

TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Budget estimates 2019–20 (Consumer Affairs, Gaming and Liquor Regulation)

Melbourne—Tuesday, 11 June 2019

MEMBERS

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Mr Richard Riordan—Deputy Chair

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WITNESSES

Ms Marlene Kairouz, Minister for Consumer Affairs, Gaming and Liquor Regulation,

Ms Rebecca Falkingham, Secretary, and

Mr Simon Cohen, Deputy Secretary, Regulation, and Director of Consumer Affairs, Department of Justice and Community Safety.

The CHAIR: Good evening, everybody. I declare open this hearing of the Public Accounts and Estimates Committee.

On behalf of the Parliament, the committee is conducting this inquiry into the 2019–20 Budget Estimates. Its aim is to scrutinise public administration and finance to improve outcomes for the Victorian community. The committee will now begin consideration of the portfolio of consumer affairs, gaming and liquor regulation.

I welcome the minister, the Honourable Marlene Kairouz, and officers from the department. I thank you for appearing before the committee today.

All evidence given is protected by the Parliamentary Committees Act. This means that it attracts parliamentary privilege and is protected from judicial review. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

Minister, I invite you to make a short presentation of no more than 5 minutes, which will be followed by questions from the committee.

Visual presentation.

Ms KAIROUZ: The budget provides \$153 million in funding over four years for the Victorian Responsible Gambling Foundation, delivering on our election commitment to provide funding to support gambling harm prevention initiatives. The foundation uses a public health approach to focus on prevention, early intervention and support for those who may experience gambling harm. This budget allocation continues to represent one of the largest funding commitments to address gambling harm in Australia. The budget also provides \$9 million over two years to the Victorian Commission for Gambling and Liquor Regulation to maintain its capacity to address the risk of gambling and alcohol-related harm. This is in addition to \$11.3 million over four years provided in the 2017–18 budget, which has been used to fund the establishment of regional hubs in Ararat and Sale.

In direct response to the Royal Commission into Family Violence, in 2017 the government funded 11 specialist family violence financial counsellors. We have committed \$5.5 million over four years to fund a further 10 specialist family violence financial counsellors to support Victorians, particularly women, who are facing economic abuse. In 2019–20 we anticipate these 21 financial counsellors will support over 3700 family violence victims and their families.

In addition the budget provides \$4.1 million over four years for delivery of an integrated regulatory framework for specialist disability accommodation, protecting some of Victoria's most vulnerable renters and implementing another essential element of the national disability insurance scheme in Victoria.

My department has completed phase 1 of the review of the Liquor Control Reform Act, which resulted in amendments to increase the protection of minors from alcohol-related harm and reduce red tape for industry. Reforms included banning the consumption of alcohol by minors on a licensed premise in any circumstance, banning the delivery of alcohol to minors and further restricting advertising of alcohol near schools.

I have also recently issued a ministerial direction implementing reforms for the national consumer protection framework for online wagering. These include new restrictions on inducements, an opt-out precommitment scheme and requirements to provide an easy-to-use account closure feature.

Implementation of some reforms stemming from the passage of our changes to the Residential Tenancies Act has commenced, with long-term lease arrangements available from February and compensation for eligible residents if a caravan park or residential park closes starting in April. From June this year landlords must not increase the rent more than once every 12 months; previously landlords could increase the rent payable at intervals of six months. A full suite of reforms will be delivered by July next year. Following the review, we also established the office of the residential tenancies commissioner, and the inaugural commissioner, Dr Heather Holst, commenced in September last year.

New laws commenced operation to implement the government's election commitment to protect residents of high-rise apartments from unruly parties in short-stay accommodation. The short-stay accommodation act makes short-stay operators responsible for the behaviour of their guests and permits owners corporations and residents to act for repeated breaches of prescribed conduct rules.

In 2019–20 we will spend approximately \$25 million on grants from the Victorian Property Fund for a range of property-related community purposes. Most of this money will be spent to provide housing assistance for low-income and disadvantaged Victorians. The government's priority is to use the funding to provide grants to assist community housing organisations to develop new social housing for low-income and disadvantaged Victorians.

I have recently received advice from the Responsible Gambling Ministerial Advisory Council on responsible gambling codes of conduct for gaming venue operators. My department is working on requirements for a revised code. The revised code will deliver on our election commitment to strengthen obligations on electronic gaming machine licence-holders to respond to suspected problem gambling.

