

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2013–14

Melbourne — 24 May 2013

Members

Mr N. Angus

Ms J. Hennessy

Mr D. Morris

Mr D. O'Brien

Mr C. Ondarchie

Mr M. Pakula

Mr R. Scott

Chair: Mr D. Morris

Deputy Chair: Mr M. Pakula

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Witnesses

Ms H. Victoria, Minister for Consumer Affairs;

Mr G. Wilson, Secretary,

Dr C. Noone, Executive Director, Consumer Affairs,

Mr S. Condron, Chief Finance Officer, and

Mr P. D'Adamo, Director, Services and Support Division, Department of Justice.

The CHAIR — We will resume the hearing with the consumer affairs portfolio. I now welcome back Mr Greg Wilson, secretary; Dr Claire Noone, executive director, consumer affairs; Mr Shaun Condron, chief finance officer; and Mr Phil D'Adamo, director, services and support division, Department of Justice. I now ask the minister to make a brief presentation of no more than 5 minutes on the more complex aspects of the consumer affairs portfolio.

Overheads shown.

Ms VICTORIA — I am very pleased to discuss with the committee the current and forthcoming work of Consumer Affairs Victoria covered under this year's 2013–14 budget. The budget for consumer affairs in 2013–14 is \$88 million, which is about 1.6 per cent of the Department of Justice portfolio. CAV administers 30 acts of Parliament and is responsible for the thousands of activities that go along with that responsibility. They include providing information and advice, dispute resolution, enforcement action, registration and licensing schemes, and policy development. In 2013–14 CAV expects to deliver individual information and advice to at least 520 000 Victorian consumers and traders by phone and face to face. In addition there will be about 1.5 million visits to CAV's website.

CAV expects to complete 10 000 compliance and enforcement activities and 450 000 registration and licensing transactions. In addition, about 50 000 financial counselling sessions will be delivered to Victorians in financial hardship, and more than 3800 vulnerable and disadvantaged Victorians will get access to advocacy, help and support at VCAT. There have been numerous significant achievements in this portfolio in the last year. There has been improved information for people considering living in a retirement village, and rooming house reforms. CAV has increased focus on providing 24/7 information through our digital channels. There is more support for business compliance, significant ongoing funding for financial counselling and also housing assistance projects to help vulnerable and also disadvantaged Victorians. There is red tape reduction, enforcement of the law and getting tough on rogue operators and businesses that breach consumer laws. These activities will continue in 2013–14, and a portion of our work in the coming year will also centre on implementing the recommendations of the recent VAGO report.

However, I only have 5 minutes, as you pointed out, so I am going to concentrate on just a few of our achievements. One of our achievements this year is around retirement villages. Our government has delivered on its election commitment to promote a better understanding of retirement village residents' rights, but also obligations, both prior to entry to a village and also while a resident. New laws passed this year will make it easier for retirees to understand their rights and obligations, including costs, when entering a retirement village. They will make better decisions because they know what they are signing up for.

The new regulations being worked on now will require operators to offer a prescribed fact sheet of information. For the first time this enables retirees to easily compare apples with apples. A regulatory impact statement for the regulations was published last week, and that is out for a 60-day consultation at the moment. Operators must also allow inspection of prescribed documents held by a retirement village, such as financial information. Operators will be required to produce a compulsory pre-contract disclosure statement which includes details of all the costs associated with entering, living in and also leaving a village. This is a very important reform. Retirees have too often been caught out on costs that they did not know they had signed up for until it was obviously too late.

In addition, CAV has campaigns under way to educate retirees about what to do and what to consider before they enter into a contract. CAV has also been embedding the seven good practice protocols it released last year to improve practices within the industry, and this includes raising awareness of the internal dispute resolution guidelines for retirement village owners and managers, which CAV developed and released last year.

Our government has delivered the toughest measures that have ever been introduced to reform the Victorian rooming house sector, including 15 new minimum standards coming into effect at the end of March this year and a statewide register coming online later this year. Since March 2012 CAV's priority has been to get rooming houses ready for the introduction of the minimum standards, and to do this it offered compliance assistance to help registered rooming houses and also conducted some 877 of those compliance assistance visits to help operators understand what they needed to do to be compliant. There was a take-up rate, I am glad to say, of about 80 per cent.

