

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2013–14 and 2014–15 Financial and Performance Outcomes

Melbourne — 17 February 2016

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Mr Corey Hannett, Coordinator-General,

Mr Andrew Abbott, Deputy Secretary, Creative Victoria,

Ms Sue Eddy, Lead Deputy Secretary, Financial Management and Technology Services,

Mr Jeroen Weimar, Acting Chief Executive Officer, Public Transport Victoria,

Mr John Merritt, Chief Executive Officer, VicRoads,

Mr James Flintoft, Chief Executive, Regional Development Victoria,

Mr Matt O'Connor, Deputy Secretary, Industrial Relations Victoria, Department of Economic Development, Jobs, Transport and Resources.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2014–15 financial and performance outcomes. All mobile telephones should now be turned to silent.

I would now like to welcome Mr Richard Bolt, Secretary of the Department of Economic Development, Jobs, Transport and Resources; Dr Gillian Miles, lead deputy secretary, transport; Mr Justin Hanney, lead deputy secretary, economic development, employment and innovation; Mr Corey Hannett, coordinator-general; Ms Sue Eddy, lead deputy secretary, financial management and technology services; and the raft of other people who are in the audience today from the department. I would also like to welcome all witnesses sitting in the gallery. Any witness who is called from the gallery during this hearing must clearly state their name, position and relevant department for the record.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege. The committee does not require witnesses to be sworn, but questions must be answered fully, accurate and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty. All evidence given today is being recorded by Hansard. You will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts, any PowerPoint presentations and handouts will be placed on the committee's website as soon as possible.

Witness advisers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way.

I now give the witness the opportunity to make a very brief opening statement of no more than 10 minutes. This will be followed by questions from the committee.

Mr BOLT — Thank you, Chair, and thank you, members of the committee. We appreciate the opportunity to have this conversation, this opportunity to explain what happened in 14–15 in our portfolios. I do have a brief presentation; members have printed copies.

Visual presentation.

Mr BOLT — It starts with a brief overview of the state of the economy in 14–15, just to give you some sense of the context that we have regard to in providing advice and running programs. The first slide there indicates that there are some positive signs by way of investment statistics in the economy. There is an uneven investment pattern, but overall there is some contribution that that is making to some uptick in gross state product, which is the chart you see on the right there.

On the next slide what you see — and this is a particular focus, given the government's focus on key sectors and the way my department is constituted. We have regard to which sectors are bearing the burden of, or shouldering the burden of, growth and which are perhaps in employment decline. You see there that the service sectors — financial and insurance, professional services, health care — are disproportionately accounting for the growth that we are seeing; and, unsurprisingly, manufacturing is in employment decline. It is important to note that manufacturing is in many ways transitioning to a higher skill, low-employment contribution — niche contribution — to global value chain approach rather than simply disappearing, as some of the commentary might have one believe.

The next slide is a focus on jobs, in which it is clear that Victoria has seen some improvement between 2011–12 through to 14–15 and the 15–16 year to date. They certainly have come down — the third lowest unemployment in the country — but clearly room for further improvement. And on the right we see the breakdown of youth unemployment, which is a complicated story told between whether our young people, 15 to 24-year-olds, are in study or not in study; whether they are employed, unemployed or simply out of the labour force. And the rate of unemployment in percentage terms that comes from those figures is that we are sitting at approximately 15 per cent, as of the end of 2015.

On the next slide we look at the regional take on unemployment, and again it is hardly surprising but quite illuminating to see that unemployment is unevenly distributed across the state and across the metropolitan area. Those variances are quite significant, and within each local government area we see pockets of

unemployment — very high and very low, even outside those ranges, heading up towards, in some cases, the 20 per cent mark, from my memory. And that is an important context for the delivery of things like employment programs and investment attraction exercises to understand the spatial as well as what you would call the cohort distribution of unemployment.

The final slide, for context, concerns foreign direct investment and trade. The circles you see there are in their size representative of the value of our exports — the numbers being in the centre of the donuts — and the coloured bars indicate the mix of exports, which varies quite substantially, and I will not attempt to explain that in great detail. But one contrast worth noting is between the United States and China, where there is clearly a very different mix as between, for example, food and fibre, and the mix in the case of the US which includes a large proportion of professional services. We also see that the foreign direct investment, inbound direct investment, is again spatially distributed across the globe in very different ways as between the US and, again, China and South-East Asia.

So without, again, explaining these in great detail, this provides a context for our international efforts to attract investment and lower trade barriers. To understand where the prospects are, where we can build on strengths, where we can enter new markets and where we can attract investment we have regard to statistics such as these. A large part of 14–15 — particularly of course because we began on 1 January 15 — has been spent in understanding that context so that we can focus our efforts more effectively in a quite diverse world.

Next we have an extract from our strategic plan, our mission. It is focused on living standards and wellbeing, growth in both the economy and in jobs, working with private and public sectors, and with a focus on innovation, creativity, productivity, investment and trade. While the word ‘sustainability’ is not mentioned there, it is in fact a feature of the strategic plan, because we have a number of industries for which a transition to a more sustainable base is clearly an aspect of their future challenge.

Then we go to the composition of the department. This may be a rehashing of what the committee already well knows, but just to remind ourselves that Economic Development, Jobs, Transport and Resources drew a large proportion of its staff from the former DEPI, and those were the primary industries staff. It drew in the entire former DSDBI — all of what you would call the economy-facing business services that we do in government. It drew industrial relations from Treasury and Finance, Arts Victoria — now Creative Victoria — from Premier and Cabinet, and transport of course from the former DTPLI. And that constitutes a cohort of approximately 3000 staff, 13 portfolios, servicing 9 ministers. We have 47 agencies in the department, and that is a significant governance and accountability question. We have 87 sites across Victoria — we are a highly regionalised department. We have 18 overseas offices, which are perhaps underrated and in many cases you could almost say over-performing, and an operating budget of \$8 billion per annum and a capital budget that fluctuates annually between 2 and 4 billion.

The next slide is simply the structure of the department. I will not dwell on that. You will see there is a mix of sectoral agencies or groups, such as Creative Victoria and agriculture energy and resources, transport and then cross-cutting functions such as strategy and planning, and people and executive services, and of course a major transport and infrastructure program run by Corey Hannett to my left. All of the people on that slide are also in this room. Here is a list of our 47 agencies. I will not dwell on those either, but you will see quite a range of functions there.

Now if we can go to our output performance for 2014–15, the next slide, of our BP 3 performance measures 77 per cent in 14–15 were met or exceeded, 23 per cent not, and 14 per cent of those we did not meet the target by more than 5 per cent. You may well have questions about individual performances. For all of the targets not met we have provided, and are happy to explore further, reasons which are largely what you might call exogenous — beyond our control — but of course we are very happy to discuss and debate that question.

If I can go to the next slide — this is easier to read from your notes than from the screen — we have summarised some of the headline measures in our BP 3 performance statement that indicate in the case of agriculture what our performance from production exports has been, achievements in fisheries and achievements in the area of energy and earth resources. Again they are to be read — I will not seek to repeat them here. In economic development, employment and innovation, which is essentially the former DSDBI plus industrial relations, a range of measures were met that go to our engagement with the economy, attraction of investment, advice to business in relation to funding and things of that nature.

In the next slide we have some reasonably good public transport outcomes — some statistics in relation to roads. We have seen a small rise in fatalities but a decline in serious injuries, pavement distress having been reduced, and a continuing focus I might add on improving asset management on roads on the part of VicRoads in league with my department.

Creative Victoria — some modest increase in attendance at cultural agencies and the offerings of those. That is not the entirety of our cultural business that the state does.

And then our financial summary, and I am pretty close to finishing, Chair. Now of course because of the very sharp difference in the structure of the department between 13–14 and 14–15 there is not much one can glean from that by way of trends. It is completely overwhelmed by the increasing functions being reported for 14–15, but nonetheless there is enough detail in our annual reporting and in response to your questions as to where particular exceedances or indeed under-runs in expenditure and so forth have occurred that allow the actual financial report performance to be unpacked. And that is my summary.

The CHAIR — Okay. I might start with the first question, if I may. And I am obviously specifically focusing on — as these hearings are specifically focusing on — the 14–15 financial year, which is why we are all gathered here today. PricewaterhouseCoopers prepared a report last year titled *Understanding the Economy from the Ground Up* and mentioned the fact that most of the high-value jobs are being created really within the Hoddle grid or within inner Melbourne but that we have got significant population growth with many people now living on the outer rim of the metropolis or in country Victoria. I am just wondering whether you might be able to share with the committee what actions the department took in terms of 14–15 in relation to investment in road and public transport which would improve those transport linkages so that people living in the outer suburbs or in regional Victoria can participate in these high value added, highly skilled jobs which, as your presentation points out, are really driving the economy and the GSP for Victoria.

Mr BOLT — If I can start with some context which confirms that the work that we have done in 14–15 to understand the demand for transport as it might evolve over the next couple of decades, the professional services sector around the CBD is expected to be a very large growth area, high-growth sector, and tends to want to congregate close to the centre of cities, and effectively that is a global phenomenon. So we do see that over the coming decades it will become increasingly important that in areas of high population growth to the west and south, sorry, south-west of Melbourne, and to an extent in regional cities, there will be growth in population, and the growth in jobs that they will need to access are going to be some distance away from the CBD. The challenge to ensure a functioning transport system maximises employment opportunities and all the productivity and inclusion that flows from that is going to be a challenge for decades to come. In terms of what happened in 14–15 that contributed to that growth, I will ask Gill if she wants to contribute or we might bring others to the table that can say more about it.

Dr MILES — I would request Jeroen to talk about public transport investment, and then perhaps John Merritt might like to speak about specific road projects, if that is okay.

The CHAIR — Sure, of course.

Mr BOLT — We do apologise to the committee. We do have a number of people with quite a lot to contribute to the subject, so we have the acting CEO of Public Transport Victoria, Jeroen Weimar.

Mr WEIMAR — Good morning, thank you Richard. We have a significant onward investment program.

Mr BOLT — This is Jeroen Weimar. I hope you have his name — his name should be on that list.

Mr WEIMAR — Yes. Good morning, committee. I am Jeroen Weimar, acting CEO of Public Transport Victoria. As Richard indicated, of course we have a significant capital investment program within the public transport square at the moment for 14–15. During 14–15 we had around a billion dollars of budgeted spend which we delivered across a range of programs, and currently we have around 150 diverse capital infrastructure programs in delivery within the agency. I can come back to any particular questions that the committee may have on any of these programs.

The CHAIR — Thank you.

Mr BOLT — We can also hear from the CEO of VicRoads, John Merritt.

Mr MERRITT — Good morning, committee. Likewise within the 14–15 period we completed around \$700 million worth of capital works projects. For the growth areas in particular the work that we have been doing and continue to work on is to maximise the productivity of the freeway network for the system. Our studies of traffic movement in the city show that nearly all of traffic growth inflow is being picked up by the freeway system, the Monash being the most obvious, where we move around about 1 million people a day who come onto it. One of the great successes of the work has been the use of the managed motorway system that we use and particularly the route motoring system that we use to enable us to increase productivity by about 20 per cent and reduce the accidents on it by 30 per cent.

In the year a lot of our work is in partnership with Public Transport Victoria. We are trying to make sure that the radial commuter going into Melbourne is best served by a high productivity public transport service and focusing on the road system as much as we can on those journeys that spread out in a lateral way across Melbourne. So, for example, coming on the Monash, about two-thirds of our customers travelling that route get off on or before EastLink and then spread out into those industrial zones like Scoresby, Keysborough, Dandenong, Cranbourne, in that area. A lot of our work has been through more than 300 route reviews around those arterial roads to make sure they flow as well as they can.

Mr D. O'BRIEN — Good morning all. I am going to start with a regional development question. The Regional Jobs and Infrastructure Fund — could you advise how much of that was committed in election commitments prior to the government coming to office and if possible provide a list of those? I am happy for you to take the list on notice if necessary.

Mr HANNEY — Sure. Through you, Chair, I would just like to bring forward James Flintoft, the CEO of RDV, who is in the room. We have got some information; we might need to provide some on notice as well, Mr O'Brien.

Mr D. O'BRIEN — Thank you.

Mr FLINTOFT — Good morning. We do not have the detailed list here, but certainly we can provide it on notice. But there is a range of election commitments which are to be funded out of the Regional Jobs and Infrastructure Fund.

Mr D. O'BRIEN — Do you know what the quantum is, off the top of your head?

Mr FLINTOFT — I do not have the quantum right in front of me, but, yes, we can provide that on notice.

Mr D. O'BRIEN — Okay. By way of a supplementary, Chair, if I may, there are a number of the projects that I think either before the election or possibly afterwards — but certainly before the election — were projects that may well not be seen as regional developments, so sports precincts, a dental lab in the Latrobe Valley, that sort of thing. There was the Grampians Peaks Trail, a \$19 million tourism asset. Was there any departmental discussion post-election about those being funded more appropriately from other portfolios rather than taking it out of the regional development bucket? And when I say 'departmental', I mean interdepartmental as well.

Mr FLINTOFT — I have been acting CEO halfway through so I was not there earlier on, so I might also have to call on Mr Hanney, but a number of those such as the Grampians Peaks Trail and so on have been or are to be funded from the Regional Jobs and Infrastructure Fund; they go through quite a long process to evaluate the benefits, the risks in delivery and so on. But this was before my time, so I might draw on Mr Hanney.

Mr BOLT — While Justin is coming to the microphone, in general there is often a question of whether or not a particular project initiative should be funded out of one or another of somewhat overlapping funds, and sometimes there is in fact a mix of contributions from different funds made to particular projects that meet several policy objectives. So that question does always arise, Mr O'Brien. I do not know if Justin wants to add to that.

Mr HANNEY — I cannot think of anything specific that has been drawn down, but we have looked at many of the election commitments that sit there, so some are very specific and have been tasked against the regions fund. The Grampians Peaks Trail is a good example, where quite clearly it is coming out of the regional funds. With each of the election commitments as they are considered, we look at what their funding source is, so it does not have to be. I am just trying to think it through, Mr O'Brien. A number of investments in the regions

might not be election commitments, but there is a shandy of funds. They might come out of the Premier's Jobs and Investment Fund, they might partly come out of the regional fund. So we look at what is the best combination of funds. Very specifically on the election commitments, I do not know the specific answer, so I am happy to take it on notice and come back to you.