Phase 2 of the review of the Liquor Control Reform Act is underway and will consider a range of more complex matters, including the extent to which the act's harm minimisation measures can play a part in reducing family violence.

Significant work continues in my consumer affairs portfolio. We have completed our extensive review on a number of property law acts and earlier this year released a bill setting out proposed reforms for owners corporations. We also introduced the Sale of Land Amendment Bill, which includes new protections to address substantive consumer detriment in the Victorian property market. One of the bill's key reforms includes preventing developers using sunset clauses without a purchaser's written consent or by order of the Supreme Court, bringing an end to the use of delay tactics to disadvantage off-the-plan buyers.

A review of the Retirement Villages Act will commence this year to improve consumer protections while allowing for growth and innovation in the sector. In addition to this, work will commence—subject to the passage of our professional engineers bill—to implement licensing for engineers with the intention of improving building safety and consumer protection.

The CHAIR: Thank you, Minister. I have the pleasure of giving myself the question and the call. I mean no disrespect to the other parts of your portfolios, but most of my questions will be focused around the work that the government is doing in relation to problem gambling and of course to the gaming side of your portfolio. So to the officials here representing the other parts of the portfolio, as I said, no disrespect to the work that you and your colleagues undertake on behalf of Victorians.

Minister, coming from a background where both my parents were immigrants to this country—my mother of course being a refugee—where English was not their primary language, the issue of support within our ethnically diverse communities is still one where I believe we are working through the myriad of issues: communication, cultural understanding et cetera. I note that in the budget that was delivered, on page 81 of budget paper 3, table 1.15 shows that a total of \$153 million will be allocated for gambling harm prevention over the next four financial years. Whilst I understand that that delivers on the government's commitment to the Victorian Responsible Gambling Foundation, what I am more interested in is: how will that funding be used by the foundation in order to support linguistically and culturally diverse communities that have had limited access to resources, especially, I might also add, our Indigenous community as well?

Ms KAIROUZ: Thank you, Chair, for that very important question. The Victorian government has committed \$153 million to continue the work of the Victorian Responsible Gambling Foundation in reducing harm associated with problem gambling. The foundation has been highly successful in responding to gambling harm. In the financial year to 30 April over 3500 people were helped through the gamblers help services, including in regional areas. In addition to this the foundation has countered advertising for wagering products through key television campaigns, such as The Talk, and this is where people sit down their children and talk to them about gambling and the harms that are associated with it, and also with the 100 Day Challenge program, where gamblers give themselves a challenge for 100 days where they can go without gambling. The foundation has worked with elite and local sporting clubs to combat the link between gambling and sport through the Love the Game program. This is a program where it is about loving the game rather than concentrating on the outcomes or the odds of that game.

Importantly, the foundation provides specialist services to culturally and linguistically diverse communities. Just like you, Chair, I also come from a culturally and linguistically diverse background. My parents migrated here as well, just like your parents did, and this is a very important program to me. It is close to my heart as well. This dedicated gamblers grant program enables culturally appropriate services to Victorian migrant communities but is specifically delivered in Vietnamese, Mandarin, Cantonese and Arabic. Representing the western suburbs there is a strong presence of people that come from those communities, and I hear firsthand about some of the issues that they face. A lot of members of these communities come through my electorate office door not just in my capacity as minister for gaming but also as the member for Kororoit. Seven community organisations are funded to deliver services in their communities, and services offered include counselling and support services, culturally appropriate education and awareness-raising, cross-sector and partnership development, community engagement and gambling harm education sessions to other language groups.

In addition to this you mentioned Indigenous communities—there is also the Aboriginal communities gambling awareness program, and this provides community engagement and support services through Aboriginal community-controlled health organisations who provide statewide support. These organisations include Gippsland and East Gippsland Aboriginal Cooperative in Morwell, Mallee District Aboriginal Services in Mildura, Rumbalara Aboriginal Cooperative in Shepparton and the Victorian Aboriginal Health Service in northern Melbourne. The 11 local gamblers health services also undertake community outreach to Aboriginal communities that offer these services throughout Victoria.

The CHAIR: Can I ask: the \$153 million, it is my understanding that that is an increase over the last four years. Is that correct?