Since the standards came into force on 31 March this year, CAV has been diligently enforcing them, and it has conducted some 303 rooming house inspections and given out infringement notices and warning letters, and hopefully I get an opportunity to talk about that a bit more later. The statewide online register of rooming houses comes into effect, as I said, later this year, achieving a very important objective, which is knowing who is operating rooming houses. The register creates one up-to-date resource with uniform and consolidated data. Some parts of the register will be publicly available, enabling residents and neighbours to check the credentials of a property, including the name and also the ACN or ABN of the operators. Chair, I am very happy to take questions.

The CHAIR — Thank you, Minister. We have just a tad over half an hour remaining for questions in this portfolio. I ask you: in the context of the 2013–14 budget, can you outline to the committee how the consumer affairs portfolio is involved in the delivery of better social housing for low-income Victorians?

Ms VICTORIA — I would be delighted to. I am pleased to outline some of the excellent work we are doing in the space of public housing, as many people who are struggling — individuals and families — need our assistance in this space. I have approved funding this year from the Victorian Property Fund for some really important new projects. There have been three new grants that I have given approval to which will provide housing for low-income Victorians, totalling \$2.15 million.

Those grants will provide an extra 26 units of social housing that is not only affordable but also needs to be appropriate and safe for vulnerable tenants. There is also co-funding included in that of some 20 units, and that will be in regional Victoria, so we cannot just talk about metropolitan Melbourne when we are looking at these initiatives. It is an area that has been designated as an area of high need for additional social housing. Consistent I guess with my women’s affairs responsibilities, if I can go across the two portfolios, the funding includes \$600 000 over three years for women’s housing through an agency, so again it is an important initiative. There is also going to be the funding of two new 2-bedroom units for struggling single mums and their children in Melbourne’s south, and a further grant will be able to allow a registered housing association to build an extra two 2-bedroom units and two 1-bedroom units on a very underutilised block in Nunawading.

Funding also continues for something that I think is one of our proudest achievements and strategies, and that is funding Kids Under Cover, which is a program that I am sure all members of the committee would be familiar with. The idea of that is obviously to help Victoria’s vulnerable young people stay in the area of their carers. What it does is provide backyard studios for youth who are at risk of homelessness, and that is obviously something that none of us want to see. The grant will have funded 54 of these dwellings — 18 of them are funded under this budget — so they are going to be able to stay put.

I want to help the committee understand how important these are by talking about what one of the young ambassadors for Kids Under Cover said.

A young man by the name of Matthew Taylor — not from cricketing, though he might like cricket — said he was living proof that the studios keep young people off the streets. He said:

QUOTE NOT SUPPLIED IN TIME FOR VERIFICATION.

I was lucky enough to be the recipient of a Kids Under Cover studio, which turned my life around. The impact the building had was huge. It gave me a quiet place to escape to when the house felt too crowded. The extra room relieved a lot of tension within the family, so I spent more time at home rather than getting up to mischief in the city. I am now living my dream of being a multimedia designer.

The mother of another young woman said that before the studio her daughter was living place to place and in the city a lot of the time — again, that has its own implications on the police portfolio. The mother said her daughter’s bipolar and depression were unstable, she was not on her medication and was into drugs and alcohol. But she said that once the studio came:

QUOTE NOT SUPPLIED IN TIME FOR VERIFICATION.

My daughter was able to come back home, have her own room, get on her medication and get stable. She got off drugs, does not really drink anymore and her health has improved 100 per cent — a complete turnaround.

These scenarios talk about why it is so important that we continue to fund the Kids Under Cover program, and I am delighted that we are able to do that. We are also seeing the completion this year of a nearly \$1.5 million project in my own area of Wantirna, with five units of affordable housing. Three of these units will be for tenants with a disability. So there is lots of fabulous good news.

I know that there was a constituent of mine who had been on the waiting list for over 10 years and could not get disability housing. He is now in his own place. I am delighted to say that we have managed to do that for him. I cannot tell you what a difference these sorts of programs make to people who have been dependent on their families. It has given their families a new lease on life, and it has given them a new lease on life.