Mr D. O'BRIEN — That would be great. I am probably interested too, Chair, perhaps on a more general principle — I am happy to have this on notice too — in how far you would allow this to go. If a new government came to power saying, 'We're going to build a hospital and fund it out of regional development', would the department just say, 'No, you can't do that', or just provide advice, or whatever? I am happy for you to answer it now if you like.

Mr BOLT — So in general if of course a project has already been contracted, that will lead us to a particular line of advice in general that the contract should be honoured. That would generally be the advice given. In the case where that is not so, governments ultimately have to make decisions based upon their priorities and commitments. We provide advice on the costed benefits of the particular projects, and the political decision is then made. I really cannot say more than that, but in general, yes, we would give advice on the merits or otherwise of continuing with particular projects inherited over a change of government.

Mr D. O'BRIEN — No, what I meant was projects that may be an election commitment identified out of this bucket —

Mr BOLT — I am sorry.

Mr D. O'BRIEN — but not really appropriate to come out of that bucket.

Mr BOLT — I see. So whether or not it might better be funded out of a different bucket?

Mr D. O'BRIEN — Like I said, the extreme example would be a commitment to build a hospital funded by Regional Development Victoria.

Mr BOLT — Those discussions may occur if we felt there was a case for doing so. That is right. That could be done. It is simply dependent upon the context. It is difficult to answer in the hypothetical, but we would certainly have regard to that, if there did appear to be a better option. But by and large, an election commitment, this government has come to office with a very strong emphasis on implementing precisely what it put to the voters, and so while we might provide that advice, in general the predisposition is to proceed as promised.

Mr DIMOPOULOS — Taking a leaf out of Mr O'Brien's book, I might ask five questions. This is the first of five — no. Secretary, in relation to your presentation, page 3, education and training gets a mention. It is obviously one of the key industries the government is keen to promote or enhance. In the reporting period, I just want you to give us a sense of the activities undertaken for enforcement and probity in the private higher education sector. I imagine Mr Herbert's purview is partly in yours and partly in education, but I suppose what I wanted to get a sense of, if it is a relevant question for you, is that I imagine that when you undertake probity and enforcement activities to clean up the industry there may be a temporary fall in numbers, but I imagine there is also an increase in confidence by the international market of the education institutions in Victoria. Can you unwrap that for us a bit?

Mr BOLT — We do not have a regulatory role, Mr Dimopoulos. That is shared. In fact it is entirely taken up by the federal regulator, whose name I have to admit escapes me, but it sits within the education and training portfolio — or it does not sit there but is oversighted and engaged with by them, as I recall from my time in education. We are more in the business, I think, of enabling and increasing the student flow but not actually regulating, as I recall it at least, the behaviour of providers. Mr Hanney may have more to offer in that regard.

As far as the question of, 'Does the clean-up cause a dip?', from my memory the largest impact that we have had, the two largest drivers of difficulties or reductions in student numbers coming to Victoria, has been a combination of the exchange rate and the difficulties we had with Indian students being assaulted and reputational damage that flowed from that. The Indian student intake has, I believe, recovered significantly since that time, and the exchange rate, of course, having fallen means that our attractiveness is probably at an all-time high in recent years. I think that is reasonably reflected in the numbers.

Mr DIMOPOULOS — Just in terms of a follow-up, the VRQA: that sits under education, does it?

Mr BOLT — The VRQA is an education department body. It has a smaller role in aspects of — I wish I could remember the name of the federal regulator — but it does the bulk of the work in regulating the behaviour of providers. In fact the department also has a significant role in managing the contracts for subsidies as a primary focus of regulation, but subsidies do not apply to these particular students of course. They are full fee paying.

Mr MORRIS — That is disappointing, Chair. I only counted two. I was waiting for the third, fourth and fifth.

Mr D. O'BRIEN — You're just not trying, Dimo!

Mr MORRIS — Good morning, Mr Bolt. It is good to have you with us again. I am referring to question 21 of the questionnaire, but the matter I am raising does not appear to be included in there. A project which I understand was funded by the former government to the tune of 38 million in the 14–15 budget — works in Moorabool shire and the Halletts Way and Hopetoun Park area — I understand that works essentially have not progressed on that project, and I was wondering whether that that 38 million had been reallocated to another purpose.

Mr BOLT — Thank you, Mr Morris. I am personally not familiar with that expenditure or that project. We may have to take that on notice unless my colleagues can identify something now. Can we undertake to come back to you speedily on that question?

Mr MORRIS — By way of a supplementary, again on this whole issue of the reallocation, it would be very helpful — and I certainly expect this to be on notice, not provided now — but I am wondering if you can provide the committee with a breakdown at line item or initiative level with the reprioritisations that occurred from the allocations that were made in the 2014–15 budget and the forward estimates attached to that budget, where the money has come from, how much and where it is going to.

Mr BOLT — Okay, we will take that on notice.

Mr MORRIS — I would appreciate it.

Ms SHING — Wow, I feel like I need to have 18 questions as well. Good morning, everyone. Thank you for coming along today. Thank you for all of the assistance in completing and providing the questionnaires and for the presentation at the outset. I would like to take you to page 3 of the presentation in relation to structural change in the economy which has impacted upon the rate of growth across various industries and indeed your comment at the outset around the decline of certain industries and the growth of low-employment technologically dependent innovative industries on the other hand. With that in mind and turning to the automotive sector, I would like to look at the policy responses that were put in place under the government for the purposes of the reporting period that we are looking at to assist the automotive businesses and workers affected by the closure of the major car manufacturers which were in fact announced during that reporting period and the level of practical and operational assistance and the outputs involved in effecting that assistance.

Mr BOLT — I will ask Mr Hanney to say more about the detail of our activities. Clearly the government has been — we have been — very focused on the impending closures and have taken a number of different approaches in league with education and training to ensure that both workers and businesses are given the best opportunity to transition. That focus is distributed around the periphery of Melbourne and perhaps, counterintuitively — and perhaps this committee is well aware — the greatest vulnerability on our assessment is in fact in the south-east of Melbourne, where there are no actual car plants but where much of the auto parts industry resides. So we are particularly focused and have been focused on ensuring that our effort is distributed to where the risk lies. But Mr Hanney may have more to say about the nature of that work.

Mr HANNEY — Sure. The Minister for Industry launched what is called Towards Future Industries — Victoria's Automotive Transition Plan on 7 December 2015. That followed a lot of stakeholder consultations directly with industry, so in Dandenong, Broadmeadows and Geelong. The plan essentially has three elements, so it is a direct support for retrenched workers to reskill and find alternative employment and support for the automotive businesses to diversify into new markets. The third component of Towards Future Industries is around vulnerable communities most affected by the closure of passenger car manufacturing.

Just in perspective, Ford have announced that they will close on 7 October 2016, with about 930 job losses. General Motors Holden, about 1200 job losses, and Toyota Australia, about double that number. The car industries are well supported within. What we have been looking at is the supply chain and the support to the supply chain and to workers who are in the supply chain who often might not have the same amount of protection as do the large car firms.

The Local Industry Fund for Transition has got \$33.1 million in it, and it is very much directed at businesses in those communities that can transition. A lot of the firms have known this for a number of years, so they have been working on transition plans. Often it is supporting investment in a new piece of technology that might allow them to transition out of just the car supply chain. It is worth noting that many of these firms have already diversified; they are not just supplying directly to the auto industry. So it is: how can they grow other components of what they are currently manufacturing into new markets? It is worth noting that many of those firms over the last two or three years have been participating in trade mission programs, so they have been looking at new markets both internationally as well as domestically.

The next component of that is \$8.4 million, so the second piece is about supporting auto businesses to diversify into new markets. It is essentially a skills-based program — so what it is doing is support at the worker level. So the same the conversation previously: Mr Bolt, the secretary, talked about international skills. We are working very closely with the Department of Education and Training about what is happening at the local level, where there are essentially skill training centres looking at support for the individual workers.

The last piece of that is some work that is being done with the Automotive Supply Chain Transition Program, so it is the mapping of the auto supply chain. It is worth noting that there are 150 companies that we have identified in that auto supply chain. We have met with every single one of those companies and mapped out their supply chain. So part of that is knowing who is most vulnerable, who is most at risk and where that support for them to transition should come from.

We are pretty proud of the effort that has been made to understand the complexity of what is the auto market and the level of support that has been provided at the firm level, but in particular at the individual worker level.

Ms SHING — Can I just ask a further question arising directly from what you have just said, Mr Hanney, around the timing of the Towards Future Industries, the Local Industry Fund for Transition and the Automotive Supply Chain Transition Program? I think you indicated in your answer that Towards Future Industries was launched in early December last year. You have also said, if I recall correctly, that manufacturers and supply chain companies have also known about the impending decline in the industry for a number of years. With that in mind, what is the chronology for the introduction of other programs and practical assistance to companies, whether they are the major manufacturers or the supply chain businesses and communities that were affected during that entire reporting period?

Mr HANNEY — Sure. We have what we have called internally a business engagement program. What we have essentially is a staff member who works in one of our offices, so either at the Tottenham office or the Dandenong office or the north office or the Geelong office, who is essentially assigned to a firm. So I guess the status of that firm and their degree of exposure to the auto industry is known to the department. We work closely with Ford, Holden and Toyota at that firm level, whether or not they employ 5 employees or they employ 50 employees, the status of their transition and the degree that they are affected. We work with them directly. A number of those have historically accessed funds, so funds like the Geelong regional innovation fund. That has been around for a number of years. A number of the auto firms in Geelong have accessed that fund around assisting in their transformation or their transition.

The new concentration of packages that has been picked up in Towards Future Industries does not ignore that, so it enshrines itself around the MNIIF — the Melbourne's north innovation fund — and the Geelong regional innovation fund. They are included in that, so we are not trying to ignore the good programs that have been in place. This is additionality.

Ms SHING — Thank you. That is very helpful.

Mr T. SMITH — Secretary, welcome. In the questionnaire supplied by your department, question 1, page 3, there is a reference to the Maintaining Our Rail Network Fund. The aim of the fund was rail asset renewal and

maintenance to improve reliability and punctuality across the Victorian rail network. Do you agree with the department's response in the questionnaire, which states:

... customer satisfaction, reliability and punctuality met or showed improvements during the reporting period.

Mr BOLT — Thank you, Mr Smith. In general over the 14–15 period the public transport indicators were of satisfaction, if that was your question. They were positive. I can ask Jeroen Weimar to flesh that out and provide more detail as to what those indicators said if that is of interest to you.

Mr T. SMITH — That would great, thank you.

Mr BOLT — If it was possible, it might be easier for the committee to have just a chair at the end there for the people shuffling in and out.

The CHAIR — I think that the issue is we might need to move them or they will be getting in our way. If we just sort of rotate through, I understand that might take a couple of minutes, but yes.

Mr BOLT — No. That is fine. We are happy to do that.

Mr WEIMAR — Good morning again. So with regard to the 14–15 year, certainly the Metro Trains and Yarra Trams franchises not only achieved but well exceeded the contractual targets they are required to deliver under those targets, but they also either stabilised or improved their punctuality and service delivery performance against the previous year. We would say that those service delivery targets, although we always stretch them and always look for improvement, were exceeded or were met. According to our customer satisfaction figures, certainly as of March of 15, customer satisfaction with train and tram services was the highest that we have seen in those franchises.

Mr T. SMITH — Fantastic. So my supplementary is quite simply: if this program was still continuing, would it in some way assist with the current V/Line crisis on our country railway network?

Ms SHING — Point of order. Are we asking for an opinion here or some form of speculation? I am not sure how it directly relates to the reporting period or the questionnaire.

Mr T. SMITH — Chair, I am not getting involved in this sort of stuff. It is a perfectly reasonable question.

The CHAIR — No, Mr Smith. The matter before us relates to the 14–15 financial year, and questions must relate back to that reporting period. So if you have got a question in relation to customer satisfaction for that 14–15 period in relation to V/Line, I am very, very happy for you to ask that question. But the focus of these hearings relates to all matters up until 30 June 2015.

Mr D. O'BRIEN — Chair, on the point of order, this is a program that ceased at the end of 14–15. That is why we are asking the question.

Ms SHING — Further to the point of order, Mr Smith may then wish to rephrase his question to actually deal directly with regional investment in rail and infrastructure in the reporting period.

The CHAIR — Okay.

Mr T. SMITH — Mr Secretary, did the department advise on the cessation of that program in June 2015?

Mr BOLT — I am sorry — —

Mr T. SMITH — Did your department advise the government on the cessation of that program?

Mr BOLT — I see. Mr Smith, the advice we have given or we give to governments remains confidential to our dealings with that government. I could say something that was relevant to the 14–15 period about the V/Line situation if the committee is interested in doing so, which is more to say that the causes of particularly the wheel wear issue that lies at the heart of the largest impact that customers have experienced in relation to V/Line is simply something that we are still inquiring into. To trace it back to the cessation or continuation of any program is at best premature.

Dr CARLING-JENKINS — Thank you, Secretary. I would like to explore a little bit around the machinery of government changes and the impact that that has had on your department in particular. I note that your department reported the highest machinery of government changes of all the government departments, and that is probably very well explained by page 8 of your presentation showing the breadth of your department. I note that a breakdown of costs was provided to the committee through the general questionnaire in November 2015. My understanding from that — I just want to pick up on one point first around the figures provided not being perhaps inclusive of the \$1.5 million contract awarded to KPMG in January 2015. The tender documents there said that they were to provide advice, analysis and stakeholder engagement to support the design and establishment of the new Victorian department of DEDJTR. I am just wondering if you could speak to that point a little bit and provide further information around the contract awarded to KPMG and the recommendations from their report, for example, and the impact of these recommendations on the design and the establishment of the new Victorian department that you are now leading.

