

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 20 May 2010

Members

Mr R. Dalla-Riva

Ms J. Graley

Ms J. Huppert

Mr W. Noonan

Ms S. Pennicuik

Mr G. Rich-Phillips

Mr R. Scott

Mr B. Stensholt

Dr W. Sykes

Mr K. Wells

Chair: Mr B. Stensholt

Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr T. Robinson, Minister for Gaming,

Ms P. Armytage, Secretary,

Mr R. Kennedy, Executive Director, Gaming and Racing, and

Ms A. Blake, Manager, Coordination, Office of Gaming and Racing, Department of Justice.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2010–11 budget estimates for the portfolio of Gaming. On behalf of the committee, I welcome Mr Tony Robinson, MP, Minister for Gaming; Ms Penny Armytage, secretary, Department of Justice; Mr Ross Kennedy, executive director, gaming and racing, Department of Justice; and Ms Alice Blake, manager, coordination, Office of Gaming and Racing, Department of Justice. Departmental officers, members of the public and 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 of this hearing. 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 on 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 — I will briefly go through the usual slideshow and by way of introduction we will look at some of the key priorities for the portfolio coming off major achievements including the progress of the gambling licences review, continuing programs for combating problem gambling and developments in harm-minimisation policy as well as some budget initiative information.

Overheads shown.

Mr ROBINSON — Just the macro picture: within the justice portfolio, gaming accounts for \$89.6 million, with outlays covering both the Office of Gaming and Racing and the VCGR. The OGR expense is \$63.9 million, and the VCGR, \$25.7 million.

Key priorities going forward, of course, are the continuing restructure of the gambling industry — which in Victoria covers lotteries, wagering and keno — breaking things up, disaggregating wagering from the gaming industry, and that work has been under way for some time; continuing work with combating problem gambling; and modernisation of the regulatory environment.

Going into major achievements, significant progress was made on the new regulatory regime to implement a venue-based gaming model, and the means of that was the passage of the Gambling Regulation Amendment (Licensing) Act 2009 in June last year which, in the upper house, managed to go through without a single division. It was great to get unanimous support. That led, in November, to the pre-auction club offer; that will go by the acronym of PACO today. That closed strongly, ending up with 250 clubs taking up 8712 gaming machine entitlements to a value of \$366 million. That was followed by the two stages of the gaming auction, which were conducted in April and May. The second stage was held on 10 May and had some 18 788 gaming machine entitlements offered. The provisional results show that a total amount of \$981 million was raised by the sale of all of those entitlements, the proceeds of which will be directed overwhelmingly towards health.

We have been breaking down that information and I am able to release information today to members, if that is okay. That is just the breakdown by local government area. I am happy to have that circulated to members today, if that is all right.

The CHAIR — Yes.

Mr ROBINSON — So going forward to talk about Taking Action on Problem Gambling. That is the government's continuing centrepiece of policies to address problem gambling for a wide range of strategies: \$132.3 million. It was released in October 2006 and goes through until 2010–11. Taking Action provides an integrated approach to the prevention, early intervention and treatment of gambling-related harm. The strategy includes \$37 million on the Problem Gambling Community Awareness and Education strategy and \$79 million for treatment services.

If we go forward, in the last 10 years the government has spent over \$157 million on problem gambling and some \$97 million on Gambler's Help services. Expenditure in 2008–09 totalled around \$27.6 million — last year we estimated we spent just over \$28 million; and expenditure for 2009–10 is anticipated to increase to around \$32 million to \$33 million.

Just in the major achievements, the majority of the expenditure is allocated to building better treatment services. In 2008–09 services provided more than 51 000 counselling hours to almost 7500 Victorians. The problem gambling campaign expenditure is forecast to total around \$8.7 million in 2009–10; that compares with \$5 million in 2008–09. It is comprised of a number of elements, the most significant of which is the \$5.7 million media campaign, although there is a fair allocation as well of \$1 million for development and research activities in the media campaign.

Just a little on the different elements of the campaign in the past 12 months. The 'talk to us before you talk to them' campaign had very positive results in extra calls to the Gambler's Help line from family and friends. We followed that with a different targeted campaign in September, aimed at young men, and that got something like 13 000 visits to the website. We have set up national online counselling services for problem gamblers and their families from August. I think it is the world first. We launched that in Bendigo. We have released an epidemiological study — it is the largest study of its kind ever undertaken — involving some 15 000 Victorian adults and will be a source of tremendous advice as we go forward and I am sure will spawn some further research. We have done some very useful partnerships with Alfred psychiatry and the Bouverie Centre in response to increasing research into mental health co-morbidities for problem gamblers.

I make the point, too, that these campaigns actually work. There was recent commentary by Tabcorp, certainly to the VCGR but I think they put it out publicly as well when they released their quarterly results or half-year results, where they said that every time the government runs a campaign, turnover is affected. So in trying to explain to the market why their profit was not as great as it was, they pointed the finger at things like the maximum bet being halved in January and problem gambling campaigns being launched. I take it that that is showing the effectiveness of these campaigns.

VCGR priorities are listed. A lot of good licensing work continues with them. I can fill in details on that. And we can leave it at that.

The CHAIR — We are looking to concentrate on what you are going to do in the budget with the money that is there. You have money in the budget for next year and for the following out years. The committee would like to know, in terms of the budget for your portfolio, what plans and strategies it is based on and whether there have been any changes in those in the last year?

