

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 21 May 2009

Members

Mr R. Dalla-Riva
Ms J. Huppert
Ms J. Munt
Mr W. Noonan
Ms S. Pennicuik

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Witnesses

Mr T. Robinson, Minister for Gaming,
Ms P. Armytage, Secretary, and
Mr R. Kennedy, Executive Director, Gaming and Racing, Department of Justice.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolio of Gaming. On behalf the committee, I welcome Mr Tony Robinson, Minister for Gaming, and departmental officers. Members of the public and members of the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following a presentation by the minister, committee members will ask questions related to the budget estimates. Generally, the procedure followed will be that relating to questions in the Legislative Assembly.

I ask that all mobile telephones be turned off. I now call upon the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of Gaming.

Mr ROBINSON — In the 5 minutes, I will briefly outline the portfolio budget for 2009–10 and then discuss gambling regulation, the gambling licences review, developments in policy and the continuing program in respect of problem gambling.

Overheads shown.

Mr ROBINSON — So if we go to the first slide, business group, you will see here that the gaming and racing business group within the department consists of the Office of Gaming and Racing, OGR, the Gambling Licences Review, GLR and the Victorian Commission for Gambling Regulation, the VCGR.

The gaming component of the budget is \$91 million; the racing component, for which the Minister for Racing is responsible, is \$32.7 million; and the total output is \$123.7 million, and that is what is alluded to in the budget papers.

Just on the VCGR, that is the state's independent gambling regulator which has a range of statutory functions under the Gambling Regulation Act. It also has powers under related legislation. Its activities are geared towards achieving a fair, crime-free and responsible gambling industry and it is widely recognised in Australia and beyond Australia as achieving that. The commission regulates commercial gambling activities, including gaming machines, lotteries, wagering and the Casino as well community and charitable gaming — through things like raffles and bingo. Since 1 January this year, the commission has also had responsibility for the registration of bookmakers.

In the last full year to June 2008, there were 520 gaming venues. During that year the VCGR conducted 14 public hearings into applications for new venues or an increase in the number of machines at existing venues, and conducted 603 investigations into possible breaches of the gambling legislation.

I will just now turn to the gambling licences review. Considerable progress has been made during 2008–09 on the review, which relates to a very substantial undertaking. It is a fundamental reshaping of the gambling industry in this state. Public consultations were held in June, October and December of last year. The review has released two major documents, the *Statement of Outcomes II on Gaming Machine Arrangements* and the *Overview of the Victorian Gaming Industry*, and, of course, we have had the release of venue-level data. The documents provide potential industry participants with the information they need if they are considering whether to participate in the industry from 2012, when the gaming operator licences end.

The competitive process for the new keno wagering and monitoring licences commenced and is continuing to be worked on. We envisage the keno licence being determined by the end of the year, the wagering licence determination in early 2010 along with the monitoring licence.

The next slide just deals with some of the policy achievements.

We will go straight to the next one, given the time constraints, which is more recent initiatives. As you can see from this slide, the government is continuing to build on earlier initiatives and our record of progress in initiatives such as codes of conduct, precommitment and strengthening legislative provisions relating to minors. The policy settings have changed significantly in the past decade and I would be happy to quote from our submission to the Productivity Commission inquiry on gambling, to give a flavour later in this presentation about the distinction that has been achieved in the last few years.

Moving to policy achievements, most of the work that is undertaken by the Office of Gaming and Racing in the department generally relates to gaming machines. Victoria's success in creating a responsible gambling environment is illustrated by this chart which compares us with other states and territories. This chart compares the number of gaming machines with the density per 1000 adults in Australian states and territories. Victoria does quite well on that score compared to the four states and territories to the left. In absolute numbers, as well, Victoria has 27 500 gaming machines outside the 2500 in the casino; New South Wales has over 100 000 and Queensland has over 40 000.

Turning to Taking Action on Problem Gambling (TAPG), which is our five-year problem gambling strategy, it adopts a public health approach to the prevention and early intervention and treatment of gambling-related harm.

Moving through to the next slide: 'combating problem gambling'. The financial commitment to addressing problem gambling continues to grow. Since 1999 we have spent over \$87 million on problem gambling, including more than \$54 million on specialist services. This is a great increase compared to the previous period. Our projected expenditure through to 2010–11, which is our extended TAPG at this point in time, is foreshadowed there.

The total figure incorporates expenditure from TAPG and the problem gambling services strategy. Expenditure in 2007–08 totalled \$21.4 million and expenditure for 2008–09 is anticipated to increase to about \$28.5 million; \$21 million had been spent to March this year.

As a comparison with some other jurisdictions: we have shown the interstate comparisons, but some other jurisdictions — again, as I said this year we will spend about \$28.5 million — the state of Nevada for example which has 200 000 EGMs would spend about \$3.5 million; the state of Delaware would spend about \$1 million; the state of Indiana about \$5 million — and they are the best of the US jurisdictions. In Canada the province of British Columbia would spend about \$4 million. By any comparison, Victoria is doing better than others.

