the pandemic was still underway and the genesis to the idea was occurring – look, the budget is handed down in May, but as you appreciate, Mr McGowan, you do not write the budget the night before it is delivered. It is the result of extensive consultations and discussions in order to try and work out, well, what do we think the right response is?

Nicholas McGOWAN: You might want to ask the non-government sector of the school community that question, but nonetheless.

Danny PEARSON: Well, again, you go off and do your research. I think what we sought to do would be to establish these hubs as a pilot and as a trial. We wanted to try and give people that level of flexibility, and again, my recollections were it was about trying to disperse the workforce over a larger footprint. It was also useful at times too with people who had caring responsibilities. They did not necessarily want to go all the way into the city but they wanted to come a bit closer.

Nicholas McGOWAN: Doesn't that still apply, Minister? Surely it still applies. There are 2380 public servants we are talking about. What will happen to them? Are they part of the public servants that we retrenched?

Danny PEARSON: No, no. I mean, maybe by way of background, Deputy Chair, this was an offering. I am happy for Ms Porthouse to supplement my answer. This was about giving individual employees of the VPS the opportunity and the flexibility to book a workspace in a hub. They were not required to, they were not mandated to, it was just an option. Some people chose to do that but some people chose not to avail –

Nicholas McGOWAN: That was a \$20 million option, Minister, is that correct?

Danny PEARSON: Well, I think at that point in time –

Nicholas McGOWAN: I am guessing that is why you cut it at the end of the day.

Danny PEARSON: Well, I mean, ultimately, this comes back to my earlier comments about fast failure, in the sense that you tried something out and it did not really work – we end it rather than continue on.

Nicholas McGOWAN: So how much money did you spend, Minister, to this effect? Of the \$20 million, how much has been spent?

Danny PEARSON: Look, I will check and see whether Ms Porthouse would have some advice on this, but bear in mind –

Nicholas McGOWAN: Ms Porthouse, would you mind answering that question?

Danny PEARSON: But bear in mind, what I will say, Deputy Chair, is that at that point in time we needed to keep our options open because we did not know –

Nicholas McGOWAN: I respect that, Minister. So, Ms Porthouse, can you answer that question?

Gayle PORTHOUSE: The Victorian public service commission is responsible for the SPC – sorry, for the suburban hub – so I am not familiar with exactly how much has been spent of that money. What I can say is that the SPC – why do I keep saying SPC? Sorry. The suburban hubs were set up to assist people in certain areas where we knew there was a high population of Victorian public servants in those areas, and they were close to public transport facilities et cetera. They have been under-utilised. Those staff that have used them, and they were meant to augment –

Nicholas McGOWAN: So they were established?

Gayle PORTHOUSE: They were established, yes.

Nicholas McGOWAN: Can you come back to the committee in terms of the costs, because that was the question.

Gayle PORTHOUSE: I will come back to you in terms of the costs –

Nicholas McGOWAN: Thank you. Sorry, I need to move on. I am short on time as it is. Secretary, per square to cost in terms of accommodation, how is that actually attributed in terms of who pays for that?

Jo de MORTON: Departments and agencies pay for the space that they utilise.

Nicholas McGOWAN: In respect to that, can you provide a full list, or do you have it with you – I am happy to go through it now – of which agencies and how much they are paying?

Danny PEARSON: That will be disclosed through the annual reports in the normal way, I think, Deputy Chair.

Nicholas McGOWAN: I am sure it is easy for you. You obviously collate these. To go through every single annual report online et cetera takes a large amount of time.

Danny PEARSON: Look, again, I am happy to try and see if we can provide additional information, if we can, but I think most of that information will be contained in the annual reports of the relevant departments and agencies, Deputy Chair.

Gayle PORTHOUSE: And to some extent would be –

The CHAIR: Thank you. I will stop you there, Ms Porthouse. Your time has expired. We will go for the next 11 minutes to Ms Kathage.

Lauren KATHAGE: Thank you, Minister, officials. I want to refer to budget paper 3, page 51. You can see there that Services Victoria has \$90 million committed. Can you please outline what type of services we can expect to be digitised as a result of the new funding?

Danny PEARSON: Well, Service Victoria – like, seriously, the little engine that could. This is going ballistic. It is going from strength to strength, and I have got every confidence with the new Department of Government Services. It is only going to accelerate its role as the front door for Victorians to interact with government. So I was thrilled to announce recently, with the Minister for Roads and Road Safety, the digital drivers licence pilot. And so, as I indicated in my presentation, that will go live as a trial in Ballarat in July, and we will look at rolling that out across the state. So we have been working hard behind the scenes to develop this product, and it will be available on both the Service Victoria app and the soon-to-be-launched VicRoads app. A digital drivers licence will be an easy and a secure way to store and show your licence and prove your identity and age. It is going to be secure, convenient and easier to use.