Mr BOLT — Thank you, Dr Carling-Jenkins. I am very happy to explain that. The KPMG engagement was to provide advice to me and my executive team on the most effective way to organise our various parts and task them, specify their roles, so as to deliver on the incoming government's program. Much of the work would have been necessary without a machinery change. For example, when the government announced a very strong focus on the development of key sectors, the question that we had to ask in delivering that program was, 'Was the former DSDBI organised to give effect to that priority?', and the answer was effectively no. So a large part of the work that was done by KPMG was to ensure that the EDEI group was able to deliver on that through its organisation. The KPMG piece was a very rapid, intense period of working out who did what, specifying roles where roles needed a change or had not been specified, providing recommendations on how to organise, as I said, to maximise the benefits or the delivery of the government's program. It was a valuable piece of work that was implemented pretty well in full in the reorganisation that we are now completing. Is that answering your question, or is it off the mark?

Dr CARLING-JENKINS — It does, so it is around the change of priorities rather than specifically around machinery of government changes.

Mr BOLT — That is correct.

Dr CARLING-JENKINS — Okay. I understand that; I appreciate that. With the indulgence of the Chair, if I could just ask a little bit more around the machinery of government changes then —

Ms Shing interjected.

Dr CARLING-JENKINS — I won't take another 15 questions; maybe another 4! I am just wondering if you could talk to the impact of the machinery of government changes on the department and on your staff in terms of that restructuring — some of the pros and cons, some of the reflections over the last year.

Mr BOLT — Having done a profound reorganisation within the education portfolio and now in economic development, my reflections are that there are always downsides for some people in a reorganisation. There is a period of uncertainty when people are wondering what exactly will be announced, and there is then for some a period of further uncertainty if the roles that are specified in the new organisation are so different from their own that there is nobody placed in those roles, and in those cases I think something like 20 to 30 per cent of roles, but the number now escapes me, we did put to internal competition because they were too different to anything previous to simply appoint somebody in there, bearing in mind the merit principle.

What quickly I think transpires is that the internal competition creates opportunity. I would not want to sugar-coat the experience for some staff, but for many they were either confirmed in roles and able to compete for new ones, which is a double bonus, or they missed out on roles but were highly suitable to the department and were able to either confirm a particular career trajectory or indeed take up a new opportunity. For a small number there is ultimately no match, and we need to work very carefully, case by case, with all of those to see what future lies ahead for them, and we are going through that process now.

Overall these can be handled well if they are handled with sympathy and if they are handled with clear strategic purpose and people can see that there is a logic there — it is not some arbitrary reorganisation; it is not driven by alliances as distinct from the merit of the people applying. So I am reasonably positive — in fact I am quite positive — about the way we have implemented these, and I think the department will be the stronger for it.

Dr CARLING-JENKINS — Great. Thank you very much.

Ms PENNICUIK — Thank you, Secretary and everybody else who is from the department, for coming along today. My question is with regard to the questionnaire. If you look at page 65, question 21, there it tells us that \$25.9 million has been reprioritised from energy innovation projects, including CarbonNet, the Advanced Lignite Demonstration Program and the energy technology innovation strategy, and the description of this states that:

Due to energy technology innovation projects not proceeding for technical and commercial reasons, funds made available have been redirected to support other government policy priorities.

Are you able to say which projects did not proceed? What are the technical and commercial reasons for which they did not proceed, and what have the funds been redirected to support?

Mr BOLT — Thank you, Ms Pennicuik. Yes, I am happy to talk about that. It might be sensible for Luke Wilson to join me at the table as the lead deputy secretary for agriculture, energy and resources. The Advanced Lignite Demonstration Program, from memory, had three projects in it: one from Coal Energy Australia, one from Ignite Energy Resources and another from Shanghai Electric. As I think you are aware, it was the Shanghai Electric project that failed to meet milestones and has not proceeded, and the money was reallocated. It is not necessarily a case of this money goes to a uniquely new project so much as goes into a general reprioritisation bucket that meets the government's priorities. I do not think I can be more specific as to where that money went, but one can say the government did bring some new priorities in the energy policy area forward, and you could nominally say that the reallocation is funding that work in energy efficiency and renewable energy. I do not know if Mr Wilson wants to add anything.

Mr WILSON — Other than to say that is right. Into 14–15 the reprioritisation focused on energy efficiency and renewables, as per the government's election commitments, and some of that money was reprioritised, as said there, from the former ETIS programs, and that has happened from time to time.

Mr D. O'BRIEN — Sorry, Ms Pennicuik. Just a point of clarification: that would only be the state component of the ALDP projects presumably that has been reprioritised, or was that money actually given by the commonwealth to the state?

Mr WILSON — No, this is only state money here. Where there are programs that have commonwealth money, which is not all of them, typically it is up to the commonwealth as to what they want to do. They will either take it back, or you might prosecute a change with them.

Mr BOLT — CarbonNet is a case in point, Mr O'Brien. There is federal money there, and we are not at liberty to reprioritise that on the state's initiative.

Ms PENNICUIK — Thank you, Mr O'Brien. As a follow-up, supplementary to your answer, basically the answer was that there has been some reprioritisation of the \$25 million that was originally allocated to Shanghai Electric, but out of the 90 that went to Shanghai Electric, Ignite and Coal Energy Australia there was still \$15 million as well that was not allocated so far as I can work out, so I would appreciate you just saying to the committee that it has been reprioritised to energy efficiency or renewables or something. I request a little bit more specificity as to where that actual, say, \$40 million-odd has gone.

Mr BOLT — In fact I have to, courtesy of Mr Hanney, correct what I have just said as to where it went. I have a figure of 12.5 million here that was reallocated to the Premier's Jobs and Investment Fund, so not to any particular project. In that I was essentially right, but it went into that fund. You seem to be thinking of a larger amount of money, so we seem to have a confusion as to what sum we are talking about.

Mr WILSON — In the questionnaire it is a reference to 14–15 and prior, and then the Shanghai change was a later change, but it went, as Justin said, into the Premier's Jobs and Investment Fund.

Mr BOLT — So is there an outstanding amount that we need to take on notice and come back on, or is that —

Mr WILSON — Yes, because when you pick it apart there are different projects that get reprioritised, and it gets a bit more complicated, but the Shanghai one was quite straightforward.

Mr BOLT — If we can find more detail on that, we will certainly come back and advise either way.

Ms PENNICUIK — Thanks. Chair, if we could have that.

The CHAIR — Okay. Again coming back to the 14–15 financial year, I was just wondering whether you could advise the committee what investments were made in relation to V/Line, specifically in relation to rolling stock, maintenance and upgrades to the network?

Mr BOLT — We might raffle that between Mr Liddle or Mr Weimar. Who would like to that?

Mr WEIMAR — With regard to the investments in rolling stock for V/Line, we have 43 V/Locity trains on order. Those of the full trains have now been delivered, and we are on track for the remaining intermediate cars to be delivered by May of this year. So it was a significant order of additional V/Locity train rolling stock into the regional network. Those were delivered to plan during 14–15. The last of the full trains arrived in May of last year, and we have a remaining eight intermediate cars to lengthen our trains, the last of those cars to arrive in May or June of this year. That is all on schedule; that is all to plan.

With regard to the underlying maintenance in 14–15, as we discussed earlier, we actioned an increase in delivery of major periodic maintenance on the regional rail network from 13–14 to 14–15. So we delivered, I believe, \$45 million of major periodic maintenance on the V/Line network in 14–15, which is up from \$38 million in 13–14.

The CHAIR — Right. So in terms of the V/Locity vehicles which were delivered in 14–15, when were they ordered?

Mr WEIMAR — The order for those was — I believe we can look those up. I have not got them to hand. I am not sure. I will give you that question on notice to give you the exact date.

The CHAIR — Yes, okay. And in terms of the decision to increase the maintenance regime for 14–15, was that taken during the course of the 14–15 financial year, or had that been taken earlier?

Mr WEIMAR — No, it would have been taken earlier. We undertake an annual works maintenance plan with V/Line. We understand the condition of assets, we work out the budgets available, we make a bid into government, and that forms part of our regular process.

The CHAIR — Okay. Thank you. I note just recently there was an article published in the *Age* talking about how some of the track line that had been laid down on the regional rail link in 14–15 had to be removed. Can you comment on the veracity of that article?

Mr BOLT — Yes, might as well.

The CHAIR — Or replaced, I should say.

Mr BOLT — There was a replacement of track that had occurred. What more we can say, how much — we can give more detail in time on precisely how much.

Mr WEIMAR — Look, we undertake, as we do across our entire networks, regular review of track condition and track performance, as we do with our other assets. We identified that there was a benefit to replacing that piece of track, and we replaced it, and services have continued to run.

The CHAIR — Right. And for completeness, that track was laid in the 14–15 financial year?

Mr WEIMAR — I will take that question on notice as to when that was actually physically installed.

Mr BOLT — So it was part of the regional rail link project, which took place over a number of years, so it may or may not have been then. We can find out.

The CHAIR — Sure, thank you.

Mr D. O'BRIEN — I will be careful not to ask more than two questions this time, Ms Shing. Mr Bolt, I want to talk about the country roads and bridges program.

Mr BOLT — Sorry, Mr O'Brien, I missed that.

Mr D. O'BRIEN — The country roads and bridges program. On page 3 of the questionnaire response it highlights that there were over 800 projects funded, average cost of between \$120 000 and \$240 000, 1000 linear kilometres of road and 70 bridges, funded across regional Victoria. That program ceased at the end of June 15. Was there any assessment done at all of the success of that program?

Mr BOLT — A good question to which I will defer, I suspect, to Mr Merritt.

Mr MERRITT — Good morning, Mr O'Brien.

Mr D. O'BRIEN — Morning.

Mr MERRITT — The country roads and bridges project of course is funding that we transferred to councils to complete each of these works. I will have to take on notice whether we have got specific reviews of that multiplicity of individual road upgraded bridge pieces. We are certainly involved in some assessment in the awarding of those pieces of work.

Mr D. O'BRIEN — It was specifically about the entire project, not project by project.

Mr MERRITT — Right. Are you looking for — —

Mr D. O'BRIEN — Whether the department or VicRoads undertook — I would not have though VicRoads would, because it was separate to VicRoads, but whether there was an assessment of how successful that program was in achieving its objectives.

Mr BOLT — We will take that on notice.

Mr MERRITT — We will take that on notice and see what assessment we can draw on that.

Mr D. O'BRIEN — Okay. A supplementary, Chair, if I may. The expected outcomes listed in this questionnaire, one of which is the project aimed to decrease the gap between required road infrastructure funding and available funds. Since this project has been axed has there been any alternative program implemented to try to address that gap?

Mr MERRITT — So the current government introduced the Stronger Country Bridges program in that regard, and that is a \$35 million fund we offer. The commonwealth has significantly increased its funding in this area with its Roads to Recovery project, and similarly in the 14–15 year it was a major year of road resurfacing — you know, the maintenance work in that period, mainly on the arterial road network.

Mr D. O'BRIEN — Okay. Thank you.

Ms WARD — Good morning everyone. Sorry I was not here earlier. Talking about bridges is interesting, and I would like to go back to the 14–15 Victorian budget and budget paper 3 around service delivery, major outputs and deliverables, and the road network improvements. On page 273 the line item says, 'Bridge strengthening and replacement projects completed: regional'. I am interested to explore that a bit further. Can you let me know what bridges were targeted for completion in 14–15 under the program and where they were?

Mr MERRITT — Is that the one where you are referring to the four or five number? I have not got that paper in front of me. I am going to have to take that on notice, I am afraid — —

Ms WARD — So it was around four or five bridges in that period?

Mr MERRITT — I will pull up that paper, but the number in my mind is that there were the five bridges upgraded during that year.

Ms WARD — Okay, and you would have to have a look to check where those four or five bridges were?

Mr MERRITT — I would have to check.

Mr D. O'BRIEN — I can help you, Ms Ward; there were 10 in Mulgrave.

Ms SHING — No, it is the reporting period. Nice try!

Ms WARD — No, that is not the period we are talking about, Danny. Get your dates right.

Mr D. O'BRIEN — Okay.

Ms SHING — Wait a year and we will come back and do this all over again.

The CHAIR — Order!

Mr MERRITT — I should be able to obtain that pretty quickly, Ms Ward.

Ms WARD — Thank you very much. I am sure it was a couple of years ago, so you may not have it on the tip of your tongue.

Mr MERRITT — I can get it for you.

Mr T. SMITH — Secretary, in your initial presentation you listed the Linking Melbourne Authority as an agency of the department. I am just trying to clarify: are you talking about 2014–15 and that has now been wound up, or is that an ongoing agency of your department?

Mr BOLT — So the Linking Melbourne Authority, as you say, was, Mr Smith, a functioning agency in the 14–15 period, and it was in the wake of a change of government that the department was involved in transitioning, as they say, the Linking Melbourne Authority out of its former role. It does not function now. From memory, by December of 15, it was possible for final accounts to be signed off and the board to be wound up — so it no longer exists.

Mr T. SMITH — And just as a follow up with regards to what that agency was set up to build, I note Infrastructure Australia's report this morning with regards to the necessity of the east–west link, and I was wondering if you would comment on that.

Mr BOLT — So with the east–west, there is a general pressure on east–west movements, the corridor from the west of Melbourne to the city and beyond. We will continue to provide advice to government as to how that particular corridor's demand, or demand for travel on that corridor, is best met. As far as what was said by Infrastructure Australia is concerned, I have not seen their interim report, I do not know what particular priority they have placed upon it. We are not as a department in a position to speculate on that. We will of course advise government in due course as to the merits or otherwise of what IA has had to say.

Mr DIMOPOULOS — Can I go back to public transport and trains? In your annual report, volume 2, under output measures, specifically page 34 — passengers carried: metropolitan train services in the reporting period, the actual was 227.5 million, I imagine, to 253.1, a variation of just over 10 per cent. The explanation is petrol prices and economic conditions. Is that typical? It seems a bit of a pretty basic explanation. Maybe, Jeroen, you could unpack it a bit? As a reference point, in the last four years have you experienced such a dip in passenger numbers on metropolitan train services? My understanding was that the trajectory was significant — the last 10 years have been up, essentially.

