

# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

## **Budget estimates 2020-21 (Horne)**

Melbourne—Thursday, 17 December 2020

### **MEMBERS**

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr Danny O'Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

Ms Bridget Vallenge



**WITNESSES**

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

Ms Rebecca Falkingham, Secretary,

Mr Samuel Porter, Deputy Secretary and Chief Counsel, Regulation, Legal and Integrity,

Mr Joel Williams, Executive Director, Gaming and Liquor,

Ms Kathryn Bannon, Executive Director, Regulatory Assurance and Policy, and

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

**The CHAIR:** I declare open this hearing again of the Public Accounts and Estimates Committee, again with Minister Horne, this time for the consideration of consumer affairs, gaming and liquor regulation. Minister, we again invite you to make a 5-minute opening presentation, and this will be followed by questions from the committee.

**Ms HORNE:** Thank you very much, Chair—saving the best till last.

**Mr RIORDAN:** I agree.

**Visual presentation.**

**Ms HORNE:** The 2020–21 budget enables the government to continue supporting Victorian communities and industries. For consumer affairs, the budget of \$149 million enabled Consumer Affairs Victoria to be an efficient and effective regulator, ensuring a fair and competitive marketplace in Victoria. For gaming and liquor the budget includes \$29.9 million for the Victorian Commission for Gambling and Liquor Regulation for monitoring and regulation of gambling and liquor activities in Victoria and \$42.8 million for the Victorian Responsible Gambling Foundation to address problem gambling and harm minimisation.

In the consumer affairs portfolio the government has helped the community to respond to the COVID-19 crisis by introducing new temporary rental laws. Legislation was put in place to protect tenants and landlords from the impact of the COVID-19 pandemic by prohibiting evictions, suspending rent increases and introducing a new rental dispute resolution scheme. Almost 180 000 Victorians have been assisted with their residential tenancy concerns, and more than 64 000 reduced rent agreements have been registered under the program. More than 16 000 disputes between landlords and tenants were closed through informal mediation, and to date an additional \$8 million has been allocated to fund the scheme, with a \$6 million investment in this budget.

The Business Licensing Authority has provided regulatory relief by providing extensions on annual reporting and AGM requirements for retirement villages, incorporated associations, owners corporations and fundraisers, and sex work's licensing fees were also refunded on a pro rata basis. We have provided financial hardship support to both industry and the broader community through a range of initiatives, including the distribution of Victorian Property Fund grants and expansion of financial counselling programs and support. We have also continued to deliver business-as-usual services to support the community. While many of CAV's functions were diverted to help respond to the COVID-19 pandemic, eight of the 10 BP3 performance measures were either exceeded or met. While telephone advice was 22.5 per cent below target due to the prioritisation of the residential tenancies dispute resolution scheme calls and a reduction in capacity of staff working from home, I am pleased to advise that CAV's full phone services are now restored. Work has also continued to review the *Retirement Villages Act* and prepare for the implementation of the 130 reforms under the amended *Residential Tenancies Act* and complete the implementation of the engineers registration scheme, with \$4.9 million in this budget.

Government support has been crucial in helping licensed venues survive the pandemic. It has included more than \$430 million to support licensed venues. Liquor licensing fees have been waived and applications processes streamlined to supply liquor for takeaway and delivery services. For venues operating gaming machines we have delayed supervision fees and gaming machine tax payments. During the pandemic the

government has also been working to implement the second phase of the review of the *Liquor Control Reform Act*, which we expect to complete in the first half of next year. We will ensure that the outcome of this review supports the development of a strong, diverse and responsible liquor industry while minimising the harm arising from the misuse of alcohol, particularly in relation to family violence. As online wagering was interrupted by the pandemic the Victorian Responsible Gambling Foundation increased its investment in communication and digital media activities, while face-to-face gamblers help services and counsellors transitioned to video and phone formats. Prior to the reopening of gaming venues on 9 November, a new and more effective responsible gambling code of conduct was introduced for gaming venue staff. In order to increase the uptake and effectiveness of YourPlay, the government has accepted all 23 recommendations.

**The CHAIR:** Thank you, Minister. Mr Gary Maas, MP.

**Mr MAAS:** Thanks, Chair. Thank you, Minister, for that presentation, and thank you to your team for their attendance tonight as well. Minister, if I could take you to budget paper 3, page 111, which refers to funding for operating the residential tenancies dispute resolution scheme, could you please outline what this funding will actually go towards?