Moving through to expenditure by action: most of the expenditure, as you can see, is in building better treatment services. In 2007–08 Gamblers Help services provided more than 65 000 counselling hours to over 8900 Victorians.

In the next slide 'combating problem gambling': recent achievements include the new TV campaign, redevelopment of the Gamblers Help program, the national 1800 number and online counselling. So far in the advertising campaign, there has been \$3.6 million spent; that incorporates TV and other media, and I will be happy to expand during question time about the way the new ads were constructed.

Looking ahead to 2009–10, the state's major commercial gambling licensing arrangements will continue to receive priority. Work will continue on implementing the government's precommitment initiative. We anticipate spending in excess of \$30 million, and this includes \$13.3 million being provided to Gamblers Help agencies and statewide initiatives, promoting enhanced services for the culturally and linguistically diverse and indigenous communities, and some \$6 million for problem gambling awareness and education strategies.

That completes the presentation, and I am happy to take questions.

The CHAIR — Thank you, Minister. We have until 3.30 p.m. for allocated questions on the gaming portfolio.

Ms HUPPERT — Minister, on the previous slide you talked about some of the programs relating to problem gambling and the investment of over \$30 million. I also note you referred to the new TV campaign and generally the advertising campaign. Could you please outline to the committee how that TV campaign will work and the success of those campaigns both currently and into the forward estimates period?

Mr ROBINSON — The TV campaign was launched in about October last year. What makes the TV campaign different is the extent of research that was undertaken involving people who had experienced problems with gambling. I think we are the first jurisdiction to actually base the ads on research that was done with people in that group. This is important because what the research shows is that advertising campaigns can lose their impact over time, so it is important to refresh them and renew them, and to base that on some degree of research.

I was appraised of the way in which people in the at-risk group respond to ads at the Banyule Community Health Service in the second half of last year. A woman who had experienced problems came to me and said, “The weakness of the earlier ads when you just talk about problem gamblers per se is that, “I do not believe I am the problem” ‘, and she was picking up from the ads that there was a pejorative in that. Indeed, research more broadly reflects that point.

That is why the ad has been changed and the core message is to take the problem out of gaming or gambling, and the use in the ads of other members of family and friends — you would have just seen the two ads of the boy and his dad on the pier, and the two mates at the footy — is a very powerful, subtle change, but it has had an impact. We saw during the first few weeks, I think the first two months of that campaign, we had about 45 per cent increase in calls, and that was terrific. The further research, I think, demonstrated the actual impact people were getting out of those ads was also at a higher level than had previously been the case.

That campaign ran for a few weeks. It was run out again a little while ago. It has had good results, and we will continue to run that out as and where opportunities arise; we do not want it to get too stale. We will continue to research ways in which the advertising, both that and other advertising, can be refined over coming years.

Mr WELLS — Minister, I refer you to the secret deal between the government and Crown Casino, and budget paper 4 page 45 — ‘gambling taxes’ over the forward estimates. Did the government use a third party to act on its behalf in its negotiations with Crown? Who was this third party? Where were the meetings held? Who attended these meetings — for example, did James Packer, himself, attend? When was the memorandum of understanding first agreed upon?

Mr ROBINSON — There are a series of questions there.

Mr WELLS — Maybe we can go through each one.

The CHAIR — We can try to take them all together, Minister.

Mr ROBINSON — I can give you advice on this matter insofar as I am aware of the background to all this.

Mr WELLS — You are the minister, so you would be aware.

The CHAIR — Thank you, Mr Wells, without assistance!

Mr WELLS — He is the minister, he would be aware.

The CHAIR — Without assistance!

Mr ROBINSON — The issue of potential changes to the tax arrangements that Crown is subject to was actually raised by me with Crown at a regular meeting in the second half of last year. We meet regularly with Crown; we do that three or four times a year. That meeting, I think, involved Gary O’Neill, who attends those meetings, and, I think, David Courtney.

We put it to Crown in general conversation that as a consequence of the decision in April to restructure the gaming industry, the EGM industry, and to terminate gaming operators and pass ownership of machines to venues, that the health benefit levy which is currently paid by Tatts, Tabcorp and Crown would almost certainly need to change. You cannot collect a health benefit levy from operators after 2012 as operators are not in business.

We suggested to them that the government was probably going to need to reconfigure that tax and to recover from Crown in a different way that money which is currently paid by them as their health benefit levy. We indicated to them that this would quite properly be a matter — because it is a tax matter — that the Department of Treasury and Finance would handle. That is not new, that has been the case in respect of taxation matters for the casino since the casino was established.

That was the extent of that discussion. There was no discussion about anything else other than our suggestion that, as a consequence of the restructuring decision in April, there would have to be some changes — or that there would, in all probability, be changes to the health benefit levy.

We were subsequently advised in April by the Treasurer's office that in fact Crown had commenced commercial negotiations with the Treasury. We were also advised that Crown were bringing to those negotiations a request for a change to the table limits. The table limits were last set in 1995, when they were raised from 200 to 350. The Treasurer sought my advice on this, what did I think, and I offered my advice on it. I can go into detail on that if you wish.