Mr WEIMAR — So if you look at our patronage figures for the metropolitan network, both train and tram, essentially we are talking about a stable period between 12–13 and 14–15, essentially about 0.5 to 1 per cent of growth so essentially the number is staying very static. Obviously we have looked at that in quite a lot of detail. If you start to unpack it, what you start to see is actually quite a significant strengthening of the morning peak service. The morning peak is what really drives both the capacity of the network and of course the supply challenges that we have. That has remained very solid, but what we are seeing is discretionary off-peak travel has softened quite a lot over that three-year period. We have looked at that.

There is certainly a correlation with the tail end of the GFC, where we saw people's willingness to travel generally. What we have also seen is the impact from fuel prices during that period of time, because actually it was becoming relatively less competitive to travel by public transport against travelling by car. Particularly when finances are tight people do make those very rational economic judgements. If you look at the tail end of 2015 and into more recent periods, we have seen very strong growth returning again to the metropolitan network. We are looking at around 3.5 per cent growth in December 15 compared to December 14 on the metro

trains network and 11 per cent growth on the tram network over that same period of December 15 to December 14, of course it partially correlates to the free tram zone. So I think we have seen a three-year period of stability and not much growth. We are now seeing a significant resumption of growth on those four metro corridors. It is a similar picture in the regional train service. Again, regional train services, until of course 21 June opening of the regional rail link, we are looking at 14.7 to 15 million people travelling a year over those three years.

Mr DIMOPOULOS — Just a quick follow up, Chair. So with the softening during off-peak periods, is that different in the 14–15 year as opposed to the previous years, or is that also a typical trend?

Mr WEIMAR — No, it is a fairly typical trend. We have done some work looking over the three to four-year periods in 2010–11 to 14–15, and we are seeing really quite consistent softening in that post-p.m. peak period in particular and the inter-peak period, where we are seeing 1 to 2 per cent coming off per annum of those kinds of numbers. So one of our roles clearly is, as we develop the network and as we start to look for opportunities to add additional services, a lot of our focus is in that morning peak, because that is where we are seeing the demand — and we have all witnessed that — and that is why the investment program that we have been working at over the last year or two and we continue to work on is so important to actually improve capacity to the network. We are actively looking at opportunities to improve off-peak travel.

Mr DIMOPOULOS — So effectively in that reporting period, peak period usage increased but overall passenger numbers decreased?

Mr WEIMAR — That is right.

Mr DIMOPOULOS — Right, okay. Thank you.

Mr MORRIS — If I could move to the area of industrial relations, I am just interested, given the move to the new department and essentially the new set up, if you could give us a bit of background on the structure of the area, the number of staff, the sorts of roles they are undertaking and that type of thing.

Mr BOLT — Yes. I am happy to have Mr Hanney explain the structure and functions of Industrial Relations Victoria.

Mr HANNEY — Sure. Industrial Relations Victoria was a MOG change. It used to be historically in the old DSDBI or DBI, it moved into Treasury. So when it moved into Treasury, it was 12 or 13 people. It remains about 12 or 13 people. It was moved back into the department. What we have done is build up a stronger focus on private sector industrial relations, so the public sector industrial relations component is essentially the same as previous. There has been some change of personnel within that unit, with some resignations and some employment. To the side of it, is the private sector industrial relations, it being back inside the economic or industry department. So what we will often have is, if I use the example provided before of staff out in our regional offices or our metropolitan offices, often the advice sought by companies is in the industrial relations space, so we would talk to firms about skills, about infrastructure, about trade and export, about investment, and sometimes industrial relations where we use industrial relations as an internal advisory body back to the businesses arms as well.

Mr MORRIS — Thank you. By way of supplementary if I may: in terms of the public sector side of it, is there interaction with Minister Hutchins's office, or is it more general? Are you providing advice to ministers, where they are seeking advice?

Mr HANNEY — Yes. IR is a unit within DEDJTR that — we have nine ministers; Minister Hutchins is one of those ministers, and is responsible to the industrial relations Minister. It is essentially the same model that was there previously, where IR advice that was given to Treasurer O'Brien in the industrial relations unit. IR advice is available across the whole of government, so if there is an enterprise bargaining agreement sitting with Ambulance Victoria or teachers et cetera, it is a central advisory body that gives advice back into each of those departments. I am very familiar with it — it sat with me back in the old DSDBI and then in my time in at Premiers as deputy secretary under the previous government, where industrial relations sat with me in that portfolio — it is the same model. So the model is, it provides advice back to departments, it makes sure that there is coordination across departments. In terms of the minister it is accountable to, it is accountable through Minister Hutchins.

Mr MORRIS — Thank you, Mr Hanney.

Ms SHING — Thank you, Deputy Chair, for opening the door to a conversation on industrial relations and for the placement of that particular area within the reporting period within DTF. Can I get some further detail from you, Mr Hanney, in relation to not just the private sector assistance that was provided on the framework more generally — noting the way in which the referral of industrial relations powers operates, such that it is generally confined to an assessment of federal law — but also the way in which assessments of enterprise agreements were undertaken by DTF within the reporting period, noting that there is a specific skillset that is required in understanding the way in which industrial instruments are intended to operate?

Mr HANNEY — Through you, Chair, I am happy to take that on notice. Can we take that on notice? I think it is a very specific question. Are you — —

Mr BOLT — My reflection on that, Ms Shing, is that it is more about the administration of the function by DTF than by any reporting responsibility resting in me. We can provide what information you are looking for, but it would be helpful if I could be clear as to what the question is.

Ms SHING — Sure. So in terms of the way in which enterprise agreements were negotiated and settled with the departmental overlay, what engagement has DEDJTR had in that process during the reporting period, given that for the reporting period DTF was principally involved in the way in which industrial relations was handled?

Mr BOLT — Yes, so really in terms of 14–15, just chronologically it was only a few months of that period after the transition occurred, and we found our feet and populated up and negotiations got going, that there was any real impact that IRV had under my department on that; it was really a very small part of that period that we were having much impact.

Ms SHING — Thank you. Just a supplementary, if I may. In that reporting period, how many public sector enterprise agreements were finalised, both through the departmental level and through the government processes that are required?

Mr HANNEY — Again, because it sat for six months in the Department of Treasury and Finance, we will need to take that question on notice. Departmental-wise, just because of the new structure of the department across all those portfolios, we will need to take that on notice.

Ms SHING — For that reporting period, yes.

Mr BOLT — We will come back with numbers on EBAs, yes.

Ms SHING — Fantastic; thank you very much.

Dr CARLING-JENKINS — Sorry, Chair; I was expecting it to go across the table again. I have a couple of questions around the Port of Melbourne Corporation. I am not sure if Mr Easy from that corporation is in the room. It is okay if he is not.

Mr BOLT — No.

Dr CARLING-JENKINS — That is okay. These may need to be taken on notice, and that is fine. Just around a couple of projects that fall within that corporation. The first one is the support capacity expansion project. Now I gather from the questionnaire provided to the committee that the port capacity expansion project, which had a forecast spend which was quite significant of \$250.8 million in the 15–16 budget papers, is on hold pending the outcome of the port of Melbourne lease transaction, as ‘the successful private operator will be responsible for the completion of this project’ — I am just quoting from what was provided to us. Can you confirm that it is your expectation that the successful private operator will spend that money required within a short time frame of taking over?

Mr BOLT — So the port capacity expansion project is not on hold as a result of the impending lease of the port; that is continuing and, my briefing tells me, advancing well.

Dr CARLING-JENKINS — Right, okay.

Mr BOLT — Various operators appointed, construction work is progressing, and the automated berths at Webb Dock West 1 and 2 are already operational, and overall works scheduled to be operational in 2017. Without wishing to be overly helpful, I think it is probably the port rail shuttle, where you — —

Dr CARLING-JENKINS — I was going to ask about that as well.

Mr BOLT — Yes, so that is on hold.

Dr CARLING-JENKINS — But actually it is the port capacity. My understanding was that it was pending the outcome, according to the questionnaire we were provided, but that is fantastic that it is. So it is progressing and it is well underway to being completed — on track?

Mr BOLT — That is correct.

Dr CARLING-JENKINS — Okay, fantastic. All right, I will ask about the rail shuttle, then.

Mr BOLT — Yes.

Dr CARLING-JENKINS — Were you about to say that that one is on hold?

Mr BOLT — Yes, it is, and it is awaiting the transfer to a private operation to undertake an assessment of what priority should be given to the shuttling of containers in and out of the port on rail terminals fringing the city and thereon either by road or rail to their ultimate destination. That work is on hold, and perhaps Dr Miles can offer more.

Dr MILES — Can I just add to that that the money is still in the budget for that work, so once the transaction is completed we would expect, once we have responses from the private sector, to continue with that work.

Dr CARLING-JENKINS — Can you clarify that? It is \$58 million —

Dr MILES — Correct.

Dr CARLING-JENKINS — so \$30 million state and 28 million — —

Dr MILES — \$38 federal, \$20 state.

Dr CARLING-JENKINS — Okay, yes. So that will then continue to contribute to that work even when a private operator takes over?

Mr BOLT — That is correct.

Dr CARLING-JENKINS — Okay, thank you for that clarification.

Ms PENNICUIK — I would like to ask some questions, Mr Bolt, regarding procurement of the metropolitan train rolling stock. It is mentioned a couple of times in the general questionnaire on pages 19, 20, 30 and 31 in particular. For example, on page 19 of the general questionnaire there is a reference to an expected expenditure of \$34.8 million on new trains for Melbourne, and only \$8.8 million has been spent. On page 20, again, a reduction from the expected expenditure from 54.1 to 32.6 million, and on page 30 regarding the rolling stock a reduction from \$40.8 to \$24.3 million from estimated to actual expenditure, and mention of various delays et cetera. So I was wondering if you could elaborate on the progress of the procurement of rolling stock.

Mr BOLT — While those variances that you have mentioned were as reported, there is overall a high priority that this government has placed and we have advised them on taking a long-term view about the rolling stock needs of the network, both metropolitan and regional, and a rolling stock strategy was announced, I think, towards the end of the reporting period that we are discussing here. The actual progress on the components of that, either Dr Miles or Mr Weimar could reflect upon. I think we have provided explanations as to those individual variances, which were very context-specific rather than due to any kind of overall lack of ability to deliver on them. But that is probably where I should stop and see if there is any more that can be added.

Dr MILES — Sure. I can add that the allocation of funding includes the purchase of 37 high-capacity Metro trains, 5 additional X'trapolis trains, some extension works on the Comeng fleet to extend the life of the Comeng trains, and new V/Locity carriages. And all of that program is either under development or out in the market or underway to be delivered, so for further detail on that I could ask Jeroen to come up and give you another layer of detail on that.

Ms PENNICUIK — Yes, I think it is an important issue to everyone.

Mr BOLT — Ms Pennicuik, while he is coming up if I can just put in a small plug, but hopefully an informative one, for the benefits of having industry and transport in the same department we are doing through close work between Mr Hanney's and Dr Miles's portfolios. We are looking to leverage the maximum industry capability benefit out of a long-term rolling stock spend as well so that we actually get certain functions and, if you like, intrastate export opportunities developed in Victoria.

Mr WEIMAR — Really just to follow-up on the metropolitan train rolling stock, particularly in the year that we are talking about, the state has been purchasing X'trapolis metropolitan trains since around 2008, when the first order went in. We have had four tranches of those trains that have been put in place and have been delivered. That is 53 trains in total. All those trains are been delivered to schedule, but there has been some phasing of some specific payments cycles across financial years. There were some delays in 13–14 around Calder Park, which is one of the stabling yards that we needed for the additional X'trapolis trains. However, the works were completed in 14–15 as plan and did not impact upon the delivery and the execution of X'trapolis trains on the network. We still have an order for five more X'trapolis trains that is currently in process. Obviously it is an issue for outside this year, and they are on track to be delivered from October of this year to early next year.

Ms PENNICUIK — Just with regard to the Calder Park stabling works program, what were the issues there? It does refer in the paper to there being some delays about that particular issue. If you could just elaborate a little bit on what were the issues there.

Mr WEIMAR — Yes, and I think I can give you a high-level answer, which is that as we got onto the site there were some ground works we had to do in terms of providing additional roads on to that particular yard. That took more time to work through and to complete than we had originally estimated, and that is why we had a delay in that program. I can come back to you with more details if you would like.

Ms PENNICUIK — Yes, please.

Mr WEIMAR — Okay.

Ms WARD — Can I just quickly add to that — where did you stable the trains while this delay was happening?

Mr WEIMAR — We moved them out. We had sufficient capacity in other parts of the network to ensure that the fleet — —

Ms WARD — Which other parts of the network were they stabled in?

Mr WEIMAR — I would have to come back to you on those.

Ms WARD — If you could please.

Mr WEIMAR — If you would like a real deployment planner on how we move the trains around, I am very happy to come back to you with that information.

Ms WARD — That would be great. Thank you very much.

The CHAIR — I would like to move to the topic now of inclusion. Jesuit Social Services and the National Australia Bank have an African Australian inclusion program that they operate, which is a way of trying to find employment opportunities for young African Australians. I was just wondering whether, Secretary, you might be able to advise the committee as to what inclusion programs the department and its agencies might currently deploy.

Mr BOLT — I can certainly speak for the department on that subject. I cannot at this stage, I believe, yet comment on what agencies are doing, but they will have individual initiatives. In fact your question prompts me to think that is a question we should raise with them if we have not already. In terms of the department, we are strongly supportive of and wish to promote workplace diversity in our recruitment practices. We are of course not alone in that. It is a widespread commitment across the public sector, and we hope to be nonetheless leaders in the area and certainly playing a proactive role. We think it is not only a question of social justice, it is also question of the effective operation of a department to have a diversity of backgrounds in it and recognised to be in it and well supported in it.

What did we do in 2014–15? I have to read from notes to cover the field. We developed a diversity inclusion program. We have a broad view of diversity. Gender equity is clearly critical. Disability, cultural diversity, sexual orientation, gender identity, and of course Aboriginal employment is an important focus for us and where we have some ground to make up.