**Ms HORNE:** Thank you very much, Gary, for your question. This has been a really important initiative during the pandemic, which has been really focused on keeping people in their homes. There was \$6 million for operating residential tenancies dispute resolution and the residential tenancies relief scheme, and it was set up, as I said, to keep people in their homes during the pandemic, particularly as there were so many people under financial pressure. Under the dispute resolution scheme, Consumer Affairs Victoria provides a front door service for rental disputes, and the Department of Justice and Community Safety's chief dispute resolution officer was empowered to make binding orders in relation to rent reductions. So there was a package of support for renters. That included things like an eviction moratorium except in specific circumstances, and that was part of a decision of national cabinet to be able to do that.

There was also too a suspension on rent increases during the moratorium and a ban on tenants being listed on a residential tenancy database where there were breaches relating to the ability to pay rent due to COVID-19-related financial hardship. These measures were legislated in April 2020 and then were extended to expire on 28 March 2021. There is also the option for it to be extended for an additional month should we require that flexibility to be able to, as I said, keep people in their homes.

The scheme I think has been incredibly successful because it was designed to encourage tenants and landlords to work together to be able to negotiate that rent reduction. I would really like to give a bit of a shout-out to both the Victorian community and also to Consumer Affairs staff, who have managed to negotiate so many successful rent reductions. It has really seen the community pull together to be able to say, 'We know we're all in this together, we know that people are doing it tough and we're going to be able to work through this together'. The government provided additional support too for landlords because we know that many landlords are mum and dad investors. They have only got that one extra property, and that is often used to supplement income or often retirement income as well. So there was a \$3000 relief grant for landlords to be able to support these agreements as well, and on top of that there was land tax relief for eligible landlords through the State Revenue Office.

For really vulnerable tenants we announced a \$600 000 funding package, which was to help agencies to provide stronger support for those vulnerable tenants. So that allowed Tenants Victoria and VCOSS to be able to really go out there and support and promote this scheme—what was available—to people that often can fall between the cracks. In addition, there was additional training provided to these organisations and information provided in many different languages.

One of the innovations that Consumer Affairs Victoria took on board as well, as part of this dispute resolution scheme that, again, they really need to be commended for, was they have got a database, predominantly of mobile phone numbers, of people that have registered their bond. Now they can go and promote this scheme and promote the availability of it via text messages, and I think the scale of doing this has been pretty much unprecedented across the department. It nearly killed you, but I think it certainly paid dividends. So, yes, that has been the outline of it.

**Ms RICHARDS:** Thanks.

**Mr MAAS:** Thanks, Minister. Just given the broad-ranging scope of your portfolio, I might take you to the topic of addressing gambling harm now. To that end, I refer you to the table on page 315 in budget paper 3. In that table we can see that the Victorian Responsible Gambling Foundation has exceeded its target in relation to access to digital information. I was hoping you would be able to provide further details on the redirection of additional resources towards digital activity and how this was used to combat the online gambling activity during the lockdown period.

**Ms HORNE:** Thank you very much. We were really conscious during the pandemic that so much of your traditional gaming had actually ceased because venues had closed, but there was still online gambling occurring. So to be able to pivot, which I know is one of the buzz words out of the pandemic, to be able to say, 'How do we shift resources?' from what had been happening in traditional harm minimisation measures to really focus on what we could see was occurring and have those additional resources for online gambling I think has been an outstanding achievement of the Victorian Responsible Gambling Foundation. It has seen a 47 per cent increase in access to digital information compared to the previous year, and that totally smashed the BP3 target. Their communications and digital media activities focused on assisting people who have reduced or stopped gambling during lockdown to maintain this behavioural change. It has been about supporting customers who return to gaming venues to do so safely and avoid gambling harm and also promoting the range of available support services throughout the delivery of the new Gambler's Help service campaign early next year.

In fact only a couple of weeks ago I was up in Bendigo and saw how some of those new services were being supported in that community with CALD communities and how so much of it had been co-designed by recently arrived refugee families there, many of whom had never really had much interaction with gambling and now it was part of the society in which they were. There were co-designed harm minimisation strategies, much of which was online, and that I think has been an incredible success.

**Mr MAAS:** Thank you, and I think I can squeeze one more in. Would you be able to take us through how gaming expenditure has been tracked in Victoria since gaming venues have reopened?

**Ms HORNE:** So with gaming expenditure in Victoria since it has been reopened, one of the things is as we were coming out of restrictions we saw a reduction in hours. And whilst this was very much a health-led response, we were seeing that in New South Wales and Queensland, where venues reopened up, there were people returning and I think with a bit of enthusiasm, because they had not been able to go into venues and then they came back in and were going in there. We did not see that same level of return in Victoria, and I think part of that was certainly attributed to the reduction in time that the chief health officer had prescribed in reducing those hours and then to a much more staggered response. But on top of that too, in terms of what the behaviour was with that gaming expenditure, it was again focusing on how people had been engaged with behavioural change activities during the course of the pandemic, and so being able to get more information to people via things like Facebook advertising, I think that improved engagement by up to 77 per cent.

