

CORRECTED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2002–03 budget estimates

Melbourne – 17 May 2002

Members

Ms A. P. Barker

Mr R. W. Clark

Ms S. M. Davies

Mr D. McL. Davis

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Witnesses

Mr S. Bracks, Premier and Minister for Multicultural Affairs;

Mr T. Moran, Secretary;

Ms F. Thorn, Deputy Secretary, Strategic, Economic and Social Policy; and

Mr Y. Blacher, Deputy Secretary, Governance, Resource and Infrastructure, Department of Premier and Cabinet.

The CHAIRMAN — Good morning. I declare open the Public Accounts and Estimates Committee hearings on the budget estimates for 2002–03. I welcome the Honourable Steve Bracks, Premier and Minister for Multicultural Affairs, to this hearing, and also Mr Terry Moran, Secretary of the Department of Premier and Cabinet; Ms Fran Thorn, Deputy Secretary, Strategic, Economic and Social Policy; departmental officers; members of the public and the media. At this stage I convey an apology from Ms Ann Barker, the honourable member for Oakleigh, who is ill.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript early next week. Before I call on the Premier and Mr Moran to give a brief presentation on the more complex financial and performance information that is the responsibility of the Premier and Minister for Multicultural Affairs I ask all present to ensure that their mobile telephones are turned off.

Would you care to make a short presentation to the committee on the details of your responsibilities?

Mr BRACKS — Thank you, Mr Chairman. As you mentioned, there are some departmental officers present whom I might quickly mention; they will be here for different parts of the presentation. We have available Mr Terry Moran, the Secretary of the Department of Premier and Cabinet; Mr Yehudi Blacher, the Deputy Secretary of Governance, Resource and Infrastructure, who will sit in after the multicultural affairs presentation; Ms Fran Thorn, Deputy Secretary, Strategic, Economic and Social Policy; Ms Louise Hill, Director, Organisational Development Branch; and Ms Elizabeth Jensen, Director, Victorian Office of Multicultural Affairs.

I again thank the committee for its work. I believe it is the most important of the all-party committees. As you know, Mr Chairman, I had that view when I was on the committee myself. I congratulate you on the work you undertake on behalf of the Parliament in scrutinising the executive. This is my third appearance before the Public Accounts and Estimates Committee. I would like to reiterate that that was not always the case. In fact, for seven years under the previous government the Premier did not appear once, and ministers appeared only on a rotation basis. I note that the Public Accounts and Estimates Committee now has accessibility to not only the Premier but to every minister for every estimates period every year. That is a significant increase in the accountability of government here in Victoria. I would like to place that on record as a big change from what occurred previously.

I will be as brief as possible, but in my presentation today I will concentrate on my role as Premier and portfolio minister for multicultural affairs. I will touch on the other parts of the department — arts and women's affairs — but they will be the subject of a separate estimates hearing. I have a series of slides which may assist the committee.

The 2002–03 budget has been driven, as you are probably aware, by the Growing Victoria Together framework, our long-term vision for Victoria and our 10-year plan and outlook for the state. Our priorities for the next decade will focus on three important goals in realising the Growing Victoria Together framework: providing decent and responsible government; getting the basics right — good schools, quality health care, more jobs and safer streets; and leading the way to a better Victoria, with education and lifelong learning as the key ingredient of that aim. Growing Victoria Together attempts to balance our economic, environmental and social responsibilities as a basis for improving the quality of life for all Victorians.

The Growing Victoria Together framework was released by me in November 2001. It outlines our government's vision for Victoria over the next decade and identifies important issues which will guide resource allocation over the medium to long term. If you like, the budget which was presented by the Treasurer is the first instalment of the Growing Victoria Together framework. This is the first year of a 10-year cycle in which we have identified the key and urgent priorities to achieve the aims of Growing Victoria Together. It provides a triple bottom line framework to balance economic, social and environmental actions in order to build a fairer, more sustainable and more prosperous Victoria.