We have started the development of an Aboriginal inclusion action plan. We have finalised that. It is out of the reporting period but relevant to comment on. It includes a target of 1 per cent Aboriginal employment across the department by 30 June 2018. Currently, or as at 30 June 2015, the figure was 0.5 per cent.

We have promoted diversity through a range of staff events: International Women’s Day, Cultural Diversity Week, National Reconciliation week, NAIDOC Week and International Day of People With Disability. We have participated in VPS employment programs aimed at people from diverse backgrounds, including an Aboriginal pathway to the VPS graduate scheme and the Youth Employment Scheme traineeships, which I think the department has been central in leading for some time. I pay credit to one of my predecessors, Howard Ronaldson, who had a strong, I know, personal commitment to that program. And we have supported the establishment of a pride network for our staff who are lesbian, gay, bisexual, transgender and intersex and their supporters. I was pleased to attend one of their early meetings to make clear that I gave them my personal support, and I attended the recent pride march in St Kilda.

I would not claim that we are all the way to where we would want to be. We take this very seriously, and we are doing a lot about it.

The CHAIR — Any other information on notice that could be provided in terms of some of the outlying agencies would be well received. Obviously I have got a particular interest in making sure that the Horn of Africa community seeking employment obtain employment as quickly as possible.

Mr BOLT — If I can call them refugee communities, I think that perhaps how to deal with particularly employment inclusion is I think a future challenge for our department for those communities who are pretty geographically kind of concentrated, and their rates of disadvantage, from my memory, from when I looked at the statistics in education are very high indeed in some cases. So I understand you are interested in that, I would be pleased to come back on it.

The CHAIR — Thank you, Secretary.

Mr D. O’BRIEN — I just want to move to agriculture for a second. Budget paper 3, page 14, outlines \$2 million allocated in 14–15 for wild dog control. I just wanted to ask how effective that program was or has been in protecting livestock and native fauna.

Mr BOLT — Luke Wilson, who is knowledgeable on all things to do with wild dogs and feral species in general — —

That may not have come out as it should have. Can I just clarify, Chair, Mr Wilson himself is not feral.

Mr WILSON — I think as the committee is aware the delivery now is with DELWP of that program, but for 14–15 probably the key indicators are the uptake of different elements of the program. Over the past four to five years we have been moving towards a very close connection with community delivery of those programs, whereas in the past the then prior department’s wild doggers, as they were known, were very active in the countryside — trapping, baiting and occasionally shooting if there was a live detection. What we did is realign the program to bring the community and the farmers in particular to be involved in the design of the local

delivery of their program. That was quite important because they needed to be part of the solution, as were the public land managers, and the doggers could only do so much.

So we were able to move into an arrangement where with the farmers were sometimes installing or upgrading their own fencing but also reporting the detections or any soundings of wild dogs live into our data systems, and that would allow wild doggers to go out and respond. Our doggers are pretty highly equipped people. As I said, we have got to be careful of our doggers. They are now in DELWP of course, so that program continues to be delivered there.

Mr D. O'BRIEN — That was a question I was going to come to, and for the record I have seen them with their iPads out in the field. It is fantastic what they are doing. Has that been reprioritised, that funding — it was, over the forward estimates, \$2 million — and, if so, is there another program in place?

Mr WILSON — The program continues, but it is now delivered through DELWP.

Mr D. O'BRIEN — But that \$2 million is continuing, as far as you know.

Mr WILSON — Yes.

The CHAIR — Now might be an opportune time for a break. We will resume in 15 minutes.

We might resume. I understand, Secretary, that you might want to raise a couple of points just following on from questions that were asked previously in the morning session.

Mr BOLT — Thank you, Chair. The first of them was the question raised by Mr Smith about the Linking Melbourne Authority. I should have said that the legislation does of course continue, so the organisation is legally constituted. The externally appointed board was unwound in December of 2015. There is what you would call a kind of maintenance board of officials within the department. As I am aware not much business, if any, is being done, but it does exist. So just for clarification it does continue, but it is effectively dormant.

Mr T. SMITH — So there is an agency within the department that still exists and it has staff or it is just a shell?

Mr BOLT — No staff. Just members of my executive, who are board members, who are directors, in case there is any work to be done. But no, there are no staff, there is no budget.

Mr T. SMITH — Understood. Thank you very much.

Mr BOLT — That is just for literal clarity. We also have a more substantive response to Ms Shing's question on industrial relations.

Mr HANNEY — Through you Chair, Ms Shing, the answer to your question is, just going back to the 14–15 financial year, so what was achieved: 30 management logs, 20 settlements, 29 final agreements were received by DEDJTR. Of those, in total of those 79 submissions, 69 completed and submitted for approval by DEDJTR within four weeks, so that is the BP 3 measure; 87 per cent of agreements approved in accordance with the timeliness measure — that 80 per cent target. So they are the total number — 79 submissions.

Ms SHING — So it is about a 75 per cent success rate in terms of the outputs for completion.

Mr HANNEY — Yes. Just over, 87 per cent.

Ms SHING — Is that a fair — —

Mr HANNEY — Yes, correct.

Ms SHING — Thank you very much, gentlemen, for getting that in such quick time as well. That is appreciated.

Ms WARD — If I can get you to have a look at budget paper 3, pages 60 and 61, there is a lot of conversation in there around roadworks, road extensions, duplications and so on, but as you would imagine in my electorate roads are pretty important. We have got around about between 70 and 80 per cent of our people

who commute outside of the two municipalities in order to get to work. There is no mention that I can see about works on the Western Ring Road. Can you give me any information about that?

Mr BOLT — That is an important focus, the ring-road. Yes, we can give you information. I will just make sure we have got the right person to do it — Mr Merritt.

Ms WARD — Was there any investment in the ring-road during this period?

Mr MERRITT — There was no new investment for sections of the ring-road. The M80, as it is technically referred to, is undergoing a long-term upgrade. There are seven sections. To break it down, three have been completed. Some work was completed during that period, but there was no new funding for any new sections. We are now underway on the fourth section.

Ms WARD — So you are underway now. What planned works had been flagged or were being worked through?

Mr MERRITT — Planning has been undertaken to the extent that the entire ring-road has been scoped for the widening. In that 14–15 period we completed that section where you come off the Hume and veer around to the west down towards the Tulla. That was the last of those works, but there was no new work instigated.

Ms WARD — During 14–15 why was there no money then allocated to the ring-road, or the M80, as you had planned to do a number of projects along it?

Mr MERRITT — It was a matter of government priority.

Ms WARD — What was the government's priority instead of the ring-road?

Mr MERRITT — That would have been a matter for the government, but — —

Ms WARD — Sure, thank you. The other thing that I am interested in that I have not seen in the budget papers — which is not to say that it is not there, and you may not be able to help me with this — is improvements to services or improvements along the Hurstbridge line. Was there anything in that budget around the Hurstbridge line?

Mr BOLT — That is a good question for Mr Weimar.

Mr WEIMAR — Across the metropolitan network we spend in the order of \$230 million a year on maintenance and renewal activity. That is spread across, as I said, all — —

Ms WARD — Is this the 14–15 period?

Mr WEIMAR — In the 14–15 period.

Ms WARD — And how did that affect the Hurstbridge line?

Mr WEIMAR — I will need to take the question on notice in terms of what actual expenditure was taken on the Hurstbridge line, but certainly we have a sustained program of maintenance across the entire network based on that funding availability. That funding is also — —

Ms WARD — The Hurstbridge line is the area that is of particular interest to me.

Mr WEIMAR — I understand and, if you will, I will come back to you on notice on that question.

Ms WARD — Thank you.

Mr T. SMITH — Secretary, I refer you to page 15 of the questionnaire and the negotiations with property owners surrounding the east–west link. Can you provide the committee with an update on Evo apartments and in particular whether they have been provided to social housing managers, as the Premier promised? How many have been sold, are currently rented out or are available to rent?

Mr BOLT — It will be Mr Hanney to answer.

Mr HANNEY — Can I just have the question repeated, if that is okay? I just missed the first half of it.

Mr T. SMITH — Page 15 of the questionnaire and negotiations with property owners surrounding the east–west link. Can you provide the committee with an update on Evo apartments and in particular whether they have been provided to social housing managers, as the Premier promised? How many have been sold or currently rented out or are available for rent?

Mr HANNEY — Mr Smith, it will need to be taken on notice. We just do not have that information with us at this point.

Mr BOLT — We will have to come back to you.

Mr T. SMITH — Thanks very much.

Mr DIMOPOULOS — My question relates to trade and specifically the work the department has done within the reporting period to progress the government’s agenda in relation to reverse trade missions. I think they are called reverse trade missions. I just want to get a sense of what work was done within that period in relation to that priority and I suppose, if you can make this judgement so early, what the comparative advantage or disadvantage is of that as opposed to the reverse, which is a whole bunch of people going offshore to sell Australian goods.

Mr BOLT — Indeed. So certainly this government’s program has been focused on both, but very early on I would think in the formation of this department the Victoria Invitation Program, which I think was the first inbound trade mission, did take place. From my recollection it certainly was very successful, but Mr Hanney will elaborate.

Mr HANNEY — Through you, Chair, if you just go through the cycle of this, I guess, I go back to 2009–10, where there were super trade missions offshore — large trade missions offshore. So I think what you are describing, Mr Dimopoulos, are the large inward-bound trade missions. There have been a number of those. They have been very successful. We call them the VIP programs. So if I just describe one, because it is very practical — that is coming up. It will occur in between the grand prix and the fashion festival, so we use those events as backdrops. What we essentially do is target inward buyers. So it is the outward-bound program in reverse, and if I describe it as just being, I guess, on steroids in terms of the inward-bound program.

There have always been inward-bound trade missions. They have come into the state and have done so over the previous 10 years. These are now done on a much larger scale, so we will have approximately 200 international buyers coming to Melbourne during this time. We will use, as I said, the grand prix and the fashion festival as backdrop events, and we will also use Natalie O’Brien and the Melbourne Food and Wine Festival to assist in showcasing our state. We target, so this one will have a very strong focus in particular on the technology sector but also on your — I want to call it IT platform buying. So groups like Alibaba, JD out of China, Amazon et cetera.

So, look, they have been successful. If I go back to 2014–15, we ran the first of those during that calendar year. You might recall that there was the large exhibition at the national gallery — a Chinese exhibition, the emperors exhibition, which was the first time that exhibition had been hosted in Victoria. We used that event as a backdrop for the international buyers, and the irony of that event is that there were people coming out from China who had never seen that exhibition; it had never left China’s shores before. So we were able to attract our firms, and we essentially commit that each one of those firms that participates in the inward-bound trade mission will have a minimum of 15 meetings with potential buyers. So are they working? Yes, they are. Are we measuring those results? Yes, we are. What I would say is that it is a continuation of what has been there.

I think what has been terrific within the trade program is the continued support it has had from successive governments, and the inward-bound trade mission and the new impetus and new budget has just enabled it to grow even further. I think it is one of Victoria’s success stories. It is certainly looked at internationally; we get a lot of requests from other countries asking how we run our trade program. Certainly interstate — New South Wales, Queensland, South Australia, Western Australia and Tasmania constantly come and spend time with us, looking at how we run those inward-bound and outward-bound trade programs. Being the world’s most livable city is a backdrop that helps. You have got people internationally who just want to come to Melbourne.

Again, I just use the last example: the Australian Open that we just had. We had in the state probably 15 to 20 international venture capitalists in town. They were married up with local firms and looking at investment opportunities. So outward bound works exceptionally well, inward bound works exceptionally well, and the program is a combination of both. The super inbounds trade missions to date — in the 14–15 year there was only one. However, there have been two more since. They have been very successful.

Mr DIMOPOULOS — Thank you for the comprehensive answer. Just a quick follow-up, though: the 15 meetings and those other sort of things you mentioned will happen are markers of success down the track, I would imagine, but have you given thought to how you actually measure it in a year or two years' time? Do you go follow up with businesses and say, 'Well, did you actually make that transaction because of that meeting or inbound trade mission'?

Mr HANNEY — We do. What we have done is that we have hardened the target. So if I just go back to the results of 14–15, the value of exports facilitated and imports replaced was 1.582 billion of exports — so 1582 million of exports. So this was about 6 per cent above our target. What we measure is also client satisfaction rates — so of those that participate, was it useful? We had a 96 per cent satisfaction rate, and it is worth just breaking that down into a regional figure as well. We had 262 million of exports, which was 16 per cent above our regional target. So the regional component of this is pretty important.

How we measure it is we go back to the firm and they give us their results. So we go back and ask individually on a firm-by-firm basis. What we do is that we look at their short-term business outcomes. They give us a longer term projection. The longer term projection — in terms of our internal reviews, it is too hard to measure when you measure two, three or four years out, so what we are interested in is the immediate. What type of business was written? What type of sales were made by Victorian firms over that immediate period of time?

Mr DIMOPOULOS — Great. Thank you.

Mr MORRIS — Continuing on the IR thread, I am interested particularly in employee expenses. This may be a question that is either answered in the context of the department or more broadly. I understand that the standard practice is to fund increased employee expenses at 2 per cent. I understand that that is a practice that has continued from the former government to the current government. In a circumstance where enterprise agreements provide for a larger increase than 2 per cent without productivity savings, I am just interested to know how those increases are funded. Obviously the first resort is to look for productivity savings inside the department, I imagine, but beyond that, if those savings are not available, how are those increases funded?

Mr BOLT — So, Mr Morris, that really is a question for Treasury and its budgeting for wages growth. A couple of reflections that are relevant to our responsibilities: the actual budget cost of an EBA will be different to the headline increases in that EBA because you have people leaving at one end of the wages spectrum and entering at the other and there are progression rates that will determine it. It is not a very direct correspondence between headline rates and actual budget impact, which it is for the agencies involved and Treasury to ensure that there is no structural impact on the budget coming out of the employment practice. The expectations of staffing levels, the wage increases et cetera all have to be dealt with in a budget context and a solution found to any funding shortfall. That is probably the best I can say.

Mr MORRIS — In the period we are interested in at the moment, was there any budget supplementation for employee expenses?

Mr BOLT — That is really outside of my remit. That is a Treasury and Finance question, Mr Morris.