Mr PAKULA — Minister, I ask you to turn to budget paper 3, page 197, ‘Promoting and protecting consumer interests’. You have got some performance measures there in terms of information and advice provided by CAV. In 11–12 the actual was 590 449 as against a target that year of 606 350; in 12–13 the target was 560 000, and you are expecting 501 850; and it is being reduced again for next year from 560 000 to 520 000. In addition to that, my understanding is that previously the performance measure looked at information and advice provided to consumers, and that traders have now been included in the mix. Can you or CAV give us a breakdown of the 501 850 figure for 12–13; how much of that is advice to traders, and how much of that is advice to consumers?

Ms VICTORIA — Let me give you an outline of what that covers, and if we need any further breakdowns I am certainly happy for one of my CAV representatives here to go a little bit further down.

As you say, the target is 520 000 for 13–14 and the target for 12–13 was 560 000. If I go back to the expected outcomes of 12–13, it is lower than the 12–13 target because there was a lower number of telephone calls than expected as a result of the transfer of the business names function. That has gone across to the commonwealth. There has also been an increased focus on direct inquiries to the website rather than the call centre. This seems to be across all portfolios, because as I said before, this seems to be the way people are wanting to get their information. So we are certainly trying to make sure that people have the information that they need in a timely fashion. Again, the emphasis there is on being able to go to the website. There is also a fluctuating set of drivers that are inherent in the reported activity.

I do not know whether there is anything that you want to add to that, Phil?

Mr D’ADAMO — I think there is a breakdown but not by that category, so I think we can certainly go back, have look at that and provide that later.

Mr PAKULA — Just for clarity: what we would like is if you could break down the 501 850 into those that were responses to consumer inquiries and those that were responses to trader inquiries. I am happy to have that on notice.

The CHAIR — We will look forward to receiving that.

Mr ANGUS — Minister, I refer you also to budget paper 3, page 197, ‘Promoting and protecting consumer interests’ that we have just been looking at. Can you please outline to the committee how the Office of the Fire Services Levy Monitor is contributing to this output?

Ms VICTORIA — This is something that we are hearing more and more about at the moment. This was a very bold step by this government to be able to take the fire services levy from an insurance-based scheme to now a property-based scheme. Obviously this came about as a result of the 2009 Victorian Bushfires Royal Commission. It is probably the most major tax reform we have had in this state for decades — you would know that as a former accountant better than I would — but certainly since I can remember. I do not think we have ever had such a major turnaround in tax in a particular area.

There were a couple of reasons for doing this, but one of the beautiful outcomes of doing it is that we are going to be saving households a lot of money. In fact we project that we will be saving households and businesses some \$100 million a year, and that is by abolishing the tax which was on a tax on a tax, because obviously we had stamp duty and then GST on top of the levy. It is also by providing \$20 million in concessions for pensioners and veterans, and it will be the first time that they have been able to get a concession on that.

It will be a much fairer system for funding our fire services. I am very close to my CFA out where I am; they are delighted that this is now a far more equitable system, and they fully endorse what we are doing. Property owners will be contributing rather than just those who take out insurance. One thing we learnt from the bushfires royal commission was that there were not only an awful lot of people who did not insure but also some of those who did insure were underinsured. So it was a really unfair, inequitable system, and we have brought that back into line. So far as the monitor goes, it is important — as it is with any major transition of this kind — that somebody is there looking out for the consumer, making sure that insurance companies are doing the right thing.

So we have funded the Office of the Fire Services Levy Monitor, and the monitor's job is to oversee the abolition of the old insurance-based fire services levy but also to provide advice and guidance — and not just to consumers but also to insurers, I have got to say on that one — but also to make sure that it is genuinely phased out by the insurance companies, that they are not just sort of fudging around the figures. We have given him a lot of power. He has the power to investigate whether insurance companies are in fact doing the right thing and whether they are engaged in price exploitation to make sure that they are not engaging in false or misleading or deceptive conduct, and we would hate to think that any of them would do that, but we have got somebody to keep an eye on them just in case.

So far the office has taken 852 calls, they have handled 642 complaints and received over 2500 web hits. And, of course, where the monitor does take action he has a very big stick that he is able to wield, and where he finds that there have been breaches in fact there are penalties of up to \$10 million that can be enforced. Of course, let me talk about the monitor himself, Professor Allan Fels, who I think we all know as the man with the big stick when it comes to consumer advocacy. We could not think of anybody better to put into that area. He announced this week — —

Mr O'BRIEN — If only we had him monitoring Wayne Swan.