Those negotiations continued and the agreement was reached and signed off by the Treasurer. It was an agreement in principle, which of course is subject to legislation and the Parliament's determination. That was finalised on the morning on which I made the announcement — I think that was Tuesday, 12 May.

Mr WELLS — In regard to the advice you that you gave the Treasurer, please?

Mr ROBINSON — My advice to the Treasurer in respect of table games was that, from my perspective and from the department's perspective, they were less problematic than EGMs; most of the work we do is around EGMs. That is not to say there are not some problems associated with them, but there has been a fair bit of research done which shows a lower incidence of play and less exposure to risk in those forms of gambling than in EGMs.

I further made the observation to him that poker was unique amongst the table games because poker is the only table game where players do not play against the house. Players actually play against each other, and it requires certain degrees of skill in terms of tactics and the way it is played.

I also advised him that Crown had a well-recognised, in-house capacity for problem gambling counselling. The VCGR did a report on that last year. I further offered the perspective that, in so far as any changes to tax might be concerned, I thought the hotel EGM tax rate was an appropriate benchmark. As you would possibly be aware, there has been a longstanding differential between the tax rate applied to Crown's EGMs and to those that operate in hotels. That is about 10 per cent — it is something like 22 per cent that Crown pays and 32.5 per cent or 33 per cent that hotels pay. That was the advice I put to him. The Treasurer indicated that he would seek formal advice from the VCGR, and I was pleased with that. That was the advice I offered.

Mr WELLS — In regard to the question of who did Crown negotiate with directly, was it a Packer, who did the negotiations in this deal? You are telling us that you had absolutely nothing to do with the negotiations of the deal. So who made the deal, who put the deal together?

Mr ROBINSON — As I have said, my understanding is that Crown entered into commercial negotiations with the Department of Treasury and Finance, and that a commercial negotiator was brought in by the Department of Treasury and Finance for that purpose.

Mr WELLS — Who was the commercial negotiator? There was a third party?

Mr ROBINSON — The department hired someone to negotiate this matter commercially. Yes.

Mr WELLS — There was a third party, you are confirming — —

The CHAIR — All right — —

Mr WELLS (to the Chair) — Hang on, this is an important point. It is the first question I have asked.

So there was a third party brought in to do the negotiations?

Mr ROBINSON — As is usual in these types of cases, yes. They were hired by the department, as I understand it — and the Treasurer could give you more advice on this — for the purpose of negotiating the matter of tax and the other matters Crown were bringing to that negotiation.

Mr WELLS — Kerry Packer was involved?

Mr ROBINSON — Kerry Packer would struggle to be involved in anything now.

Mr WELLS — So — —

Mr ROBINSON — I was not involved in those discussions.

The CHAIR — This is something we probably need to follow up with the Treasurer.

Mr WELLS — So we had a secret deal, and then we had a secret third party doing the negotiations? Is that the situation?

The CHAIR — I think we have the answer.

Mr WELLS — No. We will just confirm. We had a secret deal and a secret third party as part of the negotiations?

The CHAIR — I think the minister has answered this. If you wish to ask some further questions — —

Mr WELLS — Are you confirming that?

Mr ROBINSON — No, I am confirming what I have just said.

The CHAIR — Mr Scott, I think we will move on. We have heard enough on that question. You can ask some more later, Mr Wells.

Mr SCOTT — Minister, I refer you to budget paper 3, pages 161 and 162, to the ongoing enhancement of the regulatory environment. Could you advise on whether Victoria is keeping pace with other states in the implementation of responsible gambling initiatives?

Mr ROBINSON — To take my point earlier in the presentation further, I would contend that Victoria is not only keeping pace, but Victoria has well exceeded what other states and territories have done. That stands up to comparison both in Australia and abroad. Victoria has the third-lowest gaming machine density of any state, with only Tasmania and the Northern Territory having a lower density. Western Australia is excluded as it only has gaming machines in its casino.

Perhaps a more relevant figure is that NSW has nearly three times as many gaming machines per thousand adults as Victoria. New South Wales has 18.31 machines per 1000 adults, where Victoria has 6.64 machines per 1000 adults. Victoria's density figure continues to decline across the state because we have a fixed number of machines; so as the population increases, the machine numbers do not increase across the state.

Victoria is the only state that has taken action to protect vulnerable communities by capping the number of machines that can be operated in those communities. We have 19 capped or partially capped municipalities. Those caps were introduced in two phases, the most recent of which was at the end of 2007. They have resulted in almost 1000 machines being relocated from those areas.

We think the caps have worked very well, and we have noted from time to time industry comment about the declining return on those investments because of the caps. It is simply not possible, as it once was, for operators to pick up machines and move them to where they are more profitable. The caps act as a very effective restriction.

We are about to extend this policy further by implementing municipal limits, which will apply in areas not covered by regional caps. Municipal limits will cap the maximum number of gaming machines in every LGA to 10 per 1000 adults, and that is work that the VCGR will undertake this year.