Mr MORRIS — For your department?

Mr BOLT — For us? I am sorry. Did we have any budget supplementation in 14–15 to deal with wages costs and EBA costs? Not that I can recall, no. No, we did not.

Mr MORRIS — Thank you.

Ms SHING — I would like to know how many properties during the reporting period were acquired, whether voluntarily or otherwise, by the government for the purposes of state development projects.

Mr BOLT — Right, so — —

Ms SHING — I assume that is something that may need to be taken on notice. In answering that question, what I would be grateful for is a breakdown of the projects and the corresponding number of properties. That would then include residential properties and commercial/industrial where that is possible.

Mr BOLT — So here you are not thinking of transport projects, you are thinking of — —

Ms SHING — Across the board in terms of the entirety of the questionnaires and the responses that have been provided.

Mr BOLT — All state investments through the department, how much compulsory acquisition occurred?

Ms SHING — Yes, correct, and I appreciate it is possibly something that may not come to you immediately at this table. If you would like to volunteer anything now by way of general comment and then perhaps provide the specifics later, that would be useful.

Mr BOLT — We may have a partial answer, Ms Shing.

Ms SHING — Okay, fantastic. Thank you.

Mr BOLT — We will try on that, and then we will come back on the rest.

Ms SHING — Let us kick off with that, then.

Mr HANNEY — Through you, Chair. Ms Shing, I actually have got some information on the Evo apartments that might partly reconcile Mr Smith's question as well. There are 209 compulsory acquisition cases involving owners and occupants, of which 133 have been settled. Of 88 initial voluntary purchase properties, 44 properties have been purchased and negotiations continue with 1 owner. Eight more owners started negotiations but withdrew, and the balance of the 35 owners declined to participate at all. On Evo, the government purchased all 175 Evo apartments: 159, Mr Smith, from owners who purchased off the plan, plus 16 directly from the developer in November 2013. The scheme provides for reimbursing the stamp duty costs to the 159 parties that had purchased off the plan. Reimbursements have been paid to 51 of the 159 parties, so I think that is — —

Ms SHING — So that is Evo, then? That is great.

Mr HANNEY — We will qualify in terms of the 209 compulsory acquisitions. Your question, Ms Shing, in terms of broader, other projects is the part that we will take on notice.

Ms SHING — Great. If we could get that breakdown, that would be great, and as I indicated, not just for residential, but for commercial/industrial as well, that would be very useful, and the projects to which they relate. Thank you very much for that.

Dr CARLING-JENKINS — I would like to just explore job performance briefly. In the last financial year it appears that we have seen a decline in the number of jobs facilitated by the department. I will just quote some of the figures from the output performance measures found in the appendices of the department's annual reports. In 2013–14 the department facilitated investment leading to 6301 jobs, and in 2014–15 that figure appeared to decline by 3 per cent to 6120. In the regions jobs facilitated fell by about 28 per cent from 2910 to 2094. I understand that quantitative figures do not always do justice to areas such as job creation, so I wondered if you could comment on these figures and perhaps explain to the committee what kinds of steps are being taken to improve job creation, particularly in the regions.

Mr BOLT — As a general comment, I am pretty certain the lumpy nature of these figures relating to whether a particular investment lands in June or in July would I am sure introduce some volatility in them. That would be my strong guess. Whether there is any further light we can cast on those changes, I will have to hand to Mr Hanney.

Mr HANNEY — Dr Carling-Jenkins, if I answer the second part of your question first, what we have got is an investment pipeline. On that investment pipeline we would have several thousand potential projects, and what we do is we narrow in on them when we think they have a greater than 50 per cent probability. We then continue to work on what we call the top 25, and always at least a quarter of those will be in regional and rural

Victoria in terms of what we facilitate. The numbers in terms of the investment projects, Invest Victoria and Regional Development Victoria would start work on some of these projects two or three years out by way of their planning, so the cycle of reporting is often behind where the actual jobs will fall out. These are jobs that we can quite clearly say were without the — and I do not want to use interference; it is not the right word — without the assistance — —

Mr BOLT — Intervention

Mr HANNEY — The intervention, the support, the facilitation — without the facilitation by government, these are projects or employment numbers that are less likely to be achieved. The pipeline list is what we work on. It has got a very deliberate regional focus.

It is worth noting this: that the starting point for us is when we talk to a firm our no. 1 objective, if they are footloose, is to get them to Victoria, and in securing them to Victoria the immediate lens is, ‘Can we move them into regional Victoria?’ or, ‘Can we move them into one of our growth areas?’. The question earlier on today about the centralisation of Melbourne and the economy in Melbourne, one of the starting points for us is, ‘Can we move them?’, and if there is a competitive advantage with that firm, to move them. If there was a non-competitive advantage, we do not go there; if there is a competitive advantage, we will often incentivise the move into a regional or growth area location. We will often look at investment assistance which will focus on some of the infrastructure needs, if it is regional — it might be electricity, it might be gas or it might be skills facilitation in terms of skills facilitation around workforce planning. So the employment numbers that are there, what we look at, it is difficult in terms of measuring the growth in those numbers each year, looking and trying to improve the target, given that it is a two or three-year forecast applied to a lot of what we are facilitating.

Ms PENNICUIK — I note that in the previous question before that question attention was paid to some major events. A mention was made of the grand prix and also of the Australian Open. Secretary, you would be aware, I think, that over many years I have raised issues regarding the escalating costs of the grand prix. Last year it cost taxpayers \$61.7 million, and it has consistently cost taxpayers more than \$50 million, for pretty well the last eight years. So that is \$400 million, plus the 60, plus if we go another eight years, that is \$480 million. So we are looking at, over the life of it, probably \$1.5 billion put into this race by the taxpayer.

One of the issues that I raise — and I have not gotten very far with it with various governments in Parliament, so I thought I would look at it administratively with you — is: with regard to all the major events, such as the Australian Open et cetera, most of them are able to report accurate attendance fees, so I wonder, one, whether the department verifies those or keeps a record of those as reported to the department. When it comes to the grand prix, so far it has resisted all attempts, particularly from me but also from the community, to actually accurately record attendances. For example, last year it reported 297 000 people attended over three days, which is in fact physically pretty well impossible, given on the first day there is hardly anyone there, for the trials. I am just wondering — —

The CHAIR — Sorry, is there a question, Ms Pennicuik?

Ms PENNICUIK — Thank you, Chair. My question is whether the department does verify the attendances supplied by the major events to the department.

Mr BOLT — Thank you, Ms Pennicuik. I do not know the answer to that question, but I suspect that we would not be verifying the attendance figures, and I might ask Mr Hanney to comment. I certainly would make a general point relevant to that to just reinforce the importance of the major events and cultural events calendar to Victoria’s attractiveness for investment as well as its visitation levels. Beyond that — on that specific question, Justin, anything?

Mr HANNEY — Look, we do not have somebody who verifies the numbers; we verify the return on investment. So in terms of the argument around what is the benefit-cost ratio and the comparison, Ernst & Young carries out an assessment process on events. We do look at each event, whether it be the grand prix or any event — a regional event, the Cadel Evans event, White Night — be they arts or sports or other events. We measure the ratio in terms of the return. So what we do see is their books; we obviously see incomes and expenditure on each of those events.

Can I make this point, through you, Chair, that what I do know is that in this event space it is highly competitive, as it is with all of the grand prix throughout the world — and I know there are different views on grand prix around the table — the information that is in the public domain is limited, what we need to be careful of is it is not used for commercial advantage: to take events or buy events away from the state. And I am not talking just about the grand prix here; I am talking about all of the major events. New South Wales has been quite loud and provocative in terms of their major events investments and the types of events they are willing to take away from this state in particular. Part of the comment before about ‘world’s most liveable city’; to a degree it is because of our events calendar, which is the envy of other states.

The CHAIR — A supplementary, Ms Pennicuik?

Ms PENNICUIK — Thank you, Mr Hanney, but I did notice that you mentioned the words ‘cost benefit’ in your response. To my knowledge, a cost-benefit analysis, certainly if it has been done, has never been made public, about the grand prix. Chair, I will not take too long, but in terms of general cost benefit, the other events that you mentioned do not cost anywhere near as much as the grand prix, so the benefits perhaps are easier to see. With escalating costs, the benefits of the grand prix as opposed to the cost are becoming more difficult to see.

But my follow-up question to the answer is that the department does not verify figures put back to it by the major events as to attendances — that is what I have heard — you do not verify it. So any event could say, ‘We’ve had this many attendances’, and you just accept that. In terms of the grand prix, it does not actually have turnstiles or electronic counters to actually count accurately and report accurately as to how many people attend that event, which I think would be a basic requirement for the shelling out of so much taxpayers money. Is there any requirement for that or any idea of requiring that information to be verified that is actually put by you, as the overseeing department, to that event?

Mr BOLT — Ms Pennicuik, as Mr Hanney explained, the actual dollars generated through the event we do have access to, and in the end the economic benefit of providing assistance to the grand prix to remain here is determined by the flow of that money. So one would say perhaps the primary indicator is being verified. I do not know if there is any more we can say than that. Mr Hanney?

Mr HANNEY — No. I think we see their income and we see their expenditure, and therefore we see what their ticket sales have been. In terms of the counter question, I do not know the answer to that. Do they have a register for how they count numbers? I am happy to take that on notice.

Ms PENNICUIK — The answer is no, they do not. Just a follow-up on that.

The CHAIR — Be brief, Ms Pennicuik.

Ms PENNICUIK — The essence of my question is: does the department just accept the figures that are put to it by the major events, or does it make some attempt to verify them? Because I know that some events accurately count them by turnstiles and electronic devices but the grand prix does not do that.

Mr HANNEY — We go back to the point of their balance sheet and ticket sales. The information they provide to us has to show all income and all expenditure, and that is what the economic modelling is undertaken from, so we are seeing their attendance figures through ticket sales and income.

Mr BOLT — We will give you information on what verification occurs on the information we do get.

Ms PENNICUIK — Thank you.

Mr BOLT — Okay? That is something we can do.

The CHAIR — Just going back to procurement of rolling stock, obviously there is a lead time between the ordering of rolling stock and the receipt of rolling stock. So if we are looking at the new E-class trams, they were first ordered under the Brumby government, but they were actually taken in receipt by, I believe, the Baillieu government. I appreciate you might need to take this question on notice, but I am just wondering whether you might be able to advise the committee: in the period 2010–14 what rolling stock was ordered in that period and what was commissioned into service in that period?

Mr BOLT — We can provide that information on notice. I think it is probably better to do that than now, unless there is more — —

Mr WEIMAR — I think that is right. I think we can certainly identify obviously with the E-class program the orders that were put in place, and we are on track with the delivery of the E-class trams. We have got 33 trams now in service out of an order of 50, with the remainder due to be delivered in May of next year. We have talked about the X'trapolis metro train order programming, and I am happy to on notice provide the detailed phasing of that. And we talked about the V/Locity trains on regional rolling stock — again the 43 on order and the delivery program on those. I am happy to provide more detail — —

The CHAIR — I am just specifically looking at going up until 30 June 2015, just so we are clear that that is the time period, and if there was anything that was ordered in that period and that was delivered in that four-year period — that was delivered in that time. That would be useful.

Mr WEIMAR — Yes, no problems at all.

Mr D. O'BRIEN — I just want to turn to VicRoads issues. The annual report 14–15 outlines ministerial directions and includes a couple regarding level crossing removals. The current list of level crossings that have been proposed — is it based on an assessment of the need by the department or have there been further ministerial directions or other political considerations taken into account with that?

Mr BOLT — The government went to the election with a very clear commitment to very specific level crossings being removed, and our job is to faithfully implement that program and to give advice on sequencing priorities and the methods of construction and other benefits that can be gained from them, but the program is the program. I do not know if there is more that can be said about that.

Mr D. O'BRIEN — Okay. But it is effectively the election commitment, then?

Mr BOLT — That is right.

Mr D. O'BRIEN — A follow-up, a supplementary, specifically on the Dandenong corridor: has the department or VicRoads or anyone done any comparisons on cost benefits of road over rail, rail over road and in particular now the elevated rail that we are talking about, and if so what sort of differences are there?

The CHAIR — I just would be mindful of the fact that we are talking about the period up until 30 June of last year, so that is the period we are focusing on today, Mr O'Brien.

Mr D. O'BRIEN — And that is where I am asking — that there would have been considerable work done on this.

The CHAIR — I just want to be clear in terms of making sure — —

Mr BOLT — In the period of 14–15, particularly once the program began, but I imagine in the predecessor department under the previous government's program, questions of cost and benefits, we began assessing them for the program of this government in that earlier period in 2015 and began looking at — if I can use the word — the 'optimal' construction method that would maximise the benefits and the benefit-cost ratios of the program. It is very specific on location, it is very specific to many questions of, you know, soil conditions, water table — you name it. We are giving the government advice on that question, and we began developing that advice certainly in the 14–15 reporting period.

Mr D. O'BRIEN — Can that advice on cost benefit be provided to the committee?

Mr BOLT — There is a program business case that has been publicly announced — it is under development — for the level crossing removal program. The question of what will be done in the public disclosure of that is something I will ask Mr Hannett to remark on.

Mr HANNETT — The release of the business case is a question for government. Early last year the level crossing authority was established and set up. The authority in conjunction with the department started working on a program business case. We obviously have 10 crossings in construction at the moment plus another 9 on the Cranbourne-Pakenham line in tender, plus another 4, which have been announced. So the program business

case, the cost benefits and I suppose the scope of what we are building will be released subject to government determination.

Mr BOLT — It will be a decision for government.

Mr D. O'BRIEN — Just a point of clarification on that, Chair, if I may: is there a business case for the entire program — the anticipated 50 level crossing removals — or is it done by line or by individual crossing?

Mr HANNETT — It is a program business case on the 50 crossings.

Mr D. O'BRIEN — The whole lot? Okay.

Ms WARD — I do want to refer to 14–15 period, and I am interested in following up from the ring-road question that I had and the lack of work along that road during that period. What other road projects were put on hold during that period?

Mr MERRITT — I cannot recall specific projects. You mean actually commenced or stopped?