Mr ROBINSON — In terms of our medium and longer term planning strategies, the GLR process, the licence review process, is steadily progressing; we will have that finished in the second half of the year. Increasingly, beyond that, there will a focus on the transition from the current licences into the new licences. Certainly with the move from a gaming operator to a venue-based gaming industry, that is going to involve a lot of work by the VCGR, that has previously indicated additional resources are required for that task. They will be provided.

The newer medium-term objectives: integration of gaming and liquor. We talked about that in the statement of government intentions this year and that will produce significant efficiencies going forward, because it is part of the planning approval for liquor and gaming overlap. Both of them have inspectorates that go out and do work, so there are efficiencies to be gained there. We have talked about that in Parliament, going forward. We made a proposal for the first stage of that integration but that, by mutual agreement, has been deferred.

Taking Action on Problem Gambling: we will be recasting that strategy to go beyond the transition point of 2012, and acknowledge the work of the VCGR will change a little in that. We are very keen to develop an

increased focus on the mental health relationship, and the recent work in the epidemiological study and other sources have been very useful.

Then we have the issue of the Productivity Commission's report. I think it is fair to say no-one is quite sure where the federal government wants to go with its response to that report, which has not yet been released. We are certainly willing to discuss with them further how national standards might be developed. We had a conversation or two with them last year, and we are certainly leading the pack in many respects. Where that goes and whether that actually leads to a harmonisation of regulations will be something we would have to take further advice on from them.

Mr WELLS — Minister, I would like to talk to you about the gaming machine auction and I refer you to note (a) to note 2 on page 49 of budget paper 4:

Gambling taxes aggregated reflecting the commercial sensitivity of forecasts due to the licence allocation process currently under way.

Part of that process has now concluded, with the gaming machines entitlement auction finishing recently. One of the bid documents for that auction stated that the reserve price was set by reference to the lowest price for an entitlement offered in the pre-auction club offer process. Why was a decision taken to set reserve prices for gaming machine entitlements based on the profitability of the worst performing machines in the worst performing club in Victoria? How much had your department calculated that Treasury was expected to receive in the gaming licence auction, and how much has your failure to set an appropriate reserve price for gaming entitlements cost Victorian taxpayers, because it must be between \$1 billion and \$2 billion, at least?

Mr ROBINSON — There is a series of questions there, Chair.

The CHAIR — Yes, and you have 4 minutes to answer them.

Mr ROBINSON — The department of which I am part did no calculations on what the value of these entitlements would be, and that was because we worked forward from policy decisions about what good gaming policy would be. We did not work backwards from a number.

That is the key distinction here. We did not at any point in time say, 'Our objective here is to raise X dollars or Y dollars'. We worked forward from good policy positions and had a view that the market should determine the value of the entitlements.

Secondly, you have asked a series of questions about the minimum price and the reserve price. The first part of that equation is the negotiations that preceded the passage — unanimously — of the bill last year in June. Our original position, as you might recall, was that we said we did not wish to set a price for entitlements in respect of the request made by clubs because governments traditionally do not set prices well. However, in order to get the bill through, and largely through the opposition's request, a pre-allocation offer was agreed to and a formula was reached through negotiation — 1.8 times the club's share of an average machine rising to 2 times the club's share. That was reached through negotiations with Mr Hall and others. That meant, as you applied it to the 2008–09 turnover figures for venues, that you ended up with the minimum or the low price, I think, for the machines or the entitlements at the Ballarat RSL. That is how that figure was arrived at.

The further point is that for the sake of consistency in running a pre-allocation offer, or a pre-auction offer, and then an auction, I think clubs would have rightly been outraged if we had said, 'Well, on the one hand you can secure an entitlement for this, but we are going to set a reserve price that bears absolutely no relationship to that in a competitive phase'. Clubs would have said, as a matter of principle, 'If we know that we have been able to buy machines at this, we want to know that you are not going to be able to sell machines cheaper than that going forward'. That is where the nexus exists between the pre-allocation offer and the auction.

Mr WELLS — How much do you think that would have cost the taxpayers?

The CHAIR — Okay. Mrs Graley has the call.

Mr ROBINSON — We never made an estimate.

Mr WELLS — Is it between \$1 billion and \$2 billion?

The CHAIR — Sorry, this is the final part of the question.

Mr ROBINSON — The final part was?

The CHAIR — The final part was, Mr Wells has asked about the total envelope for the receipts.

Mr ROBINSON — Well, \$981 million was the total, adding together the pre-auction allocation phase in late 2009 and the results of the auction of the remaining entitlements in May this year.

The CHAIR — Okay. Ms Graley.

Mr WELLS — I just think the first part of the question that I did ask was about the setting of the reserve too low.

The CHAIR — I think he answered that.

Mr WELLS — That was the first part.

The CHAIR — I think he dealt with that.

Mr WELLS — It was not the issue of being too high; it was actually too low, and it is costing taxpayers between \$1 billion and \$2 billion.

Mr ROBINSON — You have to talk to Mr Hall about that.

The CHAIR — You made that point in your question, but Mr Robinson did deal with the issue in terms of the setting of it.

Mr ROBINSON — Yes.

Ms GRALEY — Minister, I would like you to clarify for the committee the status of the government's earlier announcement on ATM bans and the effect on estimated forward revenues in the new gaming industry structure post-2012.

Mr ROBINSON — The ATM ban in gaming venues is a very important policy for Victoria going forward, and I believe it has set the benchmark nationally. We announced this in March 2008, and legislation giving effect to the ban, which will take effect from the middle of 2012, was passed last year. As I said, we are the first jurisdiction in Australia to move in this way. Previously there have been restrictions placed increasingly upon the amount of money that you can access from ATMs in gaming venues in Victoria, but we will be going that quantum step, if you like, in two years time where they will be pulled out altogether.