Other things that we do that I think exemplify leadership here is that we have a ban on gaming machine advertising outside gaming venues — something that Queensland, the Northern Territory and the ACT do not do. We have compulsory responsible gambling training for venue staff; Queensland does not do that. We have mandatory player information displays; the Northern Territory does not do that. And of course we have announced a policy on banning ATMs altogether. They currently are under limits as to what they can dispense per day. We will go further and ban them altogether, with very limited exceptions.

And we have adopted a precommitment policy. That, as some members would be aware, is the subject of some ongoing discussions in the context of the bill, so I perhaps do not want to speak too much about where those discussions are. That is something we will let our negotiators deal with. But we are very keen to see that implemented. Victoria, as I said, will be the first state to ban ATMs altogether from gaming venues.

Last year I had the chance to be at the international conference on problem and responsible gambling, and one thing that does stand out is the extent to which in Victoria we do have a robust discussion about problem gambling measures. I have got to say that puts us miles ahead, light years ahead of most jurisdictions. If you spoke to someone in any United States jurisdiction about problem gambling ads and even hinted that playing a machine represented a hazard to certain people, you would be howled down.

One, they spend a pittance, and two, they have this supreme view that everyone is responsible for what they do regardless of the consequences. So we are a long, long way ahead of those jurisdictions.

Ms PENNICUIK — Minister, electronic gaming machine manufacturer Aristocrat spends approximately \$117 million per year on research and development to make their machines as marketable as possible. I notice that your slide there mentioned \$3.4 million is how much the government spends on its combating problem gambling fund — which I think works out at about \$300 000. So you spend that much on research and development. How much do you spend to counter the built-in manipulative qualities of gambling machines, and in what ways is the government enhancing harm reduction and safety features on the actual machines?

Mr ROBINSON — I think the \$3.4 million you have referred to there is money that was specifically put aside for research. We also have arrangements where we work on research projects in collaboration with other states, and this is something we would like to advance further. We have had some discussions with the commonwealth which last year revived the Ministerial Council on Gambling. We had the meeting here in Melbourne. We thought that was a very positive move after a hiatus of a couple of years.

We will continue to advance that, and it may well be that the Productivity Commission in its recommendations later this year takes a position on further research, which we would be very happy to support.

Can I just say in relation to the claims — and I have heard these claims before about Aristocrat and the style of machines, and I think from time to time it is probably a claim that is made against a number of manufacturers, not just Aristocrat — the VCGR has a roving brief on these matters, so the VCGR is able, without me having to request it, to look at these matters, and it does; it looks at these matters.

I have not received any advice from the regulator that it is concerned about this matter. I think this matter is a matter of interpretation. Clearly you would expect manufacturers would produce machines with different types of designs. I think the attention in this case alluded to a certain type of design and qualities that might attract certain types of at-risk gamblers. The VCGR is well-equipped to deal with that problem, and I am confident would take action if it agreed with that claim, but I think the position up to now is that it has not agreed with that claim.

Mr NOONAN — I refer to budget paper 3, pages 161 and 162 and the ongoing enhancement of the regulatory environment. I ask the minister to provide an update on the steps the government is taking to proactively promote responsible gaming environments in gaming venues.

Mr ROBINSON — Probably the most significant recent step has been the commencement, on 1 December last year, of the requirement for gaming venues to sign up to a responsible gambling code of conduct. Existing

gaming venues have until 1 June to have their codes approved by the VCGR, and the VCGR through its recent newsletters — it tends to do them quarterly — has been making public its advice on how that is progressing.

It is progressing quite well. This is important because it is really in a very public way putting obligations that have not been articulated before back onto venues. We think that is a very good thing. It makes venues more accountable as to what happens in those venues.

The requirement for codes of conduct applies to all participants in the gaming industry, including the holders of a venue operators licence, wagering operators licence, public lottery licence and casino licence, as well as bingo centres licences — so it applies very broadly. We provided the VCGR with about \$4 million to operate the responsible gambling unit to support the implementation and to monitor compliance. So is not just about them getting these codes into place, it is about making sure that they are keeping up to the mark as time goes on, and that will be very important as we go through 2012 with our plan to in fact devolve, or transfer, ownership of EGMs to venues rather than the two operators. For a code to be approved it must set out a process for interaction with customers and how it will foster responsible gambling.

It must also set out a process for interacting with customers who have requested information about or assistance with a gambling problem or expressed interest in a self-exclusion program. The codes that have been approved by the VCGR and are now available on its website include codes developed by Tatts and Tabcorp, Tatts public lotteries, ClubsVIC, RSL and ALH.

We are also, I should say, continuing to fund the work done by the Responsible Gambling Ministerial Advisory Council and its working groups. They have been doing some work in particular recently on precommitment and the ATM policy. I should say, furthermore, we are continuing to fund the new Problem Gambling Research and Treatment Centre at Melbourne University. That is a partnership based at Parkville. It is a partnership with Monash University. We believe its work there will greatly contribute to the body of knowledge that informs our policy decisions. I guess it alludes in part to the questions Ms Pennicuik raised, that developing that research and expertise capacity in Melbourne is a good thing.