Members interjecting.

Ms VICTORIA — You may have seen that he spoke this week about having a public meeting, and he certainly advised insurance companies that he is going to do this. So he is going to have a round table and also a public meeting where people can come and air their grievances, but also where insurers can come and give explanations to those who are concerned about the premiums that they may be charging, making sure that the amount that has been deducted from the fire services levy that has come off and then gone onto the property-based levy, which will be coming through in people's rates, has not actually then just crept on as a premium increase. So we are encouraging people to have a look at their rates when they come in and make sure that in fact their insurance premiums have not crept up by that amount of money. We are asking people to do that.

The monitor is ensuring that customers are protected so that those unscrupulous insurers — and I am sure there are not many out there — are not doing the wrong thing. There is going to be a public hearing, which I am very pleased to say is going to take place. The insurers who do not turn up I would say are fairly game — to not turn up when invited by Professor Fels — and he is going to be holding insurers to account to make sure that they do genuinely abolish the insurance-based levy. I am delighted that that is happening, and I would encourage all Victorians to get in touch with their insurance companies if they think that there is something going wrong, and if they cannot get joy there then to get in touch with the fire services levy monitor.

Mr SCOTT — Minister, I also refer you to page 197 of BP3 and the measures under 'Promoting and protecting consumer interests'. But the issue I would particularly like to see examined is the issue relating to people who live in residential parks, also referred to as caravan parks. There was legislation passed in the last Parliament which created a new section of the Residential Tenancies Act, from memory, part 4A, and this relates to the situation of persons who own a movable dwelling or a demountable dwelling and then rent the land.

Ms VICTORIA — Yes.

Mr SCOTT — There are some very particular issues that relate to the rights of those individuals. I note the nodding of one member here, who I think has some in his electorate, but there are some very particular issues that arise. There were greater legislative protections created in the last Parliament. There was a 12-month grace

period, which I think when it was introduced was going to run out in September 2011. What I would be seeking to know is: how many residential parks are there in Victoria that CAV is looking at, and how many has the CAV verified to comply with part 4A of the Residential Tenancies Act?

Mr ONDARCHIE — Were there two questions in there?

The CHAIR — No, that is fine. Minister.

Ms VICTORIA — I am happy to talk a little bit about what we are doing in this space and then perhaps come back to you with some more definitive numbers on that. But if you would like to hear a little bit about what we are doing in this space, I would be delighted to talk. Obviously there has been some really wonderful work done in the area of residential tenancy, and I have got to say I do have a caravan park, the Wantirna caravan park, in my electorate, and we have some wonderful tenants down there. I have been down there, and we do need to afford them the best possible protection that they can have. Obviously some of them are there long term; some are there on a shorter amount of time.

The budget this year enables Consumer Affairs Victoria to inform and protect tenants and landlords, and obviously we are doing a lot of stuff in that space, including those who are living in places like caravan parks. Also, where there is something that does not go quite right we deliver conciliation and enforcement activities, and we are very serious about improving the issues in residential tenancy situations. We get tough on rogue landlords, but also we are improving the protections so that hopefully those sorts of circumstances do not happen.

We have an inquiry service that people can ring into if they are worried about the circumstances that they are in, and that gives information and advice. In the year to date this has answered more than 72 000 calls. We have conciliated some 147 tenancy disputes and have conducted 877 compliance assistance visits to various places. I am sure you would be aware of the work that we have done around rooming houses, and some that are not necessarily living in residential parks may well be living in rooming houses or be transitioning between the two.

We have taken some tenancy matters to court, so again we are there defending the people who need assistance. We have been able to help vulnerable tenants face-to-face and also been able to help them at VCAT, but we have been able to be there as great advocates for them.

There have been a number of changes to the Residential Tenancies Act, which have improved protection for tenants and clarified the law. They have also reduced red tape, which I think everybody really appreciates. There has also been a new provision around landlords not being able to ask for tenants to sign blank bond claim forms and that sort of thing, and it does not matter whether somebody is in a residential park or whether they are renting a house or an apartment. Eligible tenants can now spend more time thinking about how they are going to be good tenants. Again we have fantastic handouts that we can give to people that tell them about their rights but also their responsibilities as tenants, and as I said, we have reduced a lot of the red tape around that.