This is a valuable addition to our harm minimisation framework because removing ATMs creates breaks in play. That is the most important thing about an ATM. And it subsequently forces the most obvious and important pre-commitment choice that a player can make — that is, 'I'm going to go along and play poker machines; how much money am I taking with me?'. That is really your first pre-commitment choice. We have always said that complements our pre-commitment policy because it is the first pre-commitment choice that a player would make, and once they have expended that money they are then forced to take a break in play. That is why it is a valuable policy and it has been received so positively.

As part of that policy announcement we have indicated that an exemption arrangement will be available. So clubs and pubs can apply for an exemption if they are in rural or remote locations, but we are not anticipating that too many people would successfully apply.

This measure, the ATM ban, was strongly objected to by industry. I have had a series of letters from both ATM providers and after that from gaming venues and some gaming organisations that said this was an unreasonable restriction, this would impact upon players and the convenience for players and it would have an effect on turnover. I have no doubt it will have an impact on turnover. It is instructive to note that Tabcorp's recent statements about their declining profitability, particularly from gaming machines, related to the maximum bet being halved from 1 January this year from \$10 to \$5, but at the same time some further restrictions came into play for what you could withdraw from ATMs. The combined effects of those 1 January changes have led

Tabcorp to say, 'This is crimping our profitability'. Once we pull the machines out I am sure there will be a further impact, but I would not be able to say what that would be. I think we will just have to wait and see.

What we do maintain, though, is that, even though we have now gone through the allocation phase, we are not revisiting this policy. We think it is good policy; we think it ultimately should be adopted nationally. We have been recognised in the Productivity Commission's report as going much further than other states in this regard.

The CHAIR — Thank you, Minister. Mr Rich-Phillips.

Mr RICH-PHILLIPS — I would also like to come back to the gaming machine auction, Minister. I refer you to an article that appeared in the *Whitehorse Leader* of 19 May, which quotes a gaming venue operator who said:

'The auction was an absolute farce ... 'We were laughing as the club licences didn't get above the reserve all day'.

His club had expected to pay \$2.3 million for about 100 machines, but ended up only having to — —

pay \$300 000. He went on to say:

'But the big, big winners will be the pubs ... Anyone with pub gaming machines are absolutely hysterical'.

The article then quotes you saying:

Gaming minister and Mitcham state Labor MP, Tony Robinson, said the auction, which raised \$981 million for state coffers, was about good governance rather than the financial bottom line.

Mr WELLS — That is rubbish.

The CHAIR — Without assistance.

Mr RICH-PHILLIPS — My question to you, Minister, is: was it worth losing up to \$2 billion — the equivalent of the entire Victoria Police budget — just to get Tattersall's and Tabcorp out of EGMs? And to follow up Mr Wells's point about advice on revenue calculations, you said your department did not prepare any revenue estimates. Are you aware of, or were you given, any revenue estimates that were prepared anywhere else within government?

Mr ROBINSON — The answer to the second question is no, I was not. In respect of that article, I have not seen this week's paper but you suggested it was a club operator. The clubs were given a pre-auction offer. I do not know what they paid in the pre-auction offer, but it would be worth looking at. Clubs are of course not for profit, so any club that went into the auction and paid less for its entitlements than it might have made provision for presumably has more resources to put back into the community. That is the nature of clubs.

Mr RICH-PHILLIPS — Two million less here.

Mr ROBINSON — Two million according to what? You haven't — —

The CHAIR — Through the Chair.

Mr ROBINSON — No-one has held up — —

Mr RICH-PHILLIPS — Expected to pay \$2.3 million and paid \$300 000.

The CHAIR — Ignore interjections!

Mr ROBINSON — As I went around the state in 2008 after we made this decision clubs would repeatedly come up to me and say, 'You must understand we are not for profit. Any profits we make go back into the community'. You are asserting that a sum has been lost to the state. In the club sector it has not been lost to the state — clubs will put that back into facilities.

Mr RICH-PHILLIPS — What about the pub sector?

Mr ROBINSON — The argument works in reverse as well, that where they paid more or where they were fearful of paying more, their argument to us was that will be less they will put back into the community. Our

decision has been about trying to make this industry more accountable to the community. That is what it is about.

Mr WELLS — No, you hate Tabcorp and Tattersall's, and you were going to do whatever it took to get them out of the market.

The CHAIR — Mr Wells is out of order, and you should be quiet, please.

Mr WELLS — That is what the truth is! It is your \$2 billion to shaft Tabcorp and Tattersall's!

The CHAIR — Mr Wells, you are disorderly.

Mr ROBINSON — I have no doubt that if before we had made a decision about what the industry should look like we had gone to the gaming operators and said, 'How could we maximise revenue going forward?', they would have come to us with a nice long list. It would have been a list that required us to strip away a whole series of provisions that had been put in or were being contemplated to put in, because it is inevitably the case that a market that has greater restrictions in it about what you can do — and our market is very strict and getting stricter — will see entitlements earn less than a market that is very laissez faire.

If anyone doubts that, you should have a look at New South Wales where you can get away with things that you cannot in Victoria. They introduced smoking bans and they set up smoking areas outside, as has happened here, and then the government buckled and allowed the machines to be moved out into the smoking areas. If we adopted that policy here, I have no doubt that entitlements would be worth more, but that would not be a good thing for the state. Similarly, if we reversed our decision on maximum bets, if we put them back up to \$10 or removed the \$10 limit, the entitlements would be worth more. I have no doubt there is a whole range of things. If we had fewer problem gambling ads Tabcorp itself has said, 'Machines would be more profitable; people would play more'. You have to work forward from good policy, not work backwards from a number.