Ms KAIROUZ: That is correct. So in the foundation's funding there is an increase of \$3 million. So in the last four financial years the foundation received \$148 million. That has gone up to now \$153 million, and the foundation's funding includes \$3 million that has been provided to build longer term partnerships with organisations to deliver effective prevention programs. Groups targeted through these new programs will include construction workers, women in Victoria's Vietnamese community, socially isolated older people, young adults in Melbourne's western suburbs and communities in the Latrobe Valley. Construction workers are thought to be at a higher risk of gambling harm, so \$600 000 has been identified for a program to prevent and reduce gambling harm in the building and construction industries; to better support Vietnamese communities, particularly women that are living in the east and in the west of Melbourne, \$400 000 has been committed to improve financial literacy and understanding of gambling harm; \$1 million has been committed to expand programs such as the Libraries After Dark pilot program, which is operating in Darebin, Hume, Moreland and Winchelsea; \$400 000 has been committed to expand the Young Leaders Program in Brimbank and to other areas of the west, and this project will help young people in the west raise awareness around gambling risks and harms, especially around sports betting; and a further \$600 000 is proposed for investments in communities experiencing significant economic changes and who may be more vulnerable to gambling harm through a partnership with Latrobe community health and Latrobe City Council.

The CHAIR: Libraries are of particular importance to this committee, and you mentioned there is a program, Libraries After Dark. Are you able to tell us a little bit more about that program, what it does and, I guess, what its aims and objectives are?

Ms KAIROUZ: Sure. As I mentioned earlier, we committed \$1 million to expand programs, such as the Libraries After Dark program, which is currently being piloted in the municipalities of Darebin, Hume, Moreland and Whittlesea. We know that gambling is a legitimate recreational activity, but this program does offer free alternative activities to gambling, particularly to older people and particularly to those people who feel isolated. The pilot program extends the nightly opening hours of our municipal libraries, offering a range of entertainment and activities to support the local community and to create options to get out of the house and socialise. I often hear that one of the issues why people go to a pokies venue is because they are feeling isolated and they are lonely. This is a common thread that we have seen that people have got nothing else to do in the evening so they go out to a local pokies venue where they can socialise and mix with people, so this is an alternative. Some of the offerings that are provided at the libraries include live music, movie screenings, craft circles, workshops and guest speakers. The libraries also offer free wi-fi so people can just take their laptop or iPad with them and do some work and network at the same time.

An evaluation of the program has shown that it has a reach of 7000 potentially vulnerable individuals. This is a staggering amount of people, and I am hoping that this expanded funding for this program will mean that the City of Moreland—this is led by Moreland City Council and the Victorian Local Governance Association—I am hoping that they will be able to engage libraries in additional municipal areas and that this includes expanding the program into non-metropolitan areas, so it goes beyond that; it goes into regional areas as well. I really do hope that this program expands. So far we have seen the benefits, and the response has been amazing. People have thoroughly enjoyed attending the libraries after dark and mingling with other members of the community.

The CHAIR: We are almost out of time. Well, we have got a couple more minutes. What would need to be done for the program to be expanded?

Ms KAIROUZ: Obviously we have got a commitment to support vulnerable and disadvantaged Victorians, unfortunately as a result of some of the problem gambling. So it would be really good to get other municipalities on board. The Victorian Local Governance Association and the Victorian Responsible Gambling Foundation are piloting this program at the moment, and all they need to do is basically just reach out to other municipal libraries and get them on board.

The CHAIR: So is this an opportunity—I am just thinking out loud—for members of Parliament, not just those of us that are around the table, in our communities to work with our own local government authorities and lobby them? Or should we be coming to you in the first instance?

Ms KAIROUZ: Well, you can do both. Obviously the Victorian Responsible Gambling Foundation has committed some funds to run this pilot program, but it would also be a wonderful opportunity for local councils to jump on board and to have this program running in their own municipalities. We know that libraries are coming back into fashion as well. People love to go to their local libraries. It is not only about going in and borrowing a book or doing research, but it is also an opportunity to interact with other members of the community and run programs.

The CHAIR: I have only got 30 seconds to go, so I will provide another couple of questions on notice for you, Minister. What I might do is seek to move our agenda along and move to Mr O'Brien.