So as I said, we are trialling the licence in Ballarat so we can listen to customer feedback and refine the process before rolling it out across the state. If you think about it for a moment, the benefits with this too, we will be able to trial the licence in a real-life condition. So if Victoria Police pull over a driver in Wendouree at 4 o'clock in the morning and they have got a digital drivers licence, we can see what that is like in a real-life condition, or if it is in a more remote area in the City of Greater Ballarat, where connectivity may not be as great, like, how does it work, how does it operationalise? So these are going to be really important steps we will be able to do. The people in Ballarat will be able to opt in to the trial – so they do not have to do it if they do not want to – by signing up through the Service Victoria and VicRoads websites in June.

We have chosen Ballarat because of the population size and the great mix of businesses and venues. We will be asking Ballarat customers, local retailers, licensed venues, Victoria Police and places that use a licence as proof of identity for feedback, and we will use that feedback and suggestions to make any necessary changes to the digital drivers licence before we roll it out more broadly across Victoria. So apart from the digital drivers licence rollout, we will continue to build capabilities that will improve the way that government delivers services to Victorians. And this will be through capabilities like payments, identity verification and platforms to provide seamless and easy experiences. We want to make it easy for citizens. We want to have automatic approvals rolled out across some councils or business permit finder so businesses can get the information they need more quickly.

We are also continuing to build on the core technology that supports key government programs such as the sick pay guarantee and the Get Active Kids vouchers. We can also look forward to services that are more customer focused, with Service Victoria set to conduct a pilot of an inbound call centre for the working with children check in the coming months. So look, it is really exciting and it is a digital revolution in the way in which we are providing services to the community. We are completely reforming and we are transforming the way in which public administration is delivered in this state, and it is super exciting.

Lauren KATHAGE: Thank you, Minister. Besides drivers licences, are there any other cards that could be accessible through Services Victoria?

Danny PEARSON: Yes. So digital licences are one of the most requested products by Victorians. I was at a local netball game recently, and one of the parents of one of my daughter's teammates was saying he cannot wait for it so he can just leave his wallet at home. And we know that, you know, people want to be able to leave their physical wallet at home and know that their information is stored safely. So we have designed and developed a consistent pattern for government-issued credentials with inbuilt privacy and security-enhancing features. Again, this comes back to the fact that we have used the privacy by design principles to make sure that privacy is embedded throughout each service and capability. The great thing with the digital drivers licence as well is that you are going to be able to have the option of only displaying certain fields of information, such as your age. So if you think about it, you know, if you are an 18-year-old and you are going to the pub with your mates, do you necessarily want the bouncer to know your name, your date of birth and where you live? Maybe not. Because we have got this focus on the end-user experience, the user will be able to toggle through the licence and just say, right, green tick, 'Yes, I'm over 18.' Because really why does a bouncer need to know your name or where you live? Like, they do not need to know you, they just need to know that you are over age. Similarly, I think at the other end there will be a barcode installed on the digital drivers licence, which VicPol will be able to scan to make sure that 'Yes, the licence is valid' and 'Yes, this is what they can access'.

We have also got to focus on making sure that the customer data is protected through 24/7 threat and misuse monitoring, multifactor authentication and bank-grade encryption. The QR code will refresh every 90 seconds, so that is similar to the QR code that we were all using with our COVID-19 certificates. Let us say you are 18, you have got a sister who is 16 and you look identical. If you screenshot your licence and text it to your sister, it is not going to work because the QR code will show that it has expired. These are really important safety initiatives and protections in place.

The new digital working with children check card has got a customer satisfaction score of almost 99 per cent. That has got up-to-date information about the validity of a person's check. It is a convenient way to store and display your card, so you do not have to worry about carrying it around in your wallet. Think about that for a moment. Digital is a really important initiative, because if you have got somebody who has recently been convicted of child sex offences and they have got a working with children check, you do not want that person going anywhere near children. So the ability to be able to say, 'Right, well, this person's been convicted. Let's cancel their card' means that it is taken off them. In an analog situation they could still be wandering around with their card. These are important initiatives to try and make sure this is better, and again it is making sure that people do not have to carry around a physical card with them all the time.

Some of the digital credentials already available include fishing licences, the ambulance membership card, the solar installer accreditation and kangaroo harvester authorisation. Look, I want to add more and more of these cards to the digital wallet. We are soon going to add the Victorian Veterans Card, and that is going to provide a range of benefits to veterans and their families, recognising the profound contribution they have made to our state and nation. We are also working towards releasing a digital seniors card as well as more. So it is a really exciting time. I am really excited about trying to onboard as many transactions and credentials as we possibly can.

