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Herald Sun

People priced out of VCAT

Fiona Hudson

VICTORIANS could be priced out of justice by massive fee hikes at the state's civil tribunal, consumer advocates warn.

The cost of launching small claims, planning fights, tenancy disputes and many other matters will start soaring from March under a planned expansion of the user-pays system.

The Victorian Civil and Administrative Tribunal expects to collect an extra \$22 million over the next three years from proposed fee increases and new charges.

The cost of lodging a basic small claim against a trader over faulty goods will more than triple — from \$38 to \$160 — under the planned changes.

This is likely to affect about 8000 people a year.

And as many as 3000 ordinary planning applications a year would attract a \$1000 fee under the new system, up from \$322.

Some tribunal cases will be sluggish with new hearing fees of at least \$360 a day, and many people will have to pay up to \$300 a day for mediation, which is currently free.

Complex cases heard over more than one day, by more than one VCAT member, will attract a new \$1800-a-day fee after the first day.

Full details of the revised pricing scheme are revealed in a regulatory impact statement posted on the VCAT website on January 2.

If approved, the increases are expected to start taking effect from March, and will be phased in over three years.

Consumer Action Law Centre policy director Gerard Brody said he was particularly concerned at the significant price rise proposed for small claims against traders.

"While we do recognise there should be some form of user pays ... we are concerned this will put people off, and reduce access to justice," he said. "It may also mean trader misconduct goes unremedied."

Mr Brody said the proposed new charges were substantially higher than in other states.

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Justice blow: People to be priced out of VCAT

WHAT IF I WANT TO...

	Current	Will be*	Plus...
■ Take on a trader or customer over a claim worth less than \$10,000	\$38.80	\$160.40	If Registrar declares it a "complex matter" Current \$0 Will be \$1834 for each day, after the first day
■ Fight for a planning permit for a development under \$1 million	\$38.80	\$1007.40	Hearing fee for cases that go two days or more Current \$0 in most instances. Will be \$305.70 a day, and up to \$1028 a day after 10 days
■ Take my builder to task for a job worth more than \$10,000	\$322	\$502.50	Mediation Current \$0 Will be \$305.70 a day, or \$170.40 a half-day
■ Lodge a residential tenancy claim against my landlord or tenant	\$38.80	\$60.10	File inspection fee Current \$32.60 Will be \$117.10
■ Stop the council declaring my dog dangerous	\$322	\$502	

*expected by 2016

REVENUE: NOW \$20.1m BY 2016 \$42m

SOURCE: VCAT

The planned model also seemed flawed when compared to "no-cost" dispute resolution models adopted by some industry ombudsman schemes, he said.

The regulatory impact statement outlines four options and notes that all — including the preferred model — "imply some reduction in effective access to justice".

Significant fee increases could discourage applicants from bringing small claims in particular, it notes.

"However, given the significant dispute resolution costs incurred by VCAT, this is considered to constitute a necessary change to current incentives," it says.

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The statement notes that poor data collection by VCAT about costs meant officials had been forced to make "intuitive judgments" when setting fees.

Attorney-General Robert Clark's spokesman James Copsey last night blamed the previous Labor government for failing to keep VCAT fees in line with the cost of running the tribunal.

An increasing and unreasonable share of the cost of running VCAT was falling on taxpayers, he said.

"The fee changes proposed ... aim to reduce the burden on taxpayers and reinstate a reasonable balance between

taxpayer and user funding.

"Most fees payable by VCAT users will remain well below the full cost of VCAT proceedings. No-fee and low-fee arrangements will continue in various lists, and waiver provisions will continue to apply in cases of hardship."

The proposed changes will expand the two-tier model for major cases, which allows some users to pay more to have a matter heard faster.

VCAT fees have historically been set at low levels since it was established in 1998 to provide quick, cheap access to dispute resolution.

Victorians can make submissions until February 15.

fiona.hudson@news.com.au
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Herald Sun

VCAT's win is people's loss

THE people's tribunal is pushing its target customers to arms' length with a fee restructure plan that would blow out the cost of resolving disputes.

The Victorian Civil and Administrative Tribunal was set up in 1998 to provide a low-cost, accessible and efficient alternative to letting disputes fester or further clogging the court system.

It provided a cost-effective method of redress for Victorians when they've been wrongly left out of pocket.

It has served its purposes well and given tens of thousands of people access to justice they'd have otherwise been denied.

As an aside, it has also given businesses greater incentive to do the right thing by their customers — for example, the woman who ends up with green hair out of a \$150 visit to the hairdresser doesn't have to spend a fortune to seek compensation.

Financial loss and legal accountability are compelling reasons for business owners to provide a good service if moral duty isn't enough.

They know they can be

held responsible for a job poorly done, even if the value of the claim is low.

But with the proposed fee increases — for example, small claim lodging fees rising from \$38 to \$160 — a great swath of VCAT's advantage will be lost.

It will serve as a serious disincentive for ordinary people who want to avoid lawyers with simple cases to seek out VCAT to adjudicate in disputes.

Other new charges will see the cost of seeking justice soar by hundreds or even thousands of dollars.

Many cases will be hit with new hearing fees of up to \$300 a day. Mediation, which was previously free, will cost up to \$300 a day.

The fee restructure plan would recover 45 per cent of VCAT costs when now it

recovers only 15 per cent. The Government defends the plan as being akin to the cost recovery in the court system generally.

The VCAT coffers will benefit by millions of dollars through these changes.

While this might seem like sensible economics in a time of tight budgets, the price — the loss to the people for which the system was intended — is too great.