The issues identified in Growing Victoria Together and the progress measures in assessing progress to date relate to many of the departmental objectives and outputs. If you look at the output measures and some of the changed measures you will see that they reflect the Growing Victoria Together framework. They have been aligned on that arrangement so the budget is aligned, the output measures are aligned and the measures of achieving progress will be related to those output measures which relate to Growing Victoria Together.

Eleven key areas have been identified within Growing Victoria Together. They are issues which have been identified as important for the government, important for Victorians. These areas together with priority actions will assist in the achievement of our strategies. I will not go into each of them but they are listed on the slide. They

represent the immediate work and task which has framed the 2002–03 budget. Our vision for Victoria by 2010, in which these 11 areas will assist, is for a state where innovation leads to thriving industries generating high-quality jobs; where we protect the environment for future generations and have that built into everything we do; where we have a caring, safe community in which opportunities are fairly shared; and where all Victorians have access to the highest quality education and health services throughout their lives. This framework, as identified on the slide, has guided the Department of Premier and Cabinet in its decision making and budget development for 2002–03; I will go into that later in the presentation.

The Growing Victoria Together framework, departmental objectives, outputs and output performance measures form an integral part of and framework for resource allocation and performance measures which will provide for alignment of departmental objectives and outputs with government outcomes and the Growing Victoria Together visions, which assists in the identification of linkages and synergies within the department to support the achievement of outcomes across government. I have mentioned already that we have aligned better, I believe, in this budget the output measures in accord with the Growing Victoria Together vision and framework for Victoria.

I turn now to the themes of the 2002–03 budget. It again builds on the framework of the Growing Victoria Together strategy and ensures that commitments are addressed. The key themes that we had to address in this particular budget were to ensure that an appropriate response was there to demand growth pressures — a growing population, an ageing population and therefore the demands on the health and education system and other areas of the budget which result from that — so the demand pressures were a key ingredient of what we framed up: providing critical government response to major policy initiatives identified through the community engagement processes we undertake; addressing the skills and capabilities of the public sector, an important part of this department's role and function; and correcting some unavoidable cost pressures which must be addressed, things which no government can avoid but which are pressing and urgent and had to be dealt with as part of this budget.

The key issues in 2002–03 therefore were the further integration of social, economic and environmental policy, the continuation of improvement in community engagement, including the multicultural affairs consultation progress, the language services provisions, and women's safety. Other key initiatives that were addressed in the 2002–03 budget included arts and cultural development through provisions to state-owned facilities and a range of initiatives to improve the skills and capabilities of the public sector of Victoria.

The Department of Premier and Cabinet has four main and key roles: one, support the Premier as head of government and cabinet; two, provide strategic policy leadership; three, develop whole-of-government initiatives; and four, it has a delivery arm as well particularly in relation to government information and communications, Arts Victoria, and also multicultural affairs as its overarching coordinating responsibility. The department's objectives and outputs have also been reviewed in this budget to ensure greater alignment to the department's role and to develop a more focused approach to achieving the government's outcomes.

The Department of Premier and Cabinet's portfolio and budget also include the independent agencies which provide a vital and important service on behalf of the public as third-party scrutiny on activities of government more broadly. They include the Office of the Governor, the Ombudsman, the Office of the Chief Parliamentary Counsel, the Commissioner for Public Employment, and also the Victorian Multicultural Commission. The department's role is to ensure these independent agencies are appropriately supported so they can perform their function in accordance with government policy. If I could use the example of the Ombudsman's office, we recently increased some support to the Ombudsman's office to ensure that ethnic youth and Koori people have access to the service of the Ombudsman. It has been extraordinarily successful as an example of the support required by government of those independent agencies.