Ms PENNICUIK — Can I ask for clarification on that answer?

The CHAIR — A really quickly one.

Ms PENNICUIK — Minister, under the codes of conduct you mentioned Tatts and Tabcorp. At the moment, I understand, they facilitate the relationships that venues are obliged to have with the support services? How is that going to be managed when it not just Tatts and Tabcorp?

Mr ROBINSON — As a transition issue? That is one of the things that the VCGR will have responsibility for, principally. That will probably involve the VCGR having to be given dedicated resources to oversight that. We would anticipate that industry bodies like the AHA, ClubsVIC and Community Clubs Australia would play a serious and ongoing role in that.

Our policy on industry transition is also in part a policy about capacity building. It is not just saying, 'As of tomorrow, the machines move from you to you'. It is about saying that clubs and pubs have an opportunity to derive greater revenue from that and put it into local activities, but they also have, with that, greater obligations. One of them is the way in which they discharge responsible gambling principles in real life situations every day.

Mr DALLA-RIVA — Minister, I just want to go back to what Mr Wells was referring to earlier in terms of the secret deal between the government and Crown. I just want to get it clear in our minds: was Mr James Packer involved in the negotiations?

Mr ROBINSON — I have never met Mr James Packer.

Mr DALLA-RIVA — Was he involved in the negotiations?

Mr ROBINSON — I can only tell you what I am aware of — that is, I had a discussion with Crown last year.

Mr DALLA-RIVA — Yes or no; was he involved in the negotiations?

Mr ROBINSON — I am not aware of Mr Packer being involved in these discussions.

The CHAIR — It might be a question we could direct to someone else.

Mr DALLA-RIVA — Did Mr Packer want more concessions from the government, and did he get everything that he wanted?

Mr ROBINSON — I am not in a position to answer that question, Mr Dalla-Riva.

The CHAIR — We will have to ask Mr Packer that one, I think.

Mr DALLA-RIVA — You are the gaming minister. You must be aware of the negotiations.

Mr ROBINSON — I have had no dealings with Mr Packer.

Mr DALLA-RIVA — You are unaware of the negotiations? You do not know who the negotiators name was?

Mr ROBINSON — That was a commercial negotiator. The Treasurer could give you that information, I am sure.

Mr DALLA-RIVA — So you do not know that either?

Mr ROBINSON — No.

Mr DALLA-RIVA — What is it about this government? Nobody knows anything about anything. We seem to have a consistency of ministers before us who fail to answer questions when it comes to accountability. We have got this minister — —

The CHAIR — Without the statement, thank you, Mr Dalla-Riva.

Mr DALLA-RIVA — Chairman, I have asked the minister some specific questions. He should know. In the forward estimates there is an expectation — —

The CHAIR — The minister is to answer these things honestly and fully. He has give an answer. Unless you have got any — —

Mr DALLA-RIVA — We have had ministers before us who have answered honestly and fully, and we know where that has got us.

Mr ROBINSON — Chair, I am happy to offer one piece of advice that might clarify — —

The CHAIR — Thank you — further elucidation?

Mr ROBINSON — That is to say, I do not believe the arrangements here differ in any substantial way from the arrangements in 1995 when the gaming minister of that time — —

Mr WELLS — Hang on, we are talking about the forward estimates.

Mr DALLA-RIVA — We are talking about now. We are talking about the budget.

The CHAIR — Without assistance!

Mr WELLS — This has a direct relationship to the forward estimates.

The CHAIR — Without assistance!

Mr WELLS — Chair, you need to direct him to answer these questions.

The CHAIR — He has answered the questions and he has given some further clarification. Ms Munt?

Mr DALLA-RIVA — I was seeking some clarifications in terms of Mr Wells's — —

Ms MUNT — Chair?

The CHAIR — Just a second, Ms Munt. Quickly, Mr Dalla-Riva, without making a statement.

Mr DALLA-RIVA — I was seeking some clarifications in terms of Mr Wells's question. My issue is that the minister mentioned that he announced this on 12 May. I refer to the budget paper and the forward estimates on page 45, where there is the additional tax revenue you expect to receive from this deal, which is included in this year's budget papers. If the deal was certain enough for the revenue to feature in the state budget, why did you wait until the day of the federal budget before Victorians were told? Would you also confirm whether the Crown deal was signed off by cabinet?

Ms MUNT — Is this another question, Chair?

Mr DALLA-RIVA — I sought clarification on the first issue. This is my specific question.

The CHAIR — I am happy to allow this.

Mr WELLS — This is relevant.

Mr ROBINSON — The announcement was made on that day because the agreement in principle between the government, which is signed by the Treasurer, was signed on that day. Government understands that Crown is a listed company. As soon as that was signed it was under obligations to the stock market. We were under obligations to tell Victorians that an agreement in principle had been reached.

Mr WELLS — That does not make sense, because you had already put it in the forward estimates, and this was printed a couple of weeks beforehand.

The CHAIR — It is something we probably need to ask the — —

Mr WELLS — But that does not make sense.

The CHAIR — The minister, without assistance.