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

**Mr MAAS:** Thank you.

**The CHAIR:** Mr Richard Riordan, Deputy Chair.

**Mr RIORDAN:** Thank you, Chair. Hello again, Minister. First I would like to go to budget paper 3, page 316, which refers to audits of Crown as a casino operator as undertaken by the VCGLR. The sixth review into Crown Casino's licence, conducted in 2018, indicates that the VCGLR knew money laundering had been occurring at Crown. Why didn't the government act on these concerns?

**Ms HORNE:** Well in fact, in relation to the sixth casino review, that, as you would be aware, was conducted by the independent regulator, there were 20 recommendations that were made and they have all been acted on. There are three outstanding ones of those that are still in train to occur. In relation to money laundering the independent regulator had approached AUSTRAC, because this was very much within the federal jurisdiction, to be able to conduct a report, and it was through the VCGLR's urging of AUSTRAC that that work and those investigations have become underway.

**Mr RIORDAN:** Okay. The Independent Liquor & Gaming Authority in New South Wales has held a public inquiry which has so far held 60 days of public hearings. The Victorian government by comparison has been a relative spectator. Why does the Victorian government not consider it necessary to hold a similar investigation?

**Ms HORNE:** Well, obviously there are different legislative powers between New South Wales and Victoria. The independent regulator in Victoria has been working very closely with ILGA in New South Wales and is acting on its findings. In Victoria the independent regulator has also had its own investigations going, which have resulted in a show cause notice that was issued to Crown in October this year.

**Mr RIORDAN:** Just before we go on to explore that a bit further, Minister, in light of the evidence that we have heard in New South Wales, are you confident, as the minister, that Crown is fit to hold a Victorian casino licence?

**Ms HORNE:** Well, I meet with the independent regulator regularly. As a result of the ongoing conversations that I have had and as a result of some of the admissions from Crown that have occurred in ILGA in New South Wales, I have spoken to the regulator and requested that they bring the seventh casino review forward. Now, that was announced, as you would have seen in the media today, in order to be able to satisfy the government and also too the independent regulator that this is the case.

**Mr RIORDAN:** With that in mind—bringing the seventh one forward—the other six we do not seem to have had a lot of action on. In fact we are hearing that there is still much to answer. What confidence would Victorians have that if you are going to have a seventh inquiry anything is going to change? Is it just window-dressing?

**Ms HORNE:** Well, this is the first casino review that has actually been brought forward, so I think the evidence and the scale of the inquiries that are going on in other jurisdictions, coupled with the work that our independent regulator is doing, gave rise for me and the government to be able to request that this needed to be pulled forward. On top of that—

**Mr RIORDAN:** So if the review is really negative—

**The CHAIR:** Mr Riordan.

**Ms HORNE:** On top of that, what we will be doing as well is appointing a sessional commissioner. So rather than just have the VCGLR with its commissioners undertake that inquiry, there will be a sessional specialist commissioner appointed to undertake that work. And on top of that, it will be funded accordingly to support the work that the independent regulator will do.

**Mr RIORDAN:** Do you see money laundering as an issue that you want an answer to?

**Ms HORNE:** I see a whole range of issues that have been part of the show cause notice, and also too bearing in mind there are still ongoing investigations that are occurring and those findings have not yet been handed down in New South Wales.

**Mr RIORDAN:** In light of the question I asked earlier, with your seventh review, if it comes back not glowing in light of what we have heard in other states, will you be prepared to revoke Crown's licence?

**Ms HORNE:** Well, I think we need to let the process run its course. It is really important not to pre-empt the findings of any review, including reviews and investigations that are going on in other states.

**Mr RIORDAN:** Okay. With the minute we have left, just changing topic, Minister, to consumer affairs, how many cases did Consumer Affairs Victoria refer to alternative dispute resolution rather than VCAT this year?

**Ms HORNE:** It has been an astronomical figure actually. But, Nicole, maybe you have got that number to hand?

**Ms RICH:** I do, Minister. So I have got the latest stats from this week, and as of Sunday—the majority of matters are really resolved through the front line, so that is about 95 per cent of the matters resolved through the CAV front line—we had just under 175 000 contacts overall. In terms of—

**Mr RIORDAN:** So you are saying 90 per cent of the 175 000 have been resolved?

**Ms RICH:** Yes, 95 per cent of matters overall. But to be fair, some of those are inquiries for information, advice, rental agreements and so on. In terms of the disputes, which I understand is what you are particularly interested in—

**Mr RIORDAN:** So how many you have actually referred.

**Ms RICH:** So 16 761 residential tenancy disputes have been closed through the frontline service, and then an additional 4845 matters were referred through to the more intensive dispute resolution services through the Dispute Settlement Centre of Victoria.