Mr D O'BRIEN: Good evening, Minister, Secretary, Deputy Secretary. Minister, in September 2017 the former Legal and Social Issues Committee handed down its inquiry into the retirement housing sector, and recommendation 15 of that review called for a low-cost, timely and binding resolution to disputes in the housing sector through the creation of a body such as an ombudsman or extending powers of an existing ombudsman to deal with retirement housing disputes. Why has this recommendation not been implemented?

Ms KAIROUZ: Thank you very much for your question, Mr O'Brien. We are aware of stakeholders' views in relation to retirement villages and that the act has not kept pace with some of the changes in the sector over the last few years. The government has supported key recommendations of the 2017 parliamentary report *Inquiry into the Retirement Housing Sector* that clarify and improve rights of residents in retirement villages. This includes the review of the act in order to improve consumer protection while allowing for growth and innovation in the sector. Now, the review of the act will commence this year and will pick up on many of the

inquiry's recommendations on reform that are supported by our government. The review will also provide an opportunity for those recommendations of the inquiry that the government committed to to be investigated further—

Mr D O'BRIEN: Minister, I am specifically asking about 15, about an ombudsman.

Ms KAIROUZ: including the recommendation that you are referring to, which is to introduce a new alternative for low-cost, timely, binding dispute resolution. The committee did not explicitly recommend an ombudsman, but they did recommend what I have just outlined. This is an opportunity, when we conduct the review, for residents and their families and members of the broader community to have an opportunity to contribute too.

Mr D O'BRIEN: So is there going to be any move towards a retirement industry ombudsman?

Ms KAIROUZ: As I outlined, we are going to be reviewing the act. We are accepting all of the recommendations that the report has outlined, and one of them is including a recommendation that the government introduce a new alternative for low-cost, timely and binding dispute resolution.

Mr D O'BRIEN: So it is still on the table?

Ms KAIROUZ: Absolutely.

Mr D O'BRIEN: Okay. In 2018 Consumer Affairs Victoria implemented a new dispute resolution services approach, which saw retirement village management disputes referred to the Dispute Settlement Centre of Victoria. Can you give us an outline of the number of referrals where this service has been utilised by the sector? I am happy to take that on notice.

Ms KAIROUZ: I am happy to take that on notice. If we are able to provide that information, we will.

Mr D O'BRIEN: You mentioned, I think, and I may have misheard, but I thought in your preamble you referred to a retirement commissioner. Is that right?

Ms KAIROUZ: No, a residential tenancies commissioner. That was part of our residential tenancies review. There were 130 reforms, and one of those was to introduce a residential tenancies act commissioner. Dr Heather Holst is our inaugural residential tenancies commissioner, and she is doing a fantastic job so far.

Mr D O'BRIEN: Just moving on to the liquor part of your portfolio, budget paper 3, page 288, indicates the number of liquor and gambling licence applications and also activities by the VCGLR. But it indicates that there is no increase in the number of applications expected over the next few years. Are you able to give me a breakdown, though—of that 50 000 figure, how many are liquor licence applications and how many are gambling licence applications?

Ms KAIROUZ: Where was that? I am sorry. Right up the top?

Mr D O'BRIEN: Yes.

Ms KAIROUZ: So the target is 50 000. I am happy to take that on notice. I do not have those specific figures. I am more than happy to—

Mr D O'BRIEN: Okay. So related, though, as you said, it is 50 000, which is no change to the previous target. But in budget paper 5, page 21, under 'Liquor licence fees', they are to increase over the next four years by 25 per cent.

Ms KAIROUZ: Where is that, sorry?

Mr D O'BRIEN: Budget paper 5, page 21. You will see there down the bottom of table 1.21 it is \$26 million next year, rising to \$30 million in the out years, but it is actually \$24 million this year. So that is a 25 per cent increase over the next four years, and yet we are not expecting to get any more applications. So does this not indicate that there is going to be a significant hike in liquor licence fees?

Ms KAIROUZ: No, you are incorrect. That does not indicate that. What that shows in the 2019–20 budget is \$26 million, \$27 million and \$28 million respectively in the budget years after that. Estimates of revenue are revised at each budget, and the increased revenue estimated from liquor licence fees shown in this year's budget is due to the revised expectations about the number of liquor licence applications and the volume of fees paid.

Mr D O'BRIEN: But we just established, Minister, that in your own forecasts you are not expecting to get any more applications. It is 50 000 last year; it is 50 000 next year.

Ms KAIROUZ: Well, if you were to look at last year's budget paper, you would find that in the 2018–19 budget the forecast was \$24 million. That has been revised, and that is due to the volume of applications.