Lauren KATHAGE: Thank you, Minister. So those credential-type services have been covered off. I guess it is more than just a digital wallet, though; there are other services and tools there. Can you tell us a bit about the ones that will make life easier for Victorians?

Danny PEARSON: We know that cost of living is a challenge, and that is why we have launched a Savings Finder tool. That is going to make it easier for Victorians to find discounts and savings that are relevant to them. To help with the cost of living, Service Victoria provides a tailored list of more than 60 ways to save money and get discounts on government services. People can answer a few questions and then find the savings that are relevant to them. That includes energy, utilities, health, education, transport, recreation and leisure. The Savings Finder is a simple way for households and individuals to get the full value from benefits that are out there. Since it was launched there have been more than 368,000 visits.

We are also helping with the cost of living by delivering the solar hot water rebates. It takes usually about 15 minutes to complete the application. All you need to do is to go on the Service Victoria app, click on the solar tile and begin your application by completing six easy steps. Eligible Victorians can save up to \$1000 through the Service Victoria rebates. We are also using Service Victoria as a platform to get the Get Active Kids vouchers out there. In this particular voucher program eligible children could receive up to \$200 to cover membership or related uniform equipment. So these are really important steps and initiatives. Again, I think it is just to the rise and rise of Service Victoria as we start to onboard more of these transactions and as we start to make it easier for citizens to access government.

Lauren KATHAGE: Thank you, Minister. Some of those cost-of-living measures, such as the energy rebates et cetera, I know have been well received in my electorate. I want to take you now to the performance measures associated with Service Victoria. We see in budget paper 3, page 204, the overall satisfaction rating exceeding the target with a 96 per cent rating. Can you tell us how customer feedback is integrated into Service Victoria design?

Danny PEARSON: Look, it is all about the UX, user experience. So it is about making sure we get the UX right and making sure this is simple and intuitive for people to understand. The app is simple and it is easy to use. Service Victoria sends tailored messages about key government programs, such as reminding you to apply for a \$250 power saving bonus. The customer feedback shows overwhelmingly that people find the app very easy to navigate. I will give you an example. One person said about renewing their vehicle registration:

[QUOTE AWAITING VERIFICATION]

It was very easy and straightforward. I paid my rego in about 60 seconds.

Another person said about the working with children check update:

[QUOTE AWAITING VERIFICATION]

It seemed too easy to navigate to have been coded in the government sector.

The CHAIR: Ms Sandell, I am going to throw to you, and you have 3 minutes from now.

Ellen SANDELL: Thank you, Chair. I would like to ask about the state purchasing contracts and the procurement. This might be for one of the officials or for yourself, Minister. Can you tell me the value of PwC contracts over the last financial year.

Danny PEARSON: Well, that is a little bit challenging, Ms Sandell. I am happy to ask the Secretary to add to my comments. The Department of Government Services sets up and administers the contract – it is a panel arrangement – but individual departments and agencies buy off that contract as they need it. What we effectively do as DGS is we administer the contract and we make sure that when they are up for renewal we try and get the best rates possible, but then it is up to individual departments and agencies to buy off that contract based upon what their needs are.

Ellen SANDELL: But you would have oversight over the total value, would you not?

Danny PEARSON: No. Again, I will get the Secretary to add to my comments, but the budget for the use of those services comes out of the budgets of those individual departments. So if the Department of Justice and Community Safety wanted to, for example, use a consultant on a particular piece of work, they would access the contract and they would access the rates. But in terms of the engagement and the payment, that would come out of their budget and it would be paid directly to the consultant.

Ellen SANDELL: And would you have oversight into probity? For example, a question I want to ask is: how much work over the last financial year has involved the PwC partners that are currently under investigation? We heard on Friday about the principal partner who is under investigation, that there was a total of 6 or 7 hours of work, but I am wondering about the other partners who are under investigation.

Danny PEARSON: I note today that there was talk about the 50, but part of the issue is that those names have not been released, so it is not clear to me who the 50 are. Bear in mind –

Ellen SANDELL: And the Victorian government would not have that information?

Danny PEARSON: Well, I certainly do not have it. There are 900 partners, I think, nationwide for PwC. In terms of the 50, I certainly do not know who they are. I am not sure whether we would have information about who they would be.

Jo de MORTON: No. However, we have been given assurances by PwC that none of those people have been working for the Victorian government, except for that individual that the Secretary of DPC mentioned on Friday. I think it was a total of 7 hours over the period.

Ellen SANDELL: So none of them have been working through the Victorian government over what period of time?

Jo de MORTON: None of them currently are.

Ellen SANDELL: Currently. Okay. Thank you. Just a quick question on fleet – this year's budget recorded a target to acquire e zero emissions vehicles via the fleet. I am just wondering why there is no target to acquire new –

Danny PEARSON: Supply chain challenges.