Mr WELLS — The minister made the announcement on 12 May.

Mr DALLA-RIVA — You knew it was already in the budget.

Mr WELLS — You have already put it in the budget papers.

The CHAIR — The minister is answering the question.

Mr WELLS — No, he has not — not that part of it.

The CHAIR — Minister, have you any other clarification to the question? I think he understands the question.

Mr ROBINSON — I understand the question. My understanding is that, because the commercial negotiations had been under way for some time — as I said, the Treasurer advised me in April that these things had started — I believed the Treasury department believed that in all probability an agreement was going to be reached and therefore felt it was under an obligation to disclose that in all probability there would be some additional revenue.

Mr DALLA-RIVA — The Treasurer never told you he was involved in those negotiations?

Mr WELLS — But the agreement was only signed in principle.

The CHAIR — The minister, to answer, without — —

Ms MUNT — You want to ask a question and give the answer as well.

Mr DALLA-RIVA — The minister knows what exactly what has gone on.

The CHAIR — There are continuous interjections. The question has been asked clearly. Does the minister have anything further to add?

Mr ROBINSON — As I said on that morning when I made the announcement — —

Mr WELLS — On 12 May?

Mr ROBINSON — Yes, the figures in the budget papers are indicative figures and will be updated by the Treasurer as part of a forward update.

Mr WELLS — But they are already in the forward estimates.

Mr ROBINSON — They will be updated in the next budget.

The CHAIR — Ms Munt has the call.

Mr WELLS — And they were printed a couple of weeks before.

Mr DALLA-RIVA — Why is this government so secretive?

Mr WELLS — Something's wrong.

Ms MUNT — Minister, can I refer you to the budget paper 3, page 161, under 'Regulating gaming and racing' and in particular the delivery of problem gambling services. I would just like to follow through on that. What funding will be provided to gamblers help services in Victoria in this coming year, and how will they ensure that those services actually go to those gamblers who need that help and assistance?

Mr ROBINSON — I should say one of the administrative reforms that have been undertaken over the course of the last 12 months is that the Office of Gaming and Racing now has responsibility for both problem gambling counselling services and general financial counselling services. This decision was taken after a review by the State Service Authority, I think it was, which made some recommendations that it would be more efficient, given there is an enduring overlap between the clients who are served by both those services, for them to be administratively consolidated. We now have the situation where the Office and Gaming and Racing oversights both, whereas previously Consumer Affairs Victoria oversighted the generalist services and OGR did the problem gambling services.

In respect of the generalist services, I made an announcement recently — I was more wearing the consumer affairs hat, I suppose — that there would be an additional \$2.8 million provided for generalist services in the next 12 months. That is to deal with a general growth in demand for those services. I am happy to talk about that further, perhaps in the consumer affairs presentation. With respect to problem gambling, what we have done beyond the State Service Authority review was to have a review undertaken by KPMG.

That made recommendations that we should repurchase and repackage those services, so we have done that with our providers. The redeveloped gamblers help service model commenced on 1 July last year, and it was designed to increase access to services for both problem gamblers and their impacted families by improving gamblers help service coordination with a broader system of care. This is improving access to specialist program gambling services from a broad range of services.

I should say the other reform that has gone on has been to link these problem gambling counselling services with primary care partnerships. We did a launch, which I alluded to, at Banyule with the community health service. This has been greatly welcomed by the health sector. I am grateful for the work that the health minister has done in facilitating this. What we are building is a service capacity where, at an earlier opportunity, people can be hooked into assistance by GPs and other networks. That was not there to the same extent previously, and we subscribe to the view that the earlier you can connect an at-risk person or someone experiencing problem gambling difficulties into an appropriate services, the better your chances are of getting them through that period and actually assisting them in practical terms.

Mr RICH-PHILLIPS — Minister, I would also like to ask you about the secret Crown Casino deal. In 1995, as you know, John Brumby as opposition leader said in relation to the increase in tables then that there should be a full and independent economic and social impact study of that proposed expansion. My question to

you in relation to the secret deal that has just been done is: have you undertaken the full and independent social and economic impact study that 10 years John Brumby said was necessary? If not, why not? And if so, when will you release it publicly?

The CHAIR — Minister, insofar as it relates to your portfolio?

Mr ROBINSON — There are a couple of similarities and there are also some differences between 1995 and today. The first difference is that in 1995 the casino had only been established, I think, for about 18 months or two years. It is now well beyond its establishment phase and can demonstrate very strong patronage, both local and particularly interstate and overseas. I think in fact the last estimate for Crown was that some 16 million people visit per year, which is an extraordinary number. The third hotel they are building is estimated to deliver about 100 000 tourist stays per year into that complex. There is a far greater demonstrated demand now than there was in 1995.

I think the other point you can make is that between 1995 and now Crown has developed its in-house capacity for problem gambling support. If it suits the Chair, I might just allude to an extract of the VCGR's report on Crown last year, which I think gives a flavour of the quality of that service. Would that be all right, Chair?

The CHAIR — Yes, quickly, please.