Mr D O'BRIEN: So what is it now?

Ms KAIROUZ: As I said, I will take that question on—you asked me the question earlier, and we will take that on notice, in terms of the number of applications.

Mr D O'BRIEN: What you have just said flies in the face of what the data says. The budget papers actually say there is no increase in the number of applications expected, and yet there is an increase in the fees.

Ms KAIROUZ: Well, this is the revised amount that we collected as a result of the fees. You asked me earlier on for a breakdown, and I said I would take that on notice in terms of the total number. I am unable to provide you with the exact figure at the moment, but based on this it seems that there is an increase in the number of applications.

Mr D O'BRIEN: Okay. Well, that is not what it says. Could we please be provided with a schedule of the fee for liquor licences?

Ms KAIROUZ: Sure. If I am able to do that, yes, I would be happy to.

Mr D O'BRIEN: And ideally for whatever period you might have. If it is out to the out years, that would be good. Thank you. Chair, I believe that is my time.

The CHAIR: Yes, I was just waiting for you to finish, Mr O'Brien.

Mr D O'BRIEN: Thank you. I could have kept going.

The CHAIR: You know, we have worked so well today, and I just felt that the love in the room needed to be extended into this evening. Mr Hibbins, over to you.

Mr HIBBINS: Thank you, Minister, Secretary and Deputy Secretary, for appearing. You outlined a number of initiatives in terms of reducing harm from gambling. I just wonder how you then explain the continued increase in revenue from gambling taxes from electronic gaming machines, which is due to go up from, I think, \$1.123 billion in 18–19 to \$1.24 billion in 22–23.

Ms KAIROUZ: Sorry, where is that in the budget paper?

Mr HIBBINS: That is budget paper 5, 161. How are you explaining increases in revenue from pokies?

Ms KAIROUZ: Thank you very much for your question, Mr Hibbins. Firstly, I think it is very important to mention that the majority of gambling revenue that is raised is directed back into the community. By the end of 2018–19 approximately 75 per cent of the revenue will have been transferred by special appropriation to the Hospitals and Charities Fund, the Mental Health Fund—

Mr HIBBINS: You will appreciate the very small amount of time that I have got. Can I ask in another way: how do you measure the effectiveness of reducing harm from gambling? How do you measure the effectiveness of those programs?

Ms KAIROUZ: As you are aware—or you may not be aware. We have embarked on an ambitious—and in fact I am very proud of the harm minimisation measures that this government has put in place. As you know we

have capped the number of poker machines for the next 25 years, meaning there will not be one extra poker machine in the state of Victoria while the population grows.

Mr HIBBINS: But then why does revenue grow if you have cut the number of poker machines?

Ms KAIROUZ: Well, if you were to look at the recent data, it shows that gaming expenditure and turnover per capita are both less than that of the Australian average. And as a proportion of total household expenditure gaming machine expenditure has also dropped from 1.64 per cent in 2006 to just 1 per cent in 2017–19. That is a decrease of 39 per cent. In fact Victoria's pokies expenditure data is made public shortly after the end of each financial year, and this is unlike any case in any other Australian jurisdiction. We are the only Australian jurisdiction that shows this data. So since 2008–09 the average of gaming machine losses per adult in Victoria has decreased by 18 per cent in nominal terms and 32.4 per cent in real terms.

Mr HIBBINS: Is the review into the pokie precommitment—what is it called again?

Ms KAIROUZ: YourPlay.

Mr HIBBINS: Yes. Has that been completed?

Ms KAIROUZ: Thank you very much for your question. YourPlay—I spoke of the evaluation—was expanded to include research to determine what might be driving the differences between the take-up of YourPlay, particularly across venues, and this involved surveying YourPlay users. YourPlay is basically a tool where people can determine how much time and money they wish to spend on the poker machines. They have also interviewed venue managers and staff. Now, an analysis of YourPlay that has been held to date was included to determine the impact of these promotional events and on the uptake. The final draft of YourPlay—

The CHAIR: Minister, I am sorry to interrupt you on what is a very important answer to an important question. However, the time for the portfolio has expired.

Mr HIBBINS: Take the remainder on notice.

Ms KAIROUZ: Look, we are considering it now.

Mr HIBBINS: Thank you.

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

Witnesses withdrew.