The CHAIR: Apologies, Minister, the time has expired. That is the end of questions for today's session.

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

The committee will now take a very short break before beginning its consideration of the portfolio of consumer affairs at 11:40 am.

I declare this hearing adjourned.

Witnesses withdrew.

WITNESSES

Mr Danny Pearson MP, Minister for Consumer Affairs,

Ms Jo de Morton, Secretary, and

Mr John Batho, Deputy Secretary, Community Services and Regulation Division, Department of Government Services.

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 2023–24 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

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

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. Verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome the Minister for Consumer Affairs, the Honourable Danny Pearson, and officers and officials from the Department of Government Services. Minister, I will invite you to make an opening statement or presentation for 5 minutes. This will be followed by questions from the committee. Your time starts now.

Danny PEARSON: Thank you, Chair. Thank you, members. To begin with, I would like to acknowledge the traditional owners of the land on which we are meeting today, the Wurundjeri people of the Kulin nation. I pay my respects to elders past and present and any other Aboriginal or First Nations people with us here today.

Many Victorians have been doing it tough this year. With successive interest rate rises, inflation and cost-of-living pressures, there are families who are having to make decisions that they should not have to make about whether they can afford to heat their homes, buy food or pay rent. The Andrews Labor government understands the unique challenges that many Victorian families face. Our government has a history of doing what matters to make it easier for struggling families, and this year is no exception.

Visual presentation.

Danny PEARSON: I am pleased to appear before you as Victoria's new consumer affairs minister, and this portfolio plays an important role in helping to ensure a fair marketplace, helping consumers understand and enforce their rights, stamping out unscrupulous behaviour, helping businesses understand their obligations, and supporting people, particularly those from the most disadvantaged or marginalised.

Over the last year Consumer Affairs Victoria has focused on providing support to Victorians who need it most. It acted swiftly to support Victorians affected by the October 2022 flood event. Amongst other supports, it established a dedicated floods hotline to help renters and other people impacted by the floods. In addition, the government allocated \$1.67 million to financial counselling services in affected areas as part of the \$351 million allocated for Victoria's flood recovery initiative. Financial counselling support has been provided to 198 flood victims since dedicated services commenced in January 2023.

Consumer Affairs Victoria continues to assist renters and rent providers by conducting rent review assessments upon request by renters. If an assessment finds that a rent increase is excessive, CAV can assist parties to reach an agreed rental price. A total of 4049 review assessment requests were received in 2022–23 so far. This financial year the government has provided over \$20 million to financial counselling, tenancy and retirement housing services across the state, providing place-based and statewide advice and advocacy to support

Victorians with renting and cost-of-living pressures. This includes over \$15 million for financial counselling services and over \$5 million for renting support.

Moving on to work that has been undertaken in regulatory reform, our government is committed to improving the safety of rooming house residents. New minimum standards for rooming houses came into effect on 26 February 2023. These include: increasing the frequency of electrical safety checks to be conducted by a licensed or registered electrician from once every five years to every two years; requiring two power outlets be freely available in residents' rooms; requiring laundry facilities to have one washing machine in good working order for every 12 residents; and requiring rooming houses to be structurally sound, weatherproof and free from mould and dampness.

Our government is also committed to making it easier and faster for Victorians to interact and do business with government. During the year Consumer Affairs Victoria has expanded its digital systems to modernise them and make sure they are fit for purpose. Our government is continuing its work to improve the regulation of retirement villages to ensure effective consumer protections and continued growth and innovation in the sector. An exposure draft of the Bill and the accompanying consultation guide were released on 3 October for public consultation.

Finally, in March of this year new electrical safety minimum standards for rental properties commenced. The electrical safety standard requires rental properties to have a modern-style switchboard with circuit breakers and electrical safety switches installed. Also, as part of the full commencement of the heating minimum standard on 29 March 2023, all rental properties must now have a minimum 2-star energy-efficient fixed heater installed.

Over the last year this portfolio focused on protecting consumers and their rights. A key focus has been on pursuing unscrupulous conduct that could impact people's housing. This is important because everyone has the right to somewhere to live that is safe, high quality and provides them with the security they need to live. Consumer Affairs Victoria secured several important court outcomes and initiated several new court proceedings in 2022–23 following significant breaches of the law. It has also commenced court or tribunal action in a further six matters where estate agents and property developers are alleged to have breached consumer protection laws. The key focus of Consumer Affairs Victoria has been providing information and advice to support consumers and businesses in understanding their rights and responsibilities. This financial year Consumer Affairs Victoria has responded to over 300,000 contacts, providing important information and advice to consumers. Consumer Affairs Victoria also established a dedicated underquoting task force late last year to target unfair practices in the property market, supporting Victorians' fairer and easier access to purchasing properties. The task force has so far monitored over 200 sales campaigns, inspected over 45 estate agencies and issued four infringements for underquoting and official warnings.