Mr RICH-PHILLIPS — Minister, the question related to your decision to have individual options versus the duopoly. Are you saying that you have better revenue through the option — —

The CHAIR — We have had the question. Mr Noonan has the call.

Mr RICH-PHILLIPS — The issue related to the change from the duopoly. Have you achieved a better outcome going to the individual option than from the duopoly? The question related to — —

The CHAIR — Mr Noonan has the call.

Mr NOONAN — Minister, budget paper 3, page 156 goes to gaming and racing management and regulation.

Mr RICH-PHILLIPS — Chair, the question related to — —

Mr NOONAN — With reference to your last answer — —

Mr RICH-PHILLIPS — Don't wave your hand at me!

Mr NOONAN — I wonder what the government is doing — —

Mr RICH-PHILLIPS — Point of order, Chair.

Mr NOONAN — — to reduce problem gambling in Victoria, including the ad campaign that you mentioned — —

Mr RICH-PHILLIPS — Point of order, Chair!

Mr NOONAN — — in your last answer and in the presentation?

Mr RICH-PHILLIPS — Point of order, Chair. The point of order is the minister did not address the substance of the question, which related to the shift from the duopoly — —

The CHAIR — There is no point of order.

Mr RICH-PHILLIPS — You haven't even heard the point of order. Why are you shutting us down?

Mr WELLS — The point of order has not been heard in full.

The CHAIR — I am not shutting anything down. I have heard the point of order.

Mr WELLS — No, you didn't. He hadn't finished it.

The CHAIR — Mr Wells, will you manage to keep quiet, please! I have had enough of you over the last week. Your behaviour is quite unparliamentary, and as a senior member you should pay due regard to and respect the processes of Parliament.

Mr Rich-Phillips, I have heard enough of your point of order to understand what your point of order is. I have taken the view that the minister's answer was relevant to what you asked. I ask the minister to answer Mr Noonan's question.

Mr RICH-PHILLIPS — You make complaints about Mr Wells speaking over you and you do exactly the same to me.

Mr WELLS — And the point of order hadn't been completed.

The CHAIR — You should know that Chairs and Speakers in the Parliament make their own judgements in respect of points of order when they are given. I made the judgement. The minister to answer the question.

Mr RICH-PHILLIPS — My question?

Mr DALLA-RIVA — He has to answer the question.

Mr WELLS — Gordon's question.

Mr DALLA-RIVA — Yes, go.

The CHAIR — The minister is to answer Mr Noonan's question.

Mr WELLS — Hang on. What about Gordon's question?

The CHAIR — I have ruled. The minister, to answer Mr Noonan's question.

Mr WELLS — There just seems to be two sets of rules.

The CHAIR — Mr Wells, there are not two sets of rules. There is one set of rules and you do not make them; the committee makes them. The minister to answer.

Mr ROBINSON — I am sorry, Chair, but I could not actually hear the question!

The CHAIR — All right. Can we have the question again, Mr Noonan?

Mr NOONAN — I had a bit of trouble asking it! Minister, budget paper 3, page 156, under the heading 'Regulating gaming and racing', lists a range of outputs and deliverables. I wonder whether you can detail for the committee's benefit what the government is doing to reduce problem gambling in Victoria, including the ad campaign that you mentioned in your slides and which you referenced in your last answer.

Mr ROBINSON — For a number of years TV ads have been the centrepiece of our awareness campaign. That is because TV is the most effective medium obviously, but this commitment continues and it grows stronger. I will outline some of the measures we have undertaken in the last 12 months. All of these measures and new initiatives are based on research that we undertake so that we can hit our targets very accurately.

In July last year we launched the Significant Others TV campaign. This was around the slogan 'Talk to us before you talk to them'. People might remember the ad with the woman sitting at the table rehearsing a speech to her partner who is yet to arrive home. Significant others are an important component in the world of

responsible gambling and they are an important audience. If we can engage them more readily, it is a good pathway through to getting people into effective treatments. It is the first time we have targeted families and friends of problem gamblers, and the ad did hit its market. It saw a rise of 132 per cent in calls from that group to the helpline compared to a year earlier. We are very pleased with that result.

In September we followed up with a new campaign that targeted another group, and this is the at-risk group. In the gambling research world you have people who are identified as problem gamblers, then you have another cohort, a larger cohort, that are at risk. The at-risk group campaign had a different slogan, and that was 'Is gambling getting in the way of your social life?'. That was principally aimed at the 18-to-24-year-old males. You remember that fellow dragging the poker machine with him, trying to get into a nightclub. That resulted in 13 500 people visiting the 'Take the quiz' website and undertaking a little bit of work for their own benefit. We think that hit its mark. Early this year we refreshed the male problem gambling campaign. That is the two ads — the fellow at the footy with his mates, and the dad on the pier with his son.

That saw 48 per cent increase to the helpline through calls. That was great. The newest ad is the one that was just launched last week, and that has the woman in the park digging the holes. I have the cut-out here. That is aimed at men and women in the 35-to-49-year-old age group, who are low-risk or in fact not even gamblers at the moment, but it is encouraging people to visit the website, to gamble responsibly and to do the budget calculator exercise.