Ms WARD — Well, that projected works did not occur.

Mr MERRITT — I will have to go back and go through the list of those projects and take that on notice, if I can, Ms Ward.

Ms WARD — If you could.

Mr MERRITT — There will be a range of issues where projects were either accelerated or delayed, depending on circumstances around them.

Ms WARD — No, I understand that, but I am just trying to work out systematically what was delayed or what was not pushed forward, like the ring-road, and what the possible causes of that could be.

Mr HANNETT — Okay.

Mr BOLT — There are certainly some questionnaire responses that do go to that question, Ms Ward, about delays and advances and what might have caused them. Is your concern that that is not a comprehensive reply?

Ms WARD — I just think it would be nice to understand that sometimes, like with the shunting yards, there are some issues around the acquisition of land or whatever, but other responses are a little vague. It is just hard to get that picture of what is happening at the time that is creating the delays or other priorities that might take precedence, and it would be interesting to know what those other priorities are.

Mr BOLT — What we will do is we will review the responses and see if there is any incompleteness either in the projects listed or in the explanations given and we will come back to you on that.

Ms WARD — Thank you.

Mr T. SMITH — Secretary, I refer you to page 124 of the 2014–15 budget update regarding the West Gate distributor project. I am just trying to get an understanding about the status of that project and potential funding models of it. It has sort of disappeared off the radar, so I am trying to understand what has happened to the project.

Mr BOLT — The West Gate distributor project was and is a commitment that this government took to the election and the part of that project, if you like, the phase 1 of that project, that is relevant to continue with, it is my understanding, is continuing.

Mr MERRITT — The contract has been let and design work is underway on that first component that relates to the widening of Shepherd Bridge, the construction of a dedicated cycling lane over the site and I understand also some expansion works at one of the intersections there. So work is proceeding on that.

Mr T. SMITH — On the West Gate distributor?

Mr MERRITT — Yes.

Mr BOLT — Yes.

Mr MERRITT — This is part of it. There were a number of components to the West Gate distributor. There were upgrades along Whitehall Street and around the High Street ramp area and there were upgrades on Footscray Road around Shepherd Bridge and the cycling infrastructure, so that part that relates to Shepherd Bridge is underway.

Mr BOLT — So the other parts that are more back into the western suburbs and are road enhancements have been superseded in their scope and impact by the western distributor project, and so they will not proceed pending that particular project going ahead.

Mr T. SMITH — Okay. So these projects are sort of complementary but different?

Mr BOLT — Yes.

Mr T. SMITH — And in terms of, as I said in my introduction, the sort of potential funding models for these interrelated projects, can you give me an update as to how that project is being funded?

Mr BOLT — So the West Gate distributor is simply being funded, or the phase that is proceeding, is simply budget funded. The western distributor is proposed as planned to be funded under, as you are aware, an extension of Transurban's toll concession and some commonwealth funding that we are — that the government — is hopeful of obtaining for that purpose.

Mr T. SMITH — So where are those negotiations up to with regards to the route of the western distributor and the negotiations with Transurban?

The CHAIR — I think that is outside the period which we are discussing, Mr Smith.

Mr BOLT — It is outside the period. I am happy to give — if the Chair is interested, we can certainly give a status on that.

Ms WARD — We are speaking to those budget matters.

Mr BOLT — I am happy to go with the decision of the Chair to allow the question or otherwise.

Mr D. O'BRIEN — Chair, it relates to a project that was started in 14–15. Part of the outcomes is to find out what happened with the money that was allocated or that was proposed.

The CHAIR — I think Mr Smith phrased his question by saying 'What is the current status of those negotiations?', so he is asking for current advice on a current project in the current financial year.

Mr T. SMITH — It relates to a direct comment in a 2014–15 budget update. They are interrelated projects, as was suggested.

The CHAIR — They are interrelated, but they do not relate to expenditure that was incurred in the 14–15 financial year.

Mr MORRIS — Chair, a few minutes ago you asked for information, I think, relating to rolling stock and you prefaced it by saying 'Some of these matters go back to the Brumby government'. Given that ultimately a component of that question related to the periods under consideration, I was happy to sit back in my chair and not contest the issue, but I would expect that if I am happy to do that — and I am — a similar courtesy would be extended to my colleagues.

Ms SHING — Just further to the comment that you have made on — —

Mr MORRIS — If not, perhaps we need to revisit some of the other matters that have been put on notice.

The CHAIR — I think, Deputy Chair, I was referring to something that was historic, going back again in a period that was in the past. I was very clear that I was focusing on those matters preceding 30 June 2015, which

is the subject to these hearings. I raised the matter in relation to the Brumby government merely as a context to make the point that in the case of procurement strategies there are long lead times. In relation to Mr Smith's question, he is going beyond — —

Mr MORRIS — Similarly long lead times apply.

The CHAIR — I think, again, this is talking about something prospective that is live, which is outside the scope of this hearing. I am happy if Mr Smith wants to maybe rephrase his question.

Mr MORRIS — Given that the secretary has indicated he is happy to respond — and the secretary, you can guarantee, is well aware of the guidelines for attending parliamentary committees, so I am sure he is not going to breach those. He has indicated he is happy to respond.

The CHAIR — If the secretary wishes to provide a brief summary, then so be it.

Mr BOLT — It was an offer rather than a wish. I am at the pleasure of the committee Chair.

Mr T. SMITH — Thank you very much, Mr Bolt.

Mr BOLT — A pleasure, Mr Smith. I do have something that can be said, bearing in mind that the question of negotiations with the commonwealth does lie outside this portfolio in its leadership and also the western distributor project itself is at this stage a treasury-led project to which we are advisers and supporters rather than the primary spokespeople, so to speak. But I can say that clearly the government has a significant infrastructure agenda that includes investments in road and rail, the western distributor being one of those, and that many of them are nationally significant. The 2015 audit of Infrastructure Australia demonstrated that there was a requirement really for a strong national program collaboration between the federal government and the states in support of infrastructure investment.

This government has submitted a package of nationally significant projects to Infrastructure Australia for assessment. I think you referred earlier to the interim report that is perhaps their first response to the various submissions of states and territories to Infrastructure Australia, and these will ultimately go to the commonwealth government for funding consideration. Our projects include the Melbourne Metro rail project, the Murray Basin rail project, the level crossing removals program, the upgrade of the M80 — to answer a question that Ms Ward put earlier or to elaborate on it — and a road connecting the port of Melbourne to the western road network, which is the West Gate distributor and the western distributor proposal.

We continue to engage with the federal government and Infrastructure Australia. We are, other agencies — our central agencies — are on these projects, including through the progressive submission of business cases and other detailed project information. It has been given a very high priority in order that the best opportunity for Victoria is realised out of the funding considerations by the federal government, which is of course in its own budget period now. That is the best information I can give you.

Mr DIMOPOULOS — I want to ask you about small business and specifically the Our Street program. In the reporting period can you tell us a bit about what it was, what the budget for it was, what it was meant to achieve and did it meet your expectations or the expectations it was set to achieve?

Mr BOLT — Thank you, Mr Dimopoulos, That is a question again best answered by Mr Hanney, who may need a moment's grace.

Mr HANNEY — I am just checking with one of my staff behind me. Can I just ask you, Mr Dimopoulos, are you wanting to know specifically about that program or just a response in terms of the small business assistance output?

Mr DIMOPOULOS — No, that program specifically. I understand there were \$50 000 grants to councils to improve retail strips and local economic activity I imagine.

Mr HANNEY — That is correct. It might be known to panel members in its former version, which used to be called Street Life, and it is assistance around the revitalisation of small shopping strips, and it is essentially a co-funding with local government, so it has made — —

Mr DIMOPOULOS — What was the budget, do you know, for 14–15?

Mr HANNEY — I am going to have to take this on notice. I apologise. I am just having a look.

Mr DIMOPOULOS — I am sure it is a very small program compared to what else you cover, but it is still public money.

Mr HANNEY — Yes, it is, and I will have a figure. If before the end of this time I have got that, Chair, I will come back to you. If not, if I could take it on notice and give you a specific amount.

Mr DIMOPOULOS — That is all right. If you want to take it on notice, the three questions I am after are: how much was the budget, what did it achieve compared to what it was established to achieve — —

Mr HANNEY — Okay. That is fine. We will take it on notice, and we will come back to you.

Mr MORRIS — On an entirely different subject, the Australian Centre for the Moving Image. I am just interested in attendance figures, particularly the aspect of self-generated revenue. In 11–12 self-generated revenue was of the order of 3.96 million. It rose the following year — the first year of our hearings — to 5.688. Sorry, that was 12–13; 13–14 was 6.209. In 14–15 — the final year of our hearings — it dropped to 4.788; a 23 per cent drop. I understand, without going outside the period, Chair, that that is a trend that has continued. I am just wondering what the reasons were that led to that drop and what has been done to move it in the other direction.

Mr BOLT — Andrew Abbott, deputy secretary of Creative Victoria, is best placed to answer.

Mr ABBOTT — I would start by saying that the Australian Centre for the Moving Image is an incredibly successful institution — one of the most unique internationally.

Ms WARD — Can I say, the David Bowie exhibition was fantastic. It was really, really good.

Mr ABBOTT — Thank you. It is in the top 50 attended galleries and museums in the world. It is quite phenomenal. The numbers do jump around year from year. It is difficult to compare year to year because it depends very much on which major exhibitions were occurring in that year. The year before 14–15 featured two blockbusters, and 14–15 one, so it does affect those numbers. Exhibitions such as David Bowie were incredibly successful, and they do result in considerable variance from year to year.

Mr MORRIS — By way of supplementary, Chair, I understand that the Arts Centre Trust annual report shows that attendances are down about 15 per cent on the previous year. The museum's board report shows that the museum attendances are down 13 per cent and IMAX down 9.7 per cent for the reporting period, which would seem to be a trend. Do you have any comment to offer on those figures?

Mr ABBOTT — I would not identify those as trends. My answer would be much as the same for ACMI for some of those other centres, that they do move around from year to year based on the types of events and exhibitions that are scheduled for that particular year.

Mr MORRIS — It is just an unfortunate coincidence that it has all happened at once.

Mr ABBOTT — That is what I would say, yes. We would need to detect a trend over some years to be able to make that point, I would say, rather than from one year to the next.

Ms WARD — Can I just say, Chair, I was really grateful for the Orry-Kelly exhibition as well, because was he was somebody I knew nothing about and the opportunity to be able to recognise the contribution of an Australian so internationally recognised and who had achieved so much was a really great opportunity. ACMI is of great cultural importance.

Ms SHING — Including but not limited to the reference of the reporting period that we are dealing with.

Ms WARD — Correct.

Ms SHING — For the sake of consistency and completeness.

Mr BOLT — Chair, I was going to make a plug for the Weiwei Warhol exhibition, but that is outside the reporting period as well. We have a couple of additional responses to questions raised earlier, if you want to take them now. They are both on transport questions. Would you like to have that?

The CHAIR — Thank you.

Mr MERRITT — Firstly, in relation to the Halletts Way funding, I think there was an earlier question there. You are right that that interchange was originally part of the Anthonys Cutting project. You may recall that we ran into some issues there around the Avenue of Honour and some trees that needed to be done. As a result we were not able to progress it and that piece of work was excised from the Anthonys Cutting piece. We have since developed the Bacchus Marsh integrated transport package, which is a range of roadworks around there where the state is in negotiations with the commonwealth to get that money back in and complete that project.

And in relation to, Ms Ward, the — —

Mr MORRIS — Just before you go on, negotiations are occurring, but we do not know when it is going to proceed from there.

Mr MERRITT — No, we do not.

Mr MORRIS — But the 38 million is still available.

Mr MERRITT — The commonwealth contribution was around about 19 million. That was withdrawn from the project. We are in negotiations with the commonwealth to get as much of that back into the Bacchus Marsh project.

Specifically around where those five bridges were, I will forward something to you in writing, but Benalla-Yarrowonga Road, Bridgewater-Maldon Road, Bendigo-Pyramid Road, Boort-Pyramid Road and Maryborough-St Arnaud Road is where those five bridge upgrades were.

Ms WARD — Thank you. And was there a reason that only five were built?

Mr MERRITT — That was the extent of funding available.

Ms SHING — I am interested in a follow-up to a question which my colleague, Ms Ward, asked earlier in relation to the M80 ring-road and the apparent absence of funding for that widening project from the papers. Is it a fair comment to suggest that the funding was diverted to another project, and if so, what was that other project?

Mr BOLT — I will have to be advised. I am not sure that funding was ever committed to complete the ring-road. That was always left as a future decision.

Ms SHING — That was to undertake work, though, into the widening of the ring-road?

Mr BOLT — Clearly the four that have been built and the one that is now being built, they are funded, but I am not sure that the other three were ever funded and that money diverted. I believe they were never funded, but we are now seeking, as I have just indicated, to have the completion tasks done, but that is within this government's priorities and would require a federal contribution.

Ms WARD — Her question is not about completion of the ring-road; it is about the projects currently on the ring-road. That is what you are talking about is it not, Harriet?

Ms SHING — The question that I have is: was the funding and investment into the ring-road widening project diverted into the east-west link for the purposes of the reporting period that we are dealing with today?

Mr MERRITT — No, I do not believe that. There was not funding put in and then taken out. The funding was just not allocated to that next section.

Ms SHING — So the funding was not allocated to the next section but other funding was allocated to the east-west link in the same period?

Mr MERRITT — I believe so.

Ms SHING — Yes?

Mr BOLT — Sorry, I was being advised. What was that contribution?

Mr MERRITT — Ms Shing is asking whether in parallel with the M80 not being funded were other roads being funded?

Ms SHING — Was the east–west link in particular being funded in that period?

Mr BOLT — Because it was in its very early stages my guess would be — I do not know the extent to which it was being funded. What I should do is come back and just be clear as to what funding was provided for the M80 and if there was any reallocation from that funding stream to anything else. I think the answer is no; we will confirm that, however, just to be sure, and we can certainly provide a list of other road projects being funded at that time.

Ms SHING — And specifically any correlation between the funding that perhaps was not allocated to the M80 widening project on the one hand and other road projects on the other.