Consumer Affairs Victoria has also focused on product safety, because unsafe products can have life-threatening consequences. CAV conducted over 100 product safety inspections targeting non-compliant goods in the lead-up to Halloween and Christmas. Further, following an investigation into a Victorian retailer, CAV secured a national recall of baby rattles.

The CHAIR: Thank you, Minister. Mr O'Brien, you have the next 8 minutes starting from now.

Danny O'BRIEN: Thank you, Chair. Secretary, could I ask you a question: since December 2019 Ms Nicole Marshall has been deputy chair of the motor car traders claims committee. Has Ms Nicole Marshall been paid in any form for that role?

Jo de MORTON: The motor car traders? No.

Danny O'BRIEN: Are any of the members of the motor car traders claims committee paid?

Jo de MORTON: Is any –

John BATHO: Yes, the chair of the motor car traders claims committee is paid.

Danny O'BRIEN: Just the chair?

John BATHO: I would have to check the other members, but the chair is paid.

Danny O'BRIEN: Would you mind taking on notice any payments to any of the members of the committee?

John BATHO: Yes. All payments are in accordance with the appointment and remuneration guidelines.

Danny O'BRIEN: Sure. Ms Marshall is also the chair of the Business Licensing Authority, but has Ms Marshall received one payment that covers both of those positions? Is that correct?

John BATHO: I just might seek some guidance. This is in relation to the chair of the Business Licensing Authority, which is a responsibility of the minister for –

Danny O'BRIEN: It has been moved because of the conflict of interest. I understand that – because of Ms Marshall being the minister's wife – but was there a payment made to her for both committees? The motor traders is still, obviously, under consumer affairs.

John BATHO: My understanding is that the chair of the Business Licensing Authority is a paid position.

Danny O'BRIEN: Okay. So she is not paid at all for both as a total remuneration and then officially listed as zero under motor traders?

Jo de MORTON: They are two separate portfolios.

Danny O'BRIEN: No, but until December they were under the same portfolio. That is the question I am asking.

Jo de MORTON: Sorry, the roles are two separate roles, remunerated separately. One attracts remuneration and the other does not.

Danny O'BRIEN: Okay. No worries. Thank you. Can I move on. Budget paper 3, page 198, the anticipated number of court and administrative actions taken by CAV in 2022–23 is 547, which is well below the target of 900. Can you outline for me what Consumer Affairs Victoria's specific funding for compliance and investigation activity is over the coming year and the forward estimates?

John BATHO: Is that –

Danny O'BRIEN: Yes, whoever can answer it.

Danny PEARSON: So just so I am clear, Mr O'Brien, in relation to this element of their work, or –

Danny O'BRIEN: No, specifically – I am just noting that it is significantly down on –

Danny PEARSON: The number?

Danny O'BRIEN: court and administrative actions.

Danny PEARSON: And that was because of the flood response, because we diverted resources to set up the call centre, yes.

Danny O'BRIEN: Yes, I understand that. I am just wanting to know what their specific funding for compliance and investigation activity is going forward. It is not broken down within that output.

Danny PEARSON: Well, I will defer to either Mr Batho or the Secretary, but I do not think it would be disaggregated down because it would just be in their base funding. This is their core business. It is just what they do, so they get a bucket of money to perform and discharge various functions. I do not think it would be disaggregated to that level.

Danny O'BRIEN: Well, surely CAV has – you have got a compliance and investigation team, presumably?

John BATHO: Yes. So just to build on what the minister was saying, Consumer Affairs Victoria does not necessarily have a disaggregated budget around the types of investigations or compliance activities that it is doing. During this financial year, in addition to the flood response, there were also other activities which were

performed by Consumer Affairs within that broader compliance umbrella and, as the minister has mentioned, around the conducting of rent assessments. A large proportion of the investigation resources were deployed to provide those rent assessments for renters across Victoria. So that sort of broadly fits within the compliance and inspection budget but is not necessarily counted towards this particular performance measure.

Danny O'BRIEN: Okay. So is there going to be an increase in resources, in fact, to cover court and administrative actions?

John BATHO: One of the things which Consumer Affairs Victoria does every year is it sets its regulatory priorities according to the need and its intelligence. So it is always constantly monitoring the market, the whole of the Victorian consumer marketplace, about where it should be prioritising its resources. It has made some decisions this year around the focus on rent assessments, but as it continues to monitor the market it will make other resourcing decisions about where it should be directing its resources as an independent regulator.

Danny O'BRIEN: Okay. Well, likewise, the performance measure 'Information and advice provided to consumers, renters, rental providers and businesses through other services including written correspondence, face to face and dispute assistance' is considerably down. The 2022–23 target was 157,000; the actual was down to 112,000 and the new target is 115,000. Is that because we are providing less assistance to renters, businesses and consumers?