These ads are very thoroughly researched. They flow from the epidemiological study and other research we do. I think this year we plan to do another \$1 million of research into how we can refine the ads going forward. They are very well targeted. We think they are delivering excellent results. I am not aware of anyone else in the country targeting them as well as we target. Certainly I am aware that these ads are of a style and are reasonably confronting in a way. You could not run them in most other jurisdictions in the world. You certainly could not run these ads in the United States. They would have them off air in a flash because they do not like people having to convey the risk element. They say that is all individual choice. We think they are making an impact, and we will continue doing that.

Mr DALLA-RIVA — Minister, I want to go to budget paper 4, page 49. Budget paper 4, page 45 from last year showed aggregate gambling tax revenue of \$6.9 billion over the forward estimates. The budget paper which I referred to today at page 49 has that aggregate gambling taxation revenue at \$7.4 billion over the forward estimates. What I am trying to find out is the difference of half a billion dollars in extra gambling tax revenue that will come from gaming machines when you compare the two different forward estimates. It is in light of the Premier's pledge to Parliament on 10 April 2008 where he said with the changes to the gaming machine ownership arrangements:

... the total amount of tax taken by the government will be around the same in real terms ...

Given that the government has signalled that it is cutting tax rates for wagering in 2012, we know that, given all of Intralot's problems, revenues from lotteries have been unspectacular. We know the extra revenue from the Crown deal was factored into last year's budget. Is it not correct that the only source for the bulk of this increased gambling revenue when you compare the two forward estimates is from gaming machines? Don't these budget papers, these latest ones, tell us that the Premier's pledge to Parliament back in 2008 on gaming machine taxation is just yet another broken Labor promise?

Mr ROBINSON — I am not really sure where to start with the question. There are so many things you have got wrong, with respect, in the question. Let me see if I can go through them.

Mr WELLS — So you are disputing what the Premier said?

The CHAIR — Without assistance.

Mr DALLA-RIVA — No, he does not — —

The CHAIR — Without assistance.

Mr WELLS — No, we need to clarify.

The CHAIR — Without assistance.

Mr WELLS — Are you disputing what the Premier said?

The CHAIR — Mr Wells, without assistance. Can we hear the answer?

Mr WELLS — Hang on. No. The minister made a claim.

The CHAIR — Mr Wells, stop interrupting. You are a serial offender when it comes to interrupting. Can we have an answer from the minister in silence, please?

Mr ROBINSON — There are a number of questions within that question. At page 206 in the same volume, if you look at the estimates going forward, you mentioned lotteries taxes. Lotteries taxes grew by just under 3 per cent last year. They are forecast to grow by 4 per cent next year, so that part of the question is wrong.

Electronic gaming machine taxes actually declined — 2009–10 revised compared to 2008–09 actuals declined. That mirrors what has been going on in the real world for the last few months. If you look at gaming machine net expenditure for this financial year, for the year to date it is down 3.6 per cent compared to where it was last year. The last six months straight, and seven of the last nine months, have seen a decline compared to the year before. The greatest of those was in March this year where it was 6.45 per cent down on last year. That is just in raw numbers. By rights, just to keep pace with inflation it should be growing at 3 per cent or 4 per cent. It is down 6 per cent. We are seeing now in Victoria the most sustained correction ever on EGM expenditure. This has been going on for some time. I have not been out there talking about it because we have had the market there trying to make an assessment as to what entitlements are worth, but the information has been available for everyone. That is the second point.

The third point is in comparing forward estimates, you have compared last year's, which of course include 2009–10 but did not include 2013–14, with this year's that do not include 2009–10 and do include 2013–14, so it is an apples-and-lemons comparison. You cannot compare one lot of four years with another lot of years where two of the years are different; you just cannot do it. I do not understand that that makes any sense.

Mr WELLS — We are talking about a four-year period.

Members interjecting.

The CHAIR — Thank you. Minister, the question asked for an explanation for the difference of \$500 million. Do you have further information to give us?

Mr ROBINSON — The gambling tax figures going forward incorporate all sorts of things. The casino tax, which started to increase from 1 January, I think was updated. The estimate of that was updated compared to what was put into the budget figures last year. In the budget last year the agreement had not been finalised. It was not finalised until late last year. I think it is about \$500 000 EGM taxes each month this year, but of course that will increase and accelerate next year as the rate increases again. On top of that there is also the estimate as to how quickly or slowly Crown rolls out the new tables and the activity on those tables, which of course attracts a different tax.

We have also seen since the budget papers last year the first phase of the entitlements going out. I have no doubt Treasury has updated its figures based on that. As I say, we have also seen that the EGM figures are down, the lottery figures are doing quite well, and the racing figures I think are doing better than anticipated. All those things go into the mix. As to how all that adds up going forward, I think if you want more detailed information, you will have to ask the Treasurer.

The CHAIR — Can you get us some further information on notice, please, Minister — —

Mr DALLA-RIVA — So you do not agree with the pledge from the Premier? The Premier said it would be around the same in real terms, and you have just admitted it will be half a billion dollars more.

The CHAIR — In order to give the committee more information on that increase.

Mr DALLA-RIVA — Do you disagree with the Premier?

The CHAIR — Ms Pennicuik.

Mr WELLS — Hang on, no, the main part of the question.

Mr DALLA-RIVA — I said, how does this sit with the Premier's pledge that with the changes to gaming machine ownership the total tax taken by the government will be around the same in real terms? Minister, you have just said it is half a billion dollars more.

Mr ROBINSON — I agree with the Premier.

Mr DALLA-RIVA — You agree?

Mr WELLS — You agree?

Mr ROBINSON — I agree with the Premier's view going forward.

Mr DALLA-RIVA — But you are out half a billion dollars.

Mr WELLS — There is half a billion dollars difference in what you are saying.

The CHAIR — Ms Pennicuik has the call, please.