Mr BOLT — We will attempt to answer that question to the best of our ability, Ms Shing.

Ms SHING — Great. Thank you very much.

Dr CARLING-JENKINS — I would like to address the issue around performance measures. The committee has been concerned with various performance measures across departments, many of which we have raised as lacking clarity, meaningfulness and/or robustness. Obviously I cannot go through all of the ones we have a concern about today, but one of the ones I would like to point your attention to is around the taxi and hire vehicles. This performance measure is around calls to the Taxi Services Commission call centre answered within 20 seconds. It is my understanding that in its three-year history of results, including the year that we are talking about here today, this measure has shown consistent underperformance by the department, which has been explained at length by increasing numbers and complexity of calls. At the same time the expected performance of the Taxi Services Commission has been lowered each year for the same reasons.

I have two questions around this. Firstly, a broad question: has the department considered reviewing this and other performance measures to increase the meaningfulness of the measure, and secondly, as to the actual issue raised by this performance measure, I wonder if the Taxi Services Commission could talk to what they have been doing in order to manage this situation?

Mr BOLT — On the general question, Dr Carling-Jenkins, about how comprehensive and explanatory, if you like, the performance measures are, that is a matter we do revisit every year, and any suggestions and input that we would get from this committee and other sources would be helpful to those considerations. We certainly are assembling the wider suite of appropriate indicators, ranging from outcome measures to output measures so that we are well guided in our work by what we are actually achieving.

On the question of the taxi program particularly, I am going to ask Dr Miles if she has anything to add.

Dr MILES — I can give you a sense, I guess, of the work that the Taxi Services Commission has been undertaking. So 97 per cent of the complaints made within 45 days is actually an improved measure for them, which is above the 85 per cent target. In terms of, I guess, the amount of work they are doing in that space, they are actually dealing with 126 000 telephone calls over the period of a year. The variation that they deal with of course is enormous for the industry. Eighteen hundred drivers have now undertaken the knowledge test and achieved that, which is a significant change in the workload for the commission. They have also been undertaking the reform program that has been underway for a number of years, so they have delivered 92 of 138 of those reforms.

The other thing I guess that we could add to that explanation of the work that they have been doing in the commission is dealing with the emerging ride share industry.

Dr CARLING-JENKINS — For sure, thank you. If you could just take maybe on notice the specific question around this particular measure and what — —

Dr MILES — Yes.

Dr CARLING-JENKINS — the Taxi Services Commission might want to comment on that.

Dr MILES — Certainly.

Ms PENNICUIK — This is a VicRoads question, so Mr Merritt might have to come back to the table. I notice in the questionnaire there are some references to the Western Highway duplication, which seems to have increased in costs by about \$32 million, which Mr Merritt may wish to comment on. But my substantive question is regarding the Ararat to Stawell part of the duplication project. It goes to the estimation that VicRoads had of the loss of 221 large old trees when it widened that 41-kilometre corridor between Beaufort and Ararat. Then it was realised that in fact that was a large underestimation and in fact that some 880 to 900 old trees would have to be lost, and in fact have been lost, and some of those were classified as being of very high conservation significance. You would have to say that 221 was a lot, but 900 is a very large amount and a very large discrepancy, which you yourself have already acknowledged, Mr Merritt.

My question is: when it became clear that there was such a discrepancy in the original estimate, why did the department or VicRoads not stall the project, cease the project, redirect the project or look at other measures to prevent the loss of so many very old and very high conservation trees?

Mr MERRITT — Thanks for the question, Ms Pennicuik. You are as aware as I am of the interest that members of the community up there have had in the issue. First of all the issue of the route of the road to Buangor and the Buangor bypass was the subject of obviously an independent environmental effects process, and interestingly the weighting that is given to red gums in particular in that process is surprisingly low. It gives enormous weight to the native grasses and the endangered fauna in that area.

The initial discussion with the community was about whether that route should change, and clearly in looking at the impact those old growth trees had, no other route should do it. When we initially identified the underestimation of the trees, in fact it was more than 800, and we spent a lot of time with the community there in doing whatever we could to save as many of those trees as we could, ultimately walking the route with community members tree by tree and doing whatever we could to save whatever trees we could through that process.

But it has been a really challenging exercise because — and I completely understand these are beautiful old growth red gums — there are a wide range of environmental values on this corridor. The point that we have been, I suppose, trying to deal with is, almost in an ironic way, that the reason we are taking these trees is that we cannot use our own road corridor because in fact the land that we own has become the remnant vegetation of the region. Outside the corridor almost everything else has been cleared, and we have hit a number of patches of beautiful trees through that area.

I do think that we have learnt a lot as a road builder. We have put an enormous amount of work into challenging the way that we look at the context in which these roads go. As you are aware, this is not the only road problem that we have had — we have had a similar challenge up on the Rushworth–Tatura road, and we have had some challenges at Ravenswood over the Calder interchange as well — and I do feel by any measure our work with the communities around those is infinitely better than it was.

Ms PENNICUIK — Not to mention Peninsula Link, which went right through some remnant vegetation as well.

Mr MERRITT — In days gone by it was a great big swathe, yes, but not any more.

Ms PENNICUIK — Perhaps you could update me on the actual situation now. I suppose the crux of my question was that it was such a very big difference in the original study. We have seen in the past where things have stopped, and let us go back, and you mentioned a little bit about that, even acquiring some of that other land that has already been cleared, which I know the community was putting forward.

Mr MERRITT — We certainly have had delays as a result of this issue, particularly on the Buangor bypass work as well, where there are some particular landholders. We have taken whatever time we think is appropriate to go through with the community and do everything we can to save every single tree that we can. As I said, we have literally with these community members walked this enormous route tree by tree, saying, ‘What can we do to preserve every one of them?’. We certainly share the view that many of these old growths are beautiful. Fortunately they are plentiful, but it is, as I said, a challenge of having to move outside our road corridor, which has other higher environmental values, into paddocks where these trees exist.

The CHAIR — I might just refer you back to the questionnaire, page 44, just in relation to ‘Regional rail link (various)’ in terms of the explanations for any variances greater than 10 per cent or \$100 million, and I think there is a \$556.3 million variance. The explanation provided is that it is:

... largely due to project savings, with remaining funding required to meet land acquisition activities yet to reach settlement and cover anticipated costs during the two-year defects period.

I was just wondering whether you might be able to elaborate in a little bit more detail just in relation to some aspects of that contract.

Mr BOLT — That is for Mr Hannett, Chair. Perhaps while he is gathering his thoughts, if you wish, Mr Hanney has an answer to Mr Dimopoulos’s question about the Streetlife grants.

Mr HANNEY — Through you, Chair, there are 35 grants that have been provided — 90 per cent of them to local governments and a few to retail associations or the Australian Retailers Association. One in two councils received those grants. There is a list of those in our annual report 14–15, so we can give you a copy of that straight after this meeting.

Mr DIMOPOULOS — Thank you.

Mr HANNETT — Chair, can I just have that question exactly again?

The CHAIR — I was just drawing your attention to page 44 of the questionnaire, ‘Regional rail link (various)’. This relates to the explanation for any variances greater than 10 per cent or \$100 million. At the bottom of page 44 of the questionnaire, the TEI in the 13–14 or 14–15 budget papers is 4.1018 billion, total actual investment 3.5495 billion, and the explanation provided is:

Variance is largely due to project savings, with remaining funding required to meet land acquisition activities yet to reach settlement and cover anticipated costs during the two-year defects period.

So I was just wondering whether you might be able to elaborate in a little bit more detail just around the contract that was struck in that period.

Mr HANNETT — Sure. First of all the contracts themselves are about six months ahead of schedule, so the contractors finished early — number one. Number two, we did not have any major claims from our contractors, so we did not have to use some of our contingency. Number three, the project team itself — —

Mr D. O’BRIEN — Sorry, can you just repeat that? Maybe a bit closer to the mic.

Mr HANNETT — Sorry. Number three, the project team that anticipated being there that extra time — so it was savings on the overheads, on the contractors and on basically the project coming in early. The funding left, anticipated in the 3.549, covers the outstanding defects liability period and the land acquisition claims which are still outstanding. You would appreciate when you have got a project of that size and scale — when you have got 3500-plus workers on it — if you do take another 6 to 8 to 12 months longer to build it, you can actually eat into a lot of contingency. We were able to successfully complete the contracts with our contractors early and avoid major claims.

The CHAIR — Thank you.

Mr MORRIS — I go back to the IR area. I am just interested in the sort of advice that is being sought — the nature of advisory committees, consultative committees and bodies that the department relates to, if any, in terms of working through the issue.

Mr BOLT — Mr Morris, is this in relation to public sector negotiations in particular?

Mr MORRIS — Yes.

Mr BOLT — That is going to be dependent upon which EBA it is. In relation to the overall approach that is taken to EBA negotiations, do we have any overarching advisory committee to the minister or the department? To my knowledge, no. Justin?

Mr HANNEY — I can add to that. Public sector policies in line with election commitments have been developed. That would be one. The department worked closely with the department of treasury around the development of a wages policy. That was done in conjunction with treasury. Then the last one would be that we played a key role in the public sector award modernisation process, which was conducted under the auspices of the Fair Work Commission.

Mr MORRIS — In terms of the private sector, bodies like the timber industry council, those sorts of bodies, are you working with those in any way?

Mr HANNEY — In terms of statutory bodies?

Mr MORRIS — Yes.

Mr HANNEY — We have Matthew O'Connor here. It would be good if we could ask him.

Mr BOLT — We will bring Matt O'Connor, head of IRV, to the table. We will raffle who has to stand up.

Mr O'CONNOR — Sorry, I could not hear the question from back there. Could you repeat it?

Mr MORRIS — Just the role of advisory bodies and bodies like the timber industry council, for example.

Mr O'CONNOR — The timber industry council?

Mr MORRIS — Yes, as an example.

Mr O'CONNOR — Yes. In relation to public sector enterprise agreements, Industrial Relations Victoria would deal with the agencies and occasionally with the unions that are involved with those agreements. I am not sure what role the timber industry council would play in relation to public sector agreements.

Ms SHING — Are you referring to the Forestry Industry Council, which was established under a previous government, or as a state body working group for the purposes of this reference?

Mr MORRIS — The name may well be wrong. I was simply using that as an example of the sorts of relationships that have been formed in terms of providing input.

Mr O'CONNOR — We certainly deal with employer associations through our private sector IR work. That includes the Forestry Industry Council and the Transport Industry Council, which are set up under the owner-drivers legislation. Those councils include employer representatives and union representatives, and they meet reasonably regularly. We also have a building industry consultative council, which includes representatives from employers and unions as well. That has worked as essentially situated within the private sector area of industrial relations. In relation to the public sector area, those consultative forums would have limited relevance.

Mr MORRIS — Is that pretty much an exhaustive list?

Mr O'CONNOR — We deal regularly with groups like the Australian Industry Group and VECCI on various private sector industrial relations issues. If you are talking formal councils, I think I have probably listed all of them, off the top of my head, but I could take that on notice.

Mr MORRIS — If you could, I would appreciate it, yes. Thank you.

Mr BOLT — And if I could just add, Mr Morris, we obviously have, perhaps more than most departments, very regular contact with employer groups on matters within our purview generally, ranging from transport to

IR to business assistance and so forth, so I would be pretty confident that if there were issues in industrial relations they wish to raise with us, we would hear them.

Mr MORRIS — Come through those, yes.

Mr BOLT — Certainly in relation to public sector negotiations. Clearly we are the employer in those cases, and we work with the health sector and others in relation to whatever EBA has relevance. The employer voice is clearly in the mix there, as it has to be.

Mr MORRIS — Thank you.

Ms SHING — I just have a very quick follow-on from what the deputy chair has asked, Mr O'Connor, while you are at the table. I am interested to know the extent to which during the reporting period those sorts of iterative processes with stakeholder groups, employer groups and employee representatives contributed to improved industrial outcomes and the extent to which there has been any change through funding and outputs provided to resource that dialogue from happening.

Mr O'CONNOR — Ms Shing, I can only answer in relation to my period within the reporting period, and that commenced when I returned to government in April. So for the period that you referred to, it would be difficult for me to measure the actual impact in terms of that consultative process.

Ms SHING — Perhaps by way of clarification, then, operationally, did those committees or groups or discussions occur during the reporting period in the same way that they are occurring now would be a question. You might want to take that on notice and perhaps provide that answer to the committee.

Mr BOLT — Yes, I think we would have to, and bearing in mind on private sector industrial relations our influence is necessarily limited, with the referral of powers to the commonwealth many years ago. Certainly we could offer a view on the public sector climate, as of course we advise government on.

Ms SHING — And specifically the allocation of resources and operational assistance, in both private and public, to facilitate that dialogue in the 14–15 period.

Mr BOLT — We will come back to you.

Ms SHING — Thank you.

Ms WARD — Can I just follow up on my bridges question? On page 3 of your survey you say that 70 bridges were built with the country roads and bridges program. If 5 were built between 2014 and 15, when were the other 65 built?

Mr MERRITT — The country roads and bridges program is a funding program for local government and is repairing bridges and roads on local roads. The ones I am referring to are on the arterial roads that VicRoads is responsible for.

Ms WARD — So when were the other 65 done?

Mr MERRITT — I will have to check what that period was, sorry.

Ms WARD — Thank you.

Mr MORRIS — It was done in the reporting period of course.

Mr D. O'BRIEN — Wasn't your question about — —

Ms WARD — It is in their survey response. I am speaking to their survey response.

Mr D. O'BRIEN — Wasn't your question about the current government's country bridges program?

Ms WARD — No, there is a reporting of 2014–15 that says that five bridges were built. In their survey response they say that they have done 70 within the program, and I would like to know when those 65 remaining were built, because it is indicated in their survey response that that is completed.

Mr MERRITT — I will clarify that in the response.

The CHAIR — I would like to thank the witnesses for their attendance. Thank you Mr Bolt, Dr Miles, Mr Hanney, Mr Hannett and Ms Eddy, plus everyone else in the audience here today. The committee will follow up on any questions taken on notice in writing. A written response will be provided within 21 days of that request.

Witnesses withdrew.