I am very happy to say that we have been doing as much in this space as we can. We have made information for people who might need information in this space a lot more accessible — not just the handouts and that sort of thing but also online services so that they can get the information when they need it. We are really happy to get back to you with more on those very specific figures around that space as well.

The CHAIR — So that is coming on notice, is it?

Ms VICTORIA — Yes. I am happy to do that.

The CHAIR — I just asked so we know what to expect on notice; that is all. Thank you, Minister.

Mr SCOTT — I do have a supplementary. You talked about the provision of information. Under part 4A of the act I understand there is a requirement for there to be written site agreements. Has Consumer Affairs Victoria issued a template for written site agreements to all operators, which I think had to be in writing from September 2011?

Ms VICTORIA — I am happy to take that on notice.

The CHAIR — Thank you.

Mr O'BRIEN — I refer you to page 172 of budget paper 3, which refers to an indicator entitled 'Supporting informed and responsible consumers and traders'. I would like to ask you, Minister: what action is being taken in your portfolio to support vulnerable and disadvantaged Victorian consumers?

Ms VICTORIA — This is obviously a space that we are very proud to be working in at the moment, because there are an awful lot of people out there who are vulnerable and disadvantaged and do not know where to turn. Consumer Affairs Victoria is often not necessarily their first port of call, but by the time they get to CAV they are really needing some help. It is a little bit like being an MP; people never come to us as the first port of call, it is always when they really do not know where else to turn. CAV is a wonderful port of call for people who find themselves in a disadvantaged circumstance.

Earlier this month I had the pleasure of announcing that the government will be continuing a program of some \$7 million which will provide financial counselling services for Victorians who need economic hardship assistance and need advice. We recognise that obviously some Victorians are facing budgetary strain and pressures, and it is very important that we give them all the support that they need. There are 34 community agencies across the state — not just Melbourne-centric but right across Victoria — that are funded to provide financial counselling assistance, and that is both face-to-face and also on the phone. There is an awful lot of work done in phone sessions.

For example, in Springvale there is the Springvale Community Aid and Advice Bureau, which services the Greater Dandenong area; Anglicare Victoria, based in Bairnsdale, services South Gippsland, Baw Baw and the Latrobe area; in my area we have EACH, Eastern Access Community Health, which is based in Ringwood, but also services Knox, Manningham, the Yarra Ranges and Maroondah; and Darebin council, based in Preston, services the Darebin area. We are very pleased to continue funding them. About 50 000 sessions were provided over the last year to vulnerable and disadvantaged Victorians who needed help. A lot of them have called in about things like credit debt and also paying their power bills and paying their utility bills, and of course this government has made available some great year-round concessions for people who are on pensions.

There are a lot of Victorians who are very concerned about making ends meet, and they are referred to MoneyHelp. MoneyHelp is a wonderful phone-based service which they can turn to for advice and also for a referral if they need more help after that. Some of the things they need are immediate — they need to be helped immediately — and some of them need further help.

We also fund 11 community agencies, to the tune of just over \$3 million, that deliver advocacy services to vulnerable Victorians. This is an increase on last year of \$186 000. We needed to increase the funding to enable our providers to pay their workers the adjusted award rate under the Fair Work Australia order. We did not want there to be a drop in service, so we made sure that we funded them adequately.

The funding is also going to enable some 3800 vulnerable tenants and also consumers to receive intensive face-to-face support, which is very important. They can do that by partnering with community agents to make sure that our resources are very targeted and that we reach a greater number of vulnerable and disadvantaged Victorians. There are also services for tenants, like advice and advocacy at VCAT, and they are really important. There is also outreach support, and we are finding that rooming house tenants or residents are accessing this now that they are aware that we have put new minimum standards in place. We also obviously help out older tenants, we have got tenants legal advice and we run workshops and that sort of thing. So lots of initiatives are being funded under this particular initiative.

Mr O'BRIEN — I have a supplementary question. I note in your answer you mentioned Anglicare. I have worked with them in a past life and they go a great job, but I just wonder, Minister, if you could outline any community response to those initiatives you have outlined?

Mr PAKULA — See if you can do it in less than 10 minutes.