John BATHO: That is for a number of reasons, Mr O'Brien. One is that there has been a change in the methodology, which is why the 2023–24 target has gone down. There was some double counting of activity, so there is actually no drop in the actual support services being provided. The other thing as well is that what Consumer Affairs Victoria has been noticing is that it is providing a greater level of service to fewer customers. There is some greater complexity that it is seeing in the nature of the contacts that it is receiving. So I do not think it is necessarily a fair conclusion to draw that the amount of support, information or advice that is provided is going down. It is probably more that the number of discrete instances –

Danny O'BRIEN: It is certainly going to less people.

John BATHO: I think Consumer Affairs Victoria is providing advice and support to the people who are contacting it.

Danny O'BRIEN: I note also in the total output costs that the change in the output includes the costs associated for a task force to investigate underquoting in the property market, and the minister mentioned that as well. How many complaints about underquoting has CAV received in the last financial year?

John BATHO: I should be able to manage that for you. Sorry, just bear with me, Mr O'Brien. I will just get that information.

Danny PEARSON: I think what I can advise, if this helps, Mr O'Brien, is four infringements for underquoting totalling over \$44,000 were issued. There were 17 official warnings.

Danny O'BRIEN: Sorry, can you say those figures again?

Danny PEARSON: As at 22 May of this year, the task force had monitored 246 sales campaigns; inspected 49 estate agencies; issued four infringements for underquoting, which totalled over \$44,000; and had 17 official warnings. For the same date, as of 22 May, CAV had received 1420 contacts concerning underquoting for the 2022–23 financial year.

Danny O'BRIEN: Sorry, the first figures you gave me were for 22 May this year, and the last figure is the same.

Danny PEARSON: Yes, as of 22 May CAV had received 1420 contacts concerning underquoting in the 2022–23 financial year.

Danny O'BRIEN: So when you say contacts, that is complaints predominantly.

Danny PEARSON: Complaints and inquiries.

Danny O'BRIEN: Yes, okay.

Danny PEARSON: That is including 738 submissions via its dedicated underquoting complaints form.

The CHAIR: Thank you, Minister. The time has expired. We will go to Mr Hamer for the next 11 minutes.

Paul HAMER: Thank you, Minister. Thank you, officials. If I could just also refer to budget paper 3, page 197, and the total output measure of \$149.8 million for the regulation of the consumer marketplace, you mentioned in your submission about the challenges that people are facing with the cost-of-living pressures, and I was just hoping you might be able to expand on how that investment this year will assist renters and other consumers to comply with their rights and responsibilities.

Danny PEARSON: Sure. Thanks, Mr Hamer. The government appreciate the cost-of-living pressures facing Victorians right now, and so it is even more important that we have a strong, well-functioning regulator to assist consumers and businesses to understand their rights and responsibilities as well as monitor industry compliance with laws and regulations. We understand the challenges that Victorian consumers are facing in today's market and particularly the rental market, and that is why we are providing support that is making a difference.

Our investment supports Consumer Affairs Victoria to provide a suite of services to the community across Victoria in undertaking its regulatory activities, and this builds on last year's commitments to improve its services to Victorians. The investment supports the provision of information and advice to consumers and businesses about their rights and responsibilities, and it goes towards further dispute resolution services that assist Victorians to resolve disputes efficiently and cost-effectively. Over \$20 million this financial year has gone towards supporting community organisations to provide financial counselling, tenancy and retirement housing services across the state, providing place-based and statewide advice and advocacy to support Victorians with renting and cost-of-living pressures. This includes over \$15 million for financial counselling services and over \$5 million for renting support.

So our investment in this output supports CAV to undertake its regulatory functions. In 2023–24 CAV's regulatory priorities will include a focus on ensuring a fair and safe rental market, and this focus will see an increase in rental provider rental education, a strengthening of tenancy advice and advocacy services for renters and an increase in inspections and targeted enforcement actions to make sure that rental providers provide safe and secure accommodation that meets minimum standards. CAV will also prioritise a focus on supporting some of the most marginalised residents of our community, including those in specialist disability accommodation and rooming houses.

CAV's regulatory functions complement the 130 rental reforms we introduced in 2018 to strengthen renters' rights, better protect vulnerable renters and enable people to turn the house they rent into their home. These reforms allow more renters to keep pets in their homes and make some modifications to their rental properties and removed no-reason notices to vacate. We got rid of rental bidding and ensured that rental providers in Victoria cannot increase rent more than once every 12 months, and that included minimum standards that will provide safer, more energy-efficient housing for renters and electrical safety minimum standards that require modern switchboards with safety switches installed. All rental properties must now have a fixed heater in the main living room with a minimum 2-star energy efficiency, which means rental providers have the option to install reverse-cycle air conditioners to meet the heating requirements. Our government is continuing to monitor and assess the operation of the minimum standards to ensure they are meeting the needs of renters. We will keep working to support renters to ensure renting is fair, more secure and comfortable so that their house can be their home.