Mr ROBINSON — This is at page 24 of the fourth review of the casino operator and licence:

Indicative of this commitment is the operation of the Crown Melbourne responsible gaming support centre, established by Crown Melbourne in 2002. The initiative, a 24-hour onsite counselling and referral service, is believed by Crown Melbourne and the commission to be a world first. Crown Melbourne's centre led to the development of similar centres across eight provinces in Canada. The commission recognised, as a result of its benchmarking exercise with Australian and international casinos, that the centre is unique in that company and a milestone initiative for helping those with gaming problems.

In 2007, Crown Melbourne added a further element to the centre with the establishment of a chaplaincy support service.

My view on this, Mr Rich-Phillips, is that Crown in the intervening period between 1995 and today has demonstrated by statistical facts in terms of visitation levels and in terms of its growth, by the core element that it represents down there in that part of Melbourne in our tourist industry and by the work that it is doing now through its in-house resource, that it is able to deal in a very competent way with the increase in tables that is being proposed.

Mr RICH-PHILLIPS — Minister, you indicated the Treasurer sought your views on the expansion by 150 tables. Before you gave your views to the Treasurer, did you seek any advice from the VCGR or your department?

Mr ROBINSON — I regularly receive advice from the VCGR about a whole range of matters.

Mr RICH-PHILLIPS — The Treasurer — a specific question to you.

The CHAIR — Thank you. The minister, to answer.

Mr ROBINSON — I was able to draw upon my knowledge of the industry and the advice that is instantly available to me on these matters. I offered the advice, and I do not believe my advice on some of those specific matters would be inconsistent with the advice of any number of people involved in the field.

Mr RICH-PHILLIPS — You have had a massive increase in the number of tables at the casino, and you did not seek any advice from your department before giving your views to the Treasurer?

The CHAIR — The minister to answer, thank you, without assistance.

Mr ROBINSON — To illustrate that point I think I have even heard Reverend Tim Costello acknowledge publicly that the incidence of problem gambling and the at-risk characteristics of table games is not very substantial.

Mr WELLS — Tim Costello agreed to the expansion?

The CHAIR — The minister, without assistance.

Mr ROBINSON — Tim Costello has publicly acknowledged that the at-risk characteristics of table games are very different from the at-risk characteristics of EGMs

Mr WELLS — So did Tim Costello agree to the expansion?

Mr RICH-PHILLIPS — So you expect us to accept that you did not seek any advice from your department or the VCGR before you advised the Treasurer of your views?

Mr ROBINSON — I was asked for advice by the Treasurer, and I provided advice to the Treasurer.

Mr RICH-PHILLIPS — Straightaway, or did you go back and — —

The CHAIR — I think the minister has answered that one.

Mr ROBINSON — The Treasurer indicated that he was going to seek advice from the VCGR more formally. I understand that he did that, and that would be appropriate, given that the relevant pieces of legislation — not just the Gambling Regulation Act but the Casino Control Act and the Casino (Management Agreement) Act — do provide for the Treasurer to deal with the VCGR on matters like that.

Mr RICH-PHILLIPS — Did you give considered advice, or was it on the phone when you were talking to the Treasurer?

The CHAIR — All right. I think we have had enough.

Mr RICH-PHILLIPS — Did you wave to him or what? What was the form of the advice? Was it instant advice? This is quite a significant issue.

Members interjecting.

The CHAIR — Mr Rich-Phillips, I think the minister has given you about four clarifications in a row. The minister has said he has talked to the Treasurer about this.

Mr RICH-PHILLIPS — There are still a lot of issues to be resolved, Chair.

The CHAIR — You can ask about them in a second.

Ms HUPPERT — Minister, I refer to budget paper 3, again pages 161 and 162, and the continuing references to the regulatory toolkit. Can you please outline to the committee whether you have had cause to use your regulatory powers to ban products or practices that do not accord with responsible gaming principles?

Mr ROBINSON — The two areas that I administer, and the two largest parts of my portfolio, are liquor and gaming. There are similarities in the sense that they are very heavily regulated areas and probably amongst the most heavily regulated businesses in Australia. That is quite appropriate. The same sorts of issues arise in respect of what is appropriate practice. From time to time people will seek to introduce new practices or products that do challenge some of the settings we have had in place policy-wise which are designed to minimise risks to Victorians.

In relation to liquor we introduced some time ago a power for the director to take action where the director was concerned about a promotion that would contribute to inappropriate consumption and use of alcohol. We have been keen to and more recently we did introduce the same power in respect of gambling. That power, I think, has only applied — I cannot tell the committee exactly what date that came in, but it was only some few months ago.

The CHAIR — You can give it to us on notice anyway.

Mr ROBINSON — We can put that on notice as to when the actual power accrued. We have had cause to use it once, and that was in respect of what were called cashless gaming machines. These were devices that had been imported, I think, to Australia and were being placed around inner Melbourne. We understood the fellow who had imported them intended to make some of them available in youth hostels and hotels, I think. They were like gaming machines, but you could not actually invest money in them. We took the view that that was inappropriate and that in fact the thing was designed as a gaming machine. Notwithstanding the fact that you did

not play with money, we thought that it was inappropriate in that it encouraged people to get involved in gaming. It was, can I say, a creative way around the law. That was the occasion on which I have used that power, and that particular product has been exposed and is subject to a ban. We will use that power going forward, where appropriate.