Mr DALLA-RIVA — The myki minister.

The CHAIR — Without assistance. Ms Pennicuik, you have the call, if your fellow members allow.

Ms PENNICUIK — Minister, you mentioned a couple of things in your presentation, including fostering responsible gambling and ongoing license investigation and compliance, and in your last answer you talked about individual choice. We know that problem gambling is not just a function of individual choice, it is very much a function of the structure of the gambling system, including the location and intensity of machines and the operation of the machines themselves. The Productivity Commission, as I understand it, has recommended a maximum cap of \$1 a spin and of credit of \$20 at a time. My question is: has your department done any studies into how taxation revenue would be affected if those recommendations were taken up? If yes, what are the results? If no, would you be doing that? Does the new regime for EGMs provide an opportunity to do that, especially since the money paid for the machines was less than expected?

Mr ROBINSON — Thanks, Ms Pennicuik. With respect to the Productivity Commission's recommendations, they certainly put a lot of recommendations out there. We made a submission to that inquiry, and they acknowledged Victoria's leadership in a number of respects. They did not go so far as to recommend that ATMs be pulled out everywhere, but said they would monitor what happens in Victoria, particularly with respect to the impact on turnover.

There was an element of the PC report that we disagreed with, and it was the means by which they came to a conclusion about the maximum loss rate per hour. They came out with a figure of \$1200. This was actually predicated on a \$10-bet limit, so straightaway in Victoria we are at \$5. As I understand it — as it has been explained to me — you could only lose \$1200 per hour if you left your finger on the button continuously and did not take it off for a full hour and you did not achieve a single credit in that time. That is a hypothetical figure; I do not think it bears a relationship to what happens commonly. It might happen once or twice a year, but I am just not aware of too many people who sit there for an hour — you would get a very sore finger. We have actually done some calculations, and the VCGA estimated in 2008–09 the average net expenditure or player loss per gaming machine per hour in Victoria was \$13.85. That is a long way short of the \$1200.

However, what we would anticipate going forward with the federal government when it releases its response to the PC's final report is that the opportunity will again emerge for us to sit down and have discussions with them. I have to say, though, the preliminary discussions we have had do not fill me with a great sense of confidence that we will be able to easily achieve national standards. The problem is not Victoria — we have been very willing to modify policy — it is largely New South Wales. Last year we had a ministerial meeting where New South Wales put the view that they were all for national standards but they just were not signing up to any that had been proposed that day. It is a strange position. We would anticipate the opportunity to discuss the further refinement of policy with the federal government, but it is not clear at this stage in what shape or form that will emerge in the next few months.

Ms PENNICUIK — Yes, but given that Victoria has taken the lead on many measures, this would be a good one to take the lead on. Would you be looking at that?

Mr ROBINSON — I am sure that and other things will continue to be discussed, but we would legitimately put our detailed view to the federal government and the Productivity Commission that some of the conclusions they have drawn are not accurate, based on the work that we have done.

Mr SCOTT — In relation to research conducted within the gaming and racing management and regulation activity specified in budget paper 3, page 156, can the minister comment on the recently completed Hare report into Victorian gambling behaviour and the impact it will have over the estimates period?

Mr ROBINSON — This is the Hare report, *A Study of Gambling in Victoria — Problem Gambling from a Public Health Perspective*. It is an epidemiological study that was released in September last year. It is a landmark report. It is the most extensive of its kind ever undertaken in this state and I think in Australia. It is a study that involved some 15 000 Victorian adults, and it utilises a public health approach to problem gambling. The intention of the study is not just to analyse gambling but to tease out a whole range of factors — socio-demographic factors, life events, substance abuse, psychological wellbeing factors — that characterise those who have a problem with their gambling from those who do not. It is a really hard read; for laypeople it is pretty difficult to wade through it. But it has turned up some interesting results.

The first is that it found that approximately 0.7 per cent of the Victorian adult population are classified as problem gamblers, with a further 2.36 per cent classified as moderate-risk gamblers. It is useful for us to again get a good snapshot as to the different cohorts within the population and their relative exposure or risk of developing problem gambling behaviours. We know with the 0.7 that certain ads, for example, and certain approaches will work. We know there is another group, the moderate-risks, and we need to target messages at them.

What I found the most surprising, I guess, of all the findings here was this connection with mental health. Amongst the other findings — and there are a lot of findings in this — Hare found that problem gamblers have almost 12 times the rate of depression and 11 times the rate of anxiety disorders as non-problem gamblers. Hare found that problem gamblers are nearly 22 times more likely to have a severe mental disorder than non-problem gamblers and problem gamblers are 23 times more likely to report high levels of clinical alcohol abuse than non-problem gamblers.

Some time ago, in a relatively short space of time, I bumped into John McGrath, a former member for Warrnambool, and Neil Cole, a former member for Melbourne. Both of them in their own way raised issues about mental health. They said that the more work we did the more we would find the linkages. It is not a linkage that always works one way. Some people develop a mental health condition because of problem gambling, but others develop the problem gambling behaviours because of an underlying mental health condition. I remember Neil Cole saying to me that for some people a problem would result in them getting a credit card and wandering around shopping centres and buying up things that they could not afford because they like the bright lights of shopping centres and they like the warmth and the comfort, but for the other person, who might live next door, they would go into a gaming venue — again, bright lights, warm, comfortable. They just found the release some other way.

Trying to unpick why some people do this or try to find better ways to identify early someone who has an underlying depressive condition or a mental health condition that might make them more likely to develop problem gambling is really the challenge before us. That is great work. It is already informing the way in which we put ads together and go forward, but I think it is going to trigger a lot more research in years to come.