The funding you have mentioned also supports CAV to continue undertaking changes to its service model to provide a greater breadth of the way consumers seek information or advice or engage with CAV. These changes include improving its website and online services while continuing to provide telephone services for those who need them. CAV is harmonising processes and enhancing the technology used across consumer contact centres within the now Department of Government Services to reduce call wait times and ensure that services are accessible to Victorians. Consolidating and uplifting contact centres to cutting-edge digital platforms will generate significant efficiencies and allow integration of phone and online channels, leading to increased accessibility and service improvements for the public. Bringing together Service Victoria and Digital

Victoria alongside CAV's essential services into the newly established Department of Government Services provides the opportunity to leverage the existing digital capabilities of these agencies to this work.

So it is a really exciting time, and again you can start to get a picture from both this presentation and my previous presentation about the benefits and the synergies by bringing digital into this space and how we can align up and link this up together so that we can start to provide a more consistent level of service to Victorian citizens.

Paul HAMER: Thank you, Minister. In your response to Mr O'Brien you were talking about the underquoting. When you came out to Box Hill to the local office there –

Danny PEARSON: That was great. I always like being in Box Hill with you. It is always fun.

Paul HAMER: It was terrific, and it was a big issue.

Bev McARTHUR: That would have been exciting.

Danny PEARSON: It was very exciting.

Paul HAMER: It was very exciting.

Danny PEARSON: Very exciting. He did not take me to a dumpling joint, though. I was most concerned we did not go and have dumplings together. Next time.

Paul HAMER: The offer remains. I was just wondering if you could expand on some of the other activities

Bev McARTHUR: Exciting activities.

Paul HAMER: Exciting activities –

Danny PEARSON: You are very exuberant, Mrs McArthur.

Paul HAMER: Thank you, Mrs McArthur – just to help the businesses understand and comply with their responsibilities.

Danny PEARSON: CAV undertakes a range of education, monitoring and compliance activities to ensure consumer rights are protected and businesses understand their obligations. An example of this was in September last year, when the government announced \$3.8 million over two years for a dedicated underquoting task force in CAV to target unfair practices in the property market, which is supporting Victorians' fair and easy access to purchasing property. I think that the evidence of that investment is borne out by the figures I just gave to Mr O'Brien.

Underquoting is a scourge. It occurs when a property is advertised at a price below the estimated selling price, and the seller's asking price or a price has been rejected as too low by the seller. When underquoting occurs potential buyers can waste significant time and money inspecting properties that were never in their price range to begin with, and it can also distort the market and create an artificial purchasing environment while enriching those who break the law.

The task force is undertaking increased education for real estate agents and the public, collection and analysis of market intelligence, monitoring of sales campaigns, increased CAV presence at auctions and targeted inspections. Agents who underquote risk fines or penalties of nearly \$37,000 under the *Estate Agents Act 1980* and risk losing their sales commissions. Underquoting can also result in penalties under the Australian Consumer Law of up to \$10 million for corporations and \$500,000 for individuals. As I indicated earlier, CAV identified 101 estate agencies amongst these complaints. CAV has inspected 49 estate agencies and undertaken desktop monitoring of a further 34 agencies, reviewing 246 sales files across both inspections and desktop compliance monitoring. When we were out at Box Hill recently, we talked to a number of those members of staff of CAV who were doing some of that really important work about getting out there and providing that level of assurance.

CAV undertakes comprehensive audits of trust accounts compliance for estate agents and conveyancers, which is critical to protecting consumer money being held by these professionals for their clients. CAV funds statewide place-based renter assistance and financial counselling services to support Victorians in need and also carries out rent assessments upon request by tenants to determine whether a rent increase is excessive. Rent reviews are an important part of ensuring that renters' rights are protected in a dynamic rental environment, and where appropriate CAV initiates court proceedings in accordance with the legislation. In 2022–23 CAV secured several important court outcomes and initiated several new court proceedings for significant breaches of the law.

Paul HAMER: Thank you, Minister. I have a question about the financial counselling. You mentioned in your presentation a \$1.7 million investment for financial counselling to support victim-survivors of family violence. I was just wondering if you could expand a little bit on that and how that would work.