**Mr RIORDAN:** And can I just ask, what is the backlog there at the moment in light of COVID and everything else?

**Ms RICH:** Sorry, I do not have the number right in front of me—

**Mr RIORDAN:** Can we take that on notice?

**Ms RICH:** but from memory it was just over 300 cases open in the dispute resolution service as of Sunday.

**Mr RIORDAN:** Three hundred, okay.

**Ms RICH:** Yes. A bit over, sorry. I could confirm that offline. I am happy to take that on notice.

**Mr RIORDAN:** Thank you.

**The CHAIR:** Thank you. Mr Sam Hibbins, MP.

**Mr HIBBINS:** Thanks, Chair. Thank you, Minister and your team, for appearing this evening. The fact that the evidence relating to money laundering in regard to Crown has come out of a New South Wales inquiry and the fact that you have appointed what you have described as a sessional commissioner to lead this review— does that indicate that the independent regulator just has not been doing its job?

**Ms HORNE:** No, not at all. The way that the inquiry has progressed in New South Wales has given cause for concern both by the independent regulator and also to government for me to say and the government to request that the independent regulator will bring this forward.

**Mr HIBBINS:** Do you have confidence in the independent regulator to do the review properly?

**Ms HORNE:** I would like to say that the independent regulator has undertaken an enormous amount of work. Without a doubt they have been incredibly thorough in their investigations and also, too, been working through a pretty robust process. Some of the things that they have done: during this year they have finalised an enormous amount of liquor licensing applications, more than 16 000—

**Mr HIBBINS:** I ask in relation to Crown Casino.

**Ms HORNE:** They have conducted more than 1100 audits of the casino operations. They have had people stationed down there in the casino. They have also, too, taken some disciplinary action in relation to a number of providers. Setting up a casino review is a time-consuming and intensive task. So to be able to ensure that they have got the appropriate resources to do that, along with all the other work that they are doing, particularly as venues are just restarting after the pandemic, it is important to resource them properly.

**Mr HIBBINS:** Can I ask, in your view, given the revelations in New South Wales and the evidence about money laundering and the steps that they have taken in regard to Crown's licence, why is Crown retaining its licence during the period of the review?

**Ms HORNE:** Well, it is a different proposition. In Victoria they have been operating for a number of years, for more than 20 years. There have been a number of casino reviews that have shown that they have been suitable to hold that licence. However, as I said, what has occurred is that there has been evidence that has been made available through inquiries that are going on in other jurisdictions and also, too, the work that the

independent regulator has done here in Victoria that has given cause to say, 'We need to pull that review forward so we can make that determination'.

**Mr HIBBINS:** Just following on from Mr Riordan's question in terms of 'How can we have confidence that things are going to change?', so the review has been brought forward—that is your decision—and you have appointed an independent, or a sessional, commissioner; is there anything else that is being done differently that can ensure that Victorians actually have confidence that things are going to change with Crown Casino?

**Ms HORNE:** Well, the difference predominately will be the evidence that arises out of both the work that the regulator does here but also the findings that will come down from ILGA, which are due in the beginning of February.

**Mr HIBBINS:** Now, there is already an existing review being undertaken. Is that correct—the urgent review or what was announced as an urgent review?

**Ms HORNE:** That is right, and that resulted in the show cause notice being issued to Crown in October this year.

**Mr HIBBINS:** Is that completed then? When are they due to respond to that show cause notice?

**Ms HORNE:** I have had numerous conversations. There are statutory time lines within that, so there was the show cause, then Crown has got a certain period of time to respond. I am confident—just to finish this—that they will report back to me by the end of this year.

**Mr HIBBINS:** Thanks, Minister.

**The CHAIR:** Thank you, Mr Hibbins. Thank you, Minister. That concludes the time we have available for consideration of budget estimates with yourself and your officials today.

We thank you very much for appearing before the committee. The committee will follow up on any questions taken on notice in writing, and responses will be required within 10 working days of the committee's request.

We also thank all ministers and officers who have given evidence to the committee today. We thank Hansard, the secretariat and the cleaning and catering staff.

The committee will resume consideration of the 2020–21 budget estimates tomorrow.

I declare this hearing adjourned. Thank you.

**Committee adjourned.**