The CHAIR — I would ask for a very quick response to that question. Time is on the wing.

Ms VICTORIA — I would think and hope all members would guess that there would be a great response to this, and there certainly has been. Certainly the reaction to this has been very positive. I think one of the most positive reactions we had was from the Consumer Action Law Centre. The CEO came out — we are very modern, we do this tweet thing — and said, 'Good to see the Victorian government — —

Mr PAKULA — I am about to do one too.

Ms VICTORIA — Are you going to tweet here?

Mr PAKULA — Yes. It will not be quite so complimentary, Minister.

The CHAIR — Order!

Ms VICTORIA — Perhaps you could tweet that he said it was good to see that we continued to support financial counselling for the most vulnerable. The Financial and Consumer Rights Council said it very much welcomed the decision of the state government. They also were very nice about me. They did not do nasty tweets!

Members interjecting.

Ms VICTORIA — But they were very pleased with the ongoing commitment to financial counselling, which is essential for financial counsellors to assist Victorians. I am really sorry that some members at the table do not find this as important as I do. This is an incredibly important thing for so many people that need financial help, and I certainly do not want to leave them in the lurch. This government takes up our responsibility to be able to help those vulnerable Victorians in any way we can.

Ms HENNESSY — Minister, you might have to take this on notice, but the current FTE of CAV as at this point of in time and for last two financial years, have you got that information available?

Ms VICTORIA — I think so. Yes.

Ms HENNESSY — Can you just take us through what those figures are?

Ms VICTORIA — Sorry, what was your specific question?

Ms HENNESSY — What is the FTE as at this point in time, or as projected for end of financial year, and for the previous two financial years?

Ms VICTORIA — I am just going to hand over the director.

Mr D'ADAMO — I have a period in time. I do not have those years, but we can certainly provide it. I can provide it as at December 2011 and I can provide it as at March 2013.

Ms HENNESSY — I am essentially after the last three financial years as at financial year end, so feel free to take those on notice.

The CHAIR — As at 30 June?

Ms HENNESSY — Yes.

Mr D'ADAMO — I do not have it by financial year, but we will take it on notice.

The CHAIR — If we could have that, that would be good.

Ms HENNESSY — As a supplementary, just in terms of the budget outputs in budget paper 3 on page 197, in 2011–12 we have gone from 114.2 million to 88 million, and I note what the note says in terms of the transfer of funds related to — —

The CHAIR — Remembering that this is a supplementary question to a question, to which the answer is going to be provided in detail on notice.

Ms HENNESSY — Yes, I will link it very carefully in the hook of this question, Chair. We have been very respectful in listening to the minister's explanation of a number of budget outputs.

The CHAIR — I am aware of that. That is why I have been polite.

Ms HENNESSY — This is sincerely a question about the budget papers. In terms of the differential of what you say in the note, pertaining to that reduction, has every dollar gone across vis-a-vis the FSL of what is actually said in the note, or is there any that is in fact a reduction in the CAV budget, whether that be staffing or lapsing programs?

Mr D'ADAMO — The fire services levy monitor is built into the bottom-line output costs.

Mr D'ADAMO — And that would explain, for example, the shift between the 78.1 million 2012 target and the 88 million in 2013–14 target. I can go into a bit more explanation as to what that breakdown is, if you like.

Ms HENNESSY — Essentially what I want to know is whether there is anything else. The note refers to the fire services levy and transfers around the gambling and liquor regulation and racing industry development output. Is there anything else that has contributed to that reduction?

Mr D'ADAMO — I will get Shaun, our chief finance officer, to explain it.

Mr CONDRON — In terms of a detail reconciliation, we could provide that on notice. However, there have been reductions between — you are talking 11–12 back to the current years, are you not?

Ms HENNESSY — Yes.

Mr CONDRON — There have been savings over those years, partly due to the sustainable government initiative and other savings. Those savings for consumer affairs are around about the \$3.5 million mark; and then there have also been some reductions in grant funding within the Victorian Property Fund over that same period as well, as we had to rebalance the cash balance of that fund.

Ms HENNESSY — And the detailed reconciliation — —

Mr CONDRON — Yes.

The CHAIR — That concludes the hearing on the consumer affairs. I thank Mr Wilson and his senior departmental officers for their attendance this afternoon.

Witnesses withdrew.