I go now to the achievements in 2001–02, leading in therefore to the new initiatives that we have embarked on for 2002–03. In 2001–02, in multicultural affairs in particular, the area for which I have portfolio responsibility, we developed a community information and education campaign following the passage of the Racial and Religious Tolerance Act in June; a needs analysis of language services focused on improved client services to service areas particularly within the Department of Human Services, the Department of Justice and the Department of Education and Training. We are expecting to release the report of the needs analysis of language services in June this year. In the meantime, as an instalment before that report is released, we have allocated a further \$500 000 in the 2002–03 budget, which will mean about \$2 million over four years for enhanced language services. There is a big demand for those services. We have a very high non-English-speaking-background population in Victoria that is increasing, and the demand on those services is also increasing.

A reporting framework will be developed during 2002 for implementation in all departments as a whole-of-government effort. We held a national population summit on 25 February 2002, which was extraordinarily successful and which took a leadership position around the country. I note and report to the committee that the federal government has now instigated its own population summit in response, and it is a pleasing outcome to have that matter on the agenda and debated not only from a state perspective but also from a national objective.

The Victorian Multicultural Commission grant applications over the current financial year have increased from about 1300 in 2001–02 to more than 1400, so demand has been greater and that is probably in response to the \$1.5 million we had extra for those grants. The VMC has developed and implemented a comprehensive community consultation program as well, and it does an excellent job in that area. Looking forward, the aims for 2002–03 in multicultural affairs include the language services strategy, which I have mentioned and which will be completed in the middle of this year. It will improve the supply and quality of interpreters, particularly in regional areas. It will improve client service delivery and agency data collection and funding administration.

The Department of Premier and Cabinet will develop a framework for a Victorian population policy, also coming out of our summit, as both a migration and economic policy issue which will include the development of a state population council to continue the debate and encourage the participation of other sectors and other jurisdictions, and will produce some progress issue papers on those areas. We are also working with other departments on increasing Victoria's share of business and skilled migrants; examining Victoria's fertility rates and links to family-friendly workplaces; and looking at environmental and infrastructure impacts on population in planning for the future for increased population. Regional areas will be a focus on all the above objectives.

Additionally the community profile series provides a comprehensive range of socioeconomic and demographic data on 28 of Victoria's ethnic communities based on the 1996 census data, which is also being updated for the 2001 data as it becomes available. We will also re-examine the multicultural directory. It was last published in 1999 and the Victorian Office of Multicultural Affairs is producing a completely revised and updated issue that will be released in October or November this year. It is a very important resource and one which is due for updating and will be completed later this year.

Socioeconomic and demographic data from the 2001 census will be compiled this year to help government communities better target services, and these will appear on the Victorian Office of Multicultural Affairs web site. The Victorian Multicultural Commission will also conduct an analysis of local government service delivery and responsiveness to cultural diversity during this year and the Victorian awards for multicultural excellence will also be undertaken this year.

I turn now to departmental performance and reporting on responsiveness to cultural diversity. That departmental performance includes: each of the nine departments are now required to include in their annual reports a section on their responsiveness to cultural diversity of their client group; details of forward strategic planning for cultural diversity for the coming year, in November 2002; a whole-of-government report on achievements to date which will be due by December this year; and a program of community consultations conducted by the VMC which will be reported on in November — and this year will be in February next year.

I now to the key aims of the Department of Premier and Cabinet for the budget period. For 2002–03 we are committed to further develop the economic, environmental and social aspects of Growing Victoria Together. This includes our department having a lead role in championing a whole-of-government approach to service delivery and the provision of high-quality and integrated economic, social and environmental strategic policy advice; an assessment of the likely social capital trends and development of policies that will further integrate that triple bottom line; development of a range of initiatives and approaches to improve work force planning, training and management across the public sector; implementation of a range of issues resulting from the women's safety strategy aimed at preventing violence against women — the Minister for Women's Affairs will speak about that in more detail if required by the committee; development and implementation of an electronic records centre of excellence to ensure the appropriate storage and management of digital information; and implementation of initiatives designed to enhance cultural facilities and programs at Museum Victoria, the State Library of Victoria and the new contemporary arts centre at Southbank.