Danny PEARSON: This is really vitally important work. The government has continued to provide funding for specialist financial counsellors to provide support to victim-survivors of family violence and provide support that is not available through other services and that addresses the financial issues often present in violent relationships. I think any of us who have been in any contact at all with a survivor of family violence knows that financial abuse is intricately involved as part of this – the fact that invariably the victims go to pay for the shopping bill and there is no money left in the account or a relationship breaks down but the accounts are locked or the debts are transferred to the survivor's name. It is appalling, and I think having specialised financial counsellors is an important resource that we can provide to really support those survivors.

This was in direct response to recommendation 107 of the Royal Commission into Family Violence. The specialist family violence financial counselling program was established back in 2016 with an initial tranche of 11 specialist workers engaged in community service organisations across the state. This funding continues for an additional 10 specialist counsellors to assist victim-survivors with financial and debt issues. A study during COVID found that financial stress prior to the pandemic was a strong predictor of violence during isolation periods, and the probability of first-time violence was 1.8 times higher amongst women who experienced an increase in financial stress during this time.

We know that many Victorians are facing significant cost-of-living pressures, which can also contribute to financial stress. Data also indicates that financial issues, along with drugs, alcohol, mental health issues and relationship breakdown, are significant contributing factors to family violence. Again, that is why we are continuing this level of funding.

The funding includes support for the family violence scheme, which allows victim-survivors of family violence to have their infringement fines withdrawn if their experience of family violence substantially contributed to them committing the offence. The skills and knowledge of the family –

The CHAIR: Thank you, Minister. Your time has expired. I am going to hand over to Ms Sandell for the last session. Ms Sandell, you have 3 minutes from now.

Ellen SANDELL: Thank you, Chair. We heard in the Treasurer's presentation on Friday that rents in metro Melbourne are up 25 per cent, which is phenomenal. Just in terms of rent review assessments, did you say 4000-and-something? Was that the figure? Was that correct?

Danny PEARSON: Yes. That is right.

Ellen SANDELL: And is that an increase on previous years?

Danny PEARSON: Okay. So yes, it is an increase. Back in 2021–22 the figure was 2452. In 2022–23 it is 4049.

Ellen SANDELL: Okay, so almost double. Do you know how many of these resulted in a decision to uphold the rent rise and how many decided that the rent rise was excessive?

Danny PEARSON: I do not have that information. If I can provide additional information to the committee, I am happy to try and do so, Ms Sandell.

Ellen SANDELL: Thank you. I appreciate that. And regarding rental disputes that were taken to VCAT, do we know what the average wait time for those disputes is?

Danny PEARSON: I think what we try to do with this process is we try to have that conciliation approach to start with, and then people will go to VCAT. But in relation to VCAT's operations, that is really a matter for the Attorney.

Ellen SANDELL: Yes. Sure. So we do not know how many rent disputes were taken to VCAT?

Danny PEARSON: Well, it would fit within the Attorney's portfolio with VCAT. They go from, say, CAV, and they go across to VCAT. So we do not have visibility of VCAT.

Ellen SANDELL: Sure. This might be one that is in that category as well, but I will ask it anyway. We understand that while waiting for the hearing – say, people go through CAV and then take it to VCAT – renters are required to pay the increased rent, even though their rental assessment conducted by CAV may show that the increased rent was excessive. The increased rent is then the topic of an upcoming hearing. The hearing might be months or years away, but then they are required to continue to pay that increased rent while they are waiting for the hearing. Is that correct?

Danny PEARSON: I am not sure about that. I will just look at whether the officials can answer the question. Look, it is probably best directed to the Attorney, but if we can provide additional information to the committee on this question we are happy to do so.

Ellen SANDELL: Obviously this is a huge burden if we have seen almost a doubling of rental reviews being seen by CAV, so is the government considering interventions like a rent freeze or a rent cap to deal with these? This is obviously a huge uptick.

Danny PEARSON: The issue here is supply. We will have our housing statement, but we just need more supply to the market. And again, if the Senate can pass the HAFF, that is \$10 billion. We have got 25 per cent of the population. We are entitled to \$2.5 billion.

Ellen SANDELL: It is not just supply, surely.

Danny PEARSON: Hang on. We have got \$2.5 billion. We get on average a 7 per cent return. Victoria's share could be \$175 million next financial year. At \$500,000 we could buy 350 apartments next financial year if the HAFF passed.

Ellen SANDELL: There are 120,000 people on the waiting list.

Danny PEARSON: Alternatively, we could give that money to a community –

The CHAIR: Thank you. Your time has expired. That is the end of questions for today.

Minister and officials, thank you very much for appearing before the committee today.

The committee will follow up on any questions taken on notice in writing, and responses will be required within five working days of the committee's request.

I thank all ministers and officials who have given evidence at the committee today, as well as the fantastic Hansard team, the committee secretariat and parliamentary attendants.

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

The committee will resume its consideration of the 2023–24 budget estimates on Tuesday 6 June at 8:30 am sharp.

I declare this hearing adjourned.

Committee adjourned.