Mr DALLA-RIVA — Minister, we had other questions which we were going down the path of asking, but we are finding it very hard to get true answers about what appears to be a very smelly, secret casino negotiation and about what has occurred and what the public knows. It does not make sense in terms of what you have provided.

Mr WELLS — The time lines do not make sense.

Mr DALLA-RIVA — The time lines do not make sense, so I am just going to go back.

The CHAIR — Can we have a question, thank you.

Mr DALLA-RIVA — Given that you spoke to the Treasurer about the economic and social impact, as Mr Rich-Phillips indicated, during those discussions with the Treasurer, did you talk about the fact that James Packer was involved in the negotiations?

Mr ROBINSON — No, I did not.

Mr DALLA-RIVA — You did not. I asked that before, so now I know.

The CHAIR — I think we heard the answer before as well.

Mr DALLA-RIVA — Did Mr Packer want more in terms of concessions from government? Did he, or did he not?

Mr ROBINSON — I have got no idea, because I was not a party — —

Mr DALLA-RIVA — But you did not speak to Mr Packer.

Mr ROBINSON — I think my second answer will flow from my first answer. I have not dealt with Mr Packer. I was not involved in the commercial negotiations. They were quite properly — —

Mr DALLA-RIVA — You are the Minister for Gaming.

Mr ROBINSON — Correct. The situation on these matters, as was the case in 1995, where tax matters are involved is that the Department of Treasury and Finance undertakes the negotiations. It is no different from 1995.

Mr DALLA-RIVA — Was this about the Treasury directing where things were going to be done? Was this about the Treasury dictating the forward estimates, saying, ‘We want more money and we are going to exclude you’? Were you aware?

Mr ROBINSON — You would have to ask that question of the Treasurer, wouldn’t you?

Mr DALLA-RIVA — There is a secret cover-up. There is a secret cover-up by this government yet again. You are responsible. There is an increase, and you are covering up yet again. Yet again!

The CHAIR — Thank you. We have had the answer.

Mr SCOTT — Minister, I refer you to pages 161 and 162 of budget paper 3, and I ask you to outline the various programs and expenditure linked to those programs that form part of the Taking Action on Problem Gambling strategy which you referred to in your handout to us today.

Mr ROBINSON — As I said in the presentation, that policy was launched in October 2006. It outlines the government’s response to combat problem gambling and sets out major initiatives over the five years through to 2010–11. Total funding over the five years is \$132 million, and it is the largest program of its kind anywhere in

the country. As I think I have alluded to, by comparison with other jurisdictions I would be surprised if there were anywhere else in the world doing more in those five years than we will be doing.

The anticipated expenditure for 2008–09 is around \$28 million, which represents an increase from previous years. Expenditure is anticipated to increase again through 2009–10 to in excess of \$30 million, and this is reflective of a ramp-up in expenditure associated with a number of action areas. In particular, implementation of the new problem gambling community awareness and education strategy has commenced. It was completed in November 2008. The TAPG program commits \$37.5 million for a statewide mass media and community awareness strategy. That is under action area 3.

During the first wave of campaign activity for October and November, as I said before, there was about a 45 per cent increase in calls to the Gamblers Help line. We think we have funded this program adequately for what we need to do, but we will continue to look at emerging trends. We are conscious that the move to venue ownership may present new challenges for us. We certainly anticipate that there will be some additional work for the VCGR, and we will have to work through what that will require, but we think the TAPG gives us a great platform not only to get best practice in terms of problem gambling programs and counselling support but also is a great platform to allow venues to take ownership of the industry and to do so with a very strong commitment to responsible gambling.

The CHAIR — I think Ms Pennicuik has a question, but it may well have to be mostly taken on notice, given that we are out of time.

Ms PENNICUIK — Minister, regarding the 10 per cent deposits you expect to obtain in 2010, where will those funds be held and what purpose will they be used for, if any?

Mr ROBINSON — Ms Pennicuik's question I think relates to the transition measures from gaming operators to venue ownership?

Ms PENNICUIK — That is right.

Mr ROBINSON — Can I say I think, as you would probably be aware, a very large number of these matters are still under negotiation and discussion. We envisage that the funds that would be received as part of deposit payments or scheduled gaming entitlements scheduled next year I think will be appropriated into general revenue. I do not think we have gone beyond specifying that. It is not to say we would not, but I am not aware of us having made any policy determination beyond saying that it will be available for general revenue.

As I say, matters like that are the subject of some pretty wide-ranging negotiation. The draft bill was introduced in December and that has been subject to debate in the lower house, but a great deal of negotiation, that is not finalised yet. We look forward to that being finalised in the not-too-distant future.

The CHAIR — If there are any other aspects that need to be taken on notice, you could take them on notice, Minister. I thank Mr Kennedy for his attendance.