If I could finish by looking at the department's output structure for 2002–03. We have reallocated seven output groups to four output groups to more effectively align the work of the department with the government outcomes. As a result output costs have been redistributed to reflect the contribution of branches and business units to each

output. A greater emphasis has been placed on policy leadership projects and implementation of initiatives to improve the responsiveness of the public sector to government directions.

I turn to the summary of the initiatives for 2002–03. Firstly, the Victorian electronic records strategy, a centre of excellence — \$4 million in operating capital will be applied — that is the Public Record Office for the storage and management of digital information for records that are kept by the state.

The Australian Graduate School of Government is a new and exciting initiative, and \$2.4 million has been allocated for that. There is work to be undertaken with other states who will partner with Victoria in that, in cooperation with key universities around the country. A very exciting leadership has been taken in Victoria to have the first school of government in Australia, which is born out of here but will operate in other states.

I also list the Museum of Victoria, \$4.3 million; the State Library of Victoria and state-owned facilities, \$1 million; language service provisions, as I have mentioned, an increase of \$500 000. The Victorian Multicultural Commission grants program will increase by \$0.3 million; the Victorian Arts Centre Trust, \$2.3 million; the Exhibition Buildings redevelopment at Museum Victoria, \$1.3 million — a lot of those are urgent, required and unavoidable works; some are new initiatives.

The CHAIRMAN — Thank you for that presentation and for the handouts, Premier. The committee has allocated 25 minutes for questions on the multicultural affairs output group, for which you have responsibility. The remainder of the time today has been allocated for questions about the Department of Premier and Cabinet. I propose at the end of the 25 minutes that the committee should proceed directly to questions on the Department of Premier and Cabinet.

On your multicultural affairs portfolio, Premier, in your presentation you mentioned the national population summit and the role of the VMC. There may be a view about that. The issues you raise there of migration and so on may fall more into the federal domain. What do you believe were the primary purpose and benefits to Victoria of its participation in the population summit and in leadership in that population summit?

Mr BRACKS — There are several reasons why we should take leadership on that in Victoria. One of the principal reasons is that it has been a significant driver of economic growth in Victoria. We have seen a net increase in migration, both overseas and domestic migration, principally from South Australia, New South Wales, Queensland and Tasmania into Victoria. That has helped fuel significant extra demands for goods and services, and significant extra employment growth in our economy. It has a significant and profound importance in relation to our economic growth.

Secondly, in relation to diversity and the quality of life we all enjoy, having people who have settled here from more than 140 different countries and who speak more than 140 different languages has increased the diversity of Victoria, the quality of life we enjoy and the cosmopolitan nature of Victorian life, as well as providing an engagement therefore with Asia and the Asia-Pacific region in which we operate. It has a significant dual effect.

We have a significant problem in the medium term if we do not address the problem. In fact, with the combined effects of an ageing population and low fertility rates it means we are not replacing our population in birthrates. We will effectively, after 30 to 40 years, be in population decline whilst all the countries in which we engage in the Asia-Pacific region will have significant population increase.

We will also have fewer individuals in the work force paying taxes to support people in retirement. That proportion will blow out, and the Business Council of Australia estimates that currently we have six taxpayers for every one retiree; in the next 40 years, if no action is taken, we will have something like three taxpayers for every one retiree. We cannot have the same standard of living as we have now if we do not take action to address the problem. Doing nothing will effectively mean we will have a significant problem. That was evidenced in the report presented to federal Parliament this week by the federal Treasurer, Peter Costello. I refer to the intergenerational report he tabled alongside the budget documents. It showed the cost of providing health and welfare services up to 2042 with the ageing population and the reduced skills we will have because of a declining population rate.