Dr SYKES — Minister, I refer to the estimates for gambling taxation revenue on page 49 of budget paper 4, that includes revenue from casinos. It is a matter public record that the Brumby government has received a proposal for a second casino located in Mildura. Given the exhaustive process that applied at the time the first casino licence was issued, what are the terms and conditions that will be applied to any further casino licence or licences issued by your government, and what impact will any subsequent casino licence have on revenue?

Mr ROBINSON — There is only one term or condition that we, or the Premier, have laid down in respect of this and that until such time as he, and the government, was of the view that there was bipartisan support and strong community support in Mildura for this proposal — and it is only a proposal that has been floated; there

are lots of proposals on casinos that are floated, and quite often they come from National party electorates, let me say, but nevertheless — until such time as that is achieved, we really have nothing more to say. I have to say it is not a proposal I have seen; it is not one that is on my desk, but noting the clippings that are going around, I do not think that precondition has been met. I am not even sure what the National party's view is, or what the National party member for Mildura's view is. It is a very live issue, and I know that the council has different opinions, and I know the community has opinions on this. The Premier said that, should it get to a position of it having bipartisan political support and strong community support, he would be prepared to contemplate it further, but that was some months ago. I have seen no evidence to date that it has even got to that first hurdle.

Dr SYKES — Can I clarify, Chair?

The CHAIR — You can ask the question next time. Ms Graley.

Dr SYKES — Chair, on a point of order — —

The CHAIR — A point of order — if you think he has not answered the question, that is fine by me, but in terms of supplementaries, we do not have them. You have a point of order?

Dr SYKES — Yes, Chair. I refer to your ruling at the start of proceedings today when you said there will be no points of clarification and no supplementary questions. I understand the need for you to chair the meetings firmly, but in making this ruling I feel that you have put at risk the integrity of this PAEC interview process.

Ms GRALEY — Are you reading that out? Somebody has written that for you.

Dr SYKES — Over the past two years ministers have been able to make wide-ranging responses, often in response to Dorothy Dixers from government members of the committee.

Mr NOONAN — Do you want to just table it, Bill?

Ms GRALEY — Yes, just table it — or has Richard got a copy, too?

Mr NOONAN — Who wrote this for you?

Dr SYKES — When non-government members of the committee have sought to get specific answers to specific questions, you have often instructed the minister to confine his or her reply to as it relates to the forward estimates and to limit points of clarification when the minister has provided an answer which the questioner considers unclear, misleading or evasive. This approach has certainly frustrated and disappointed me as I have endeavoured to fulfil my role as a member of PAEC to ensure that the government of the day is fully accountable for the spending of over \$45 billion of Victorian taxpayers money, so I request that you direct the minister to answer the questions as asked and to ensure that he does so.

The CHAIR — Thank you for the point of order. I do remind members, and I mentioned this before, that this is an estimates hearing. Under section 14(ii) of the Parliamentary Committees Act, we are dealing with the annual estimates or receipts and payments and other budget papers and any supplementary estimates of receipts or payments presented to the Assembly and the Council. That is the process of what we are dealing with here.

It is always my intention, Dr Sykes, to ensure that the ministers answer the questions that are asked and are relevant to the questions that are asked. It is always my intention that this is the case. I do endeavour to ensure that, and I often do ask the ministers for clarification. But we also are dealing with the estimates, and in that case I have on some occasions ruled that the questions asked do not relate to the estimates, or that some parts of questions do not relate to the estimates. That is because we are conducting the inquiry into the estimates, not into other matters. That is a consistent ruling that I have made. I do that in order to confine the hearings to what the purpose of the hearings is. I strive to be consistent in that. I also strive to make sure that the ministers answer the questions. It is not a general discussion around the table; it is a process of question and answer. I strive to ask members to respect that and to follow that.

Mr WELLS — On a point of order, Chair, I think you are turning these public hearings into a sham. The reason I say that is because it may be sufficiently answered in your view, being of the same political party as the minister, but in some cases where we have had pathetic answers from ministers, you may find that acceptable

but when it comes to the opposition, who are trying to scrutinise the ministers, we are not getting satisfactory answers. So your response to Dr Sykes is totally unacceptable.

The CHAIR — What is your point of order?

Mr WELLS — That you ensure that the minister answers the question to a satisfactory way that Dr Sykes has suggested.

Ms GRALEY — I am ready to ask the question.

Mr WELLS — Dr Sykes has asked a question.

The CHAIR — Have you finished your point of order?

Mr WELLS — I would ask you, Chair, in fairness to direct the witness to answer the question in the satisfactory way that Dr Sykes is expecting.

The CHAIR — Have you finished? The point of order that you have made is that you are asking me to ensure that the ministers respond to the questions that are asked. That is my job as chair.

Mr WELLS — To the satisfaction of the person who has asked them.

The CHAIR — Thank you very much. I have asked you a number of times not to interrupt when other people are talking. I ask you to continue to respect that. You asked that I ensure that the minister answers the question. That is my role, to ensure that there is an answer given to the question and that the answer is relevant to the question. It is not my role to direct the minister as to how the minister should answer a question. It is my role as chair to ensure that the minister is relevant to the question. That is the role of the minister, to ensure the relevance. It is also my role to ensure that the questions asked are relevant to the estimates and the answers are relevant to the estimates as well and that we try to avoid political argy-bargy in this regard.

In respect of my role as chair, my role is as chair of the committee. Your imputations in regard to my role that you have mentioned in terms of political matters, I firmly reject. I chair this in order to make sure that proceedings are followed — that is, in terms of questions and answers that are given, ensuring that relevant questions are asked and that relevant answers are given. It is not my role to ensure that the answers that are given are actually satisfactory to everybody who may ask them. My role is to ensure that they are relevant. It is not my role to direct the minister in any way in terms of the way that the minister answers them or the comprehensiveness of the minister who answers them. It is my role to ensure that they are relevant and that they are related to the question as asked.

Ms GRALEY — May ask my question now?

Mr DALLA-RIVA — On a point of order, Chair, specifically related to the process that we are undertaking, you correctly point out, an estimates committee. I give you the one example previously where I asked a specific question about the additional half a billion dollars discrepancy between the previous forward estimates and these forward estimates. We did not get a satisfactory answer as to where the extra half billion dollars in taxation is coming from. You then said we go to the next question. We as an estimates committee have no idea where the extra half billion dollars is coming from, so we are left without any understanding because your ruling is saying we cannot seek clarification or undertake a further examination of a particular issue. Half a billion dollars of extra taxation, and you are prohibiting us from asking additional questions specifically on that issue in the forward estimates.

That is why I raise that point of order, that we need clarification. If the minister cannot answer it because he does not know and you are protecting him because he does not know, that is fine, put it on the record, but do not go through this sham right now that we appear to be going through. We have had eight days of these types of hearings, and today, for some unknown reason, we are going through this sham.

The CHAIR — Have you finished?

Mr DALLA-RIVA — I have, Chair. Thank you.

Ms GRALEY — Can I ask my question?

The CHAIR — No. Mr Noonan, did you wish to speak on the point of order?

Mr NOONAN — On that point of order — —

Mr WELLS — Are you going to ask for us to be — —

The CHAIR — Without assistance, please.

Mr WELLS — Hang on, when we asked on a point of order, these guys were constantly interrupting us and you did not say a word.

The CHAIR — Without assistance.

Mr WELLS — You did not say one word.

Mr NOONAN — On this point of order, I would suggest to Mr Dalla-Riva that he checks the record because I think he will find that the Chair did seek some clarity and put it to the minister that there did need to be some clarity on this issue. I would invite him to check the record, because my recollection is that the Chair did intervene.

Mr WELLS — But we did not get an answer. The point is we did not get an answer.

The CHAIR — Thank you, Mr Wells. Once again your behaviour is inappropriate. If you wish to comment on the point of order, seek that.

Mr WELLS — Why do you not pull them into order?

The CHAIR — If they do, I do — if you check the record — in fact. I will rule on the point of order. I thank you for the point of order. Mr Dalla-Riva has commented on a specific case which happened earlier today. I draw his attention to the Hansard when it comes out, but I think the Hansard will show, from my recollection, that at the end of the answer that the minister gave, I directed him back to asking for a specific explanation for the \$500 million gap and he then provided some additional information on that. At the end of that, I further clarified and asked him could he provide on notice some further information in regard to that. So Mr Dalla-Riva, in regard to the example you have given, I disagree with you and I reject the imputation you have made and I reject the point of order.

Mr DALLA-RIVA — I accept the ruling, he does not know half a billion dollars — —

Mr WELLS — So he cannot explain half a billion dollars.

Members interjecting.

The CHAIR — Ms Graley has the call. You are out of order, Mr Wells.

Members interjecting.

Mr WELLS — There is half a billion dollars and he cannot explain it.

Ms GRALEY — Minister, I would like to go back to the budget papers and page 156, where we were talking about regulating the gaming and racing industry. I would like to ask you about the future plans for integrating gaming regulatory functions with liquor.

Mr DALLA-RIVA — On a point of order, Chair, I note that the schedule which has been set down and publicised on the Public Accounts and Estimates Committee website, of which notification has been given to the relevant ministers and to the various witnesses present, that the gaming portfolio concludes at 3.00 p.m. It is now 3.00 p.m. and I move that we now move to consumer affairs for the due 45-minute session.

The CHAIR — Thank you for that. There is no point of order because we have not quite reached 3 o'clock by my watch. We have another half a minute. So, Minister, quickly, please.

Ms GRALEY — He has been using his watch all along.

Mr DALLA-RIVA — I've got 3 o'clock.

Mr ROBINSON — Thanks, Chair.

Mr DALLA-RIVA — Everyone has got 3 o'clock. Excuse me. On a point of order, it is 3 o'clock, Chair.

Mr NOONAN — If you keep talking, Richard, it will be 3 o'clock.

Mr DALLA-RIVA — It is 3 o'clock and I move — —

The CHAIR — Minister, do you have any brief — —

Members interjecting.

Dr SYKES — The big hand is on 12 and the little hand is on 3. It is 3 o'clock.

Mr DALLA-RIVA — You might remember it from your kindergarten days.

The CHAIR — Thank you very much for that. Minister, you have 10 seconds to respond now.

Mr DALLA-RIVA — It is now 3.01. You are making a mockery, Chair — —

The CHAIR — No, I think you are making the mockery, Mr Dalla-Riva.

Mr DALLA-RIVA — No. You are following the rules precisely.

The CHAIR — I am following the rules precisely. It is now — —

Mr DALLA-RIVA — It is now 3 o'clock — 3.01 — and I move that we go to consumer affairs.

Ms GRALEY — I would like to hear the answer to my question, please.

The CHAIR — All right, thank you. Minister, you will need to take that answer on notice because it is now 3 o'clock.

Members interjecting.

The CHAIR — I thank Mr Kennedy for his attendance.

Witnesses withdrew.