One of the things that was absent from that analysis was any attempt to identify or to take any position on a population policy. I would have thought it was very fundamental that that was an obvious outcome from that intergenerational report, not simply identifying the costs and moving out but identifying the solutions — how we get the skilled work force into our country, how we ensure we keep the quality of life we have had and enhance it into the future. That is the rationale behind it. It has good economic and social bases, and in it we also have to plan

for the future by ensuring that we have the right environmentally sustainable policies in place to ensure we have good public infrastructure in water resources, roads and rail to account for that increased population as well.

Mr CLARK — I refer you, Premier, to the expenditure on multicultural affairs, shown at page 287 of budget paper 3. Yet again we have a situation where prior year figures for that expenditure have not been provided. There is only the \$5.3 million specified for the current year. I presume the explanation is that there has been yet another rearrangement of programs, but as you probably know, Premier, this committee has been very keen that prior year comparative figures be provided so there is better disclosure. Can you explain why there has not been an attempt to provide prior year figures on this portfolio line and what those figures are? How much of any change in funding has been used to provide additional staff to either the Office of Multicultural Affairs or the VMC?

Mr BRACKS — As I outlined in my presentation, we have realigned the department's objectives in line with Growing Victoria Together. There has been a realignment. The reason we did that was because we have a new policy prescription for the state, a 10-year outlook under Growing Victoria Together. That required alignment from government departments and agencies to ensure those objectives were met, with performance measures reported on in progress reports each year to achieve those objectives. That is why in our case, in the Department of Premier and Cabinet, we have moved to less departmental objectives and output measures than we had previously. They have been aggregated.

In relation to the funding for multicultural affairs, the existing funding has been increased by \$0.5 million for the language services. We have also increased the grants program by \$0.3 million for the coming financial year. That will flow on. The only difference between the previous financial year and this financial year has been the increase in language services and the increase in funding to the VMC for grants programs.

In relation to the other matter that you raised on what proportion of that is on staff allocation, I do not have those details but we will take that on notice and provide it to the committee later.

Mrs MADDIGAN — I return to the population summit. The Chairman asked you about why the national population summit was held. I noticed in your overall presentation one of the aims for 2002–03 is the development of a population policy. I think you mentioned a couple of things in that, namely migration, the state population council and some progress issue papers. Could you give us more information on why we need a population policy and how it will benefit Victoria? What role do you see Victoria playing in developing a policy that in turn really needs to be linked into the federal government?

Mr BRACKS — The principal reason we need a policy is to plan for the future. If we do not have a policy, infrastructure development and environmental sustainability will simply have to follow whatever occurs in natural population growth or, in fact, on population decline. Having a deliberative policy of a population target, for example, which is important for our nation — and it is also important for Victoria to be part of that — will allow us to plan better for the sustainability of that population, of the infrastructure provision provided, and for governments to plan for it in the future. That is the principal reason why we need it — and we need it urgently.

How we are going to set about achieving it? By continued leverage to and pressure on the federal government. As I mentioned in the preamble, I am encouraged that there has been some movement at the government level. From a position where we had a population summit in Victoria in which the federal government refused to participate and sent a departmental officer to read the immigration minister's speech it has moved significantly to a position where now a population summit is being organised separately by the immigration minister in New South Wales. So it has had a desired effect almost immediately in having that matter on the agenda, which is important.

Secondly, we are pursuing our own population council. In cooperation with other states we are seeking models such as a multijurisdictional model, again to provide advice, support and assistance to the federal government in its development of a proper population policy which will impact on immigration levels, family-friendly workplaces and employment practices to encourage partners to raise a families and work concurrently — an important consideration in trying to lift the birth rate. European countries have done this very well. They have significantly advanced policies on family-friendly workplaces to ensure that happens, so there need to be some changes there as well. Those are the two things we will be pursuing as part of that policy.

Mr DAVIS — I refer to your policy that is aimed at ensuring government departments and agencies commit a minimum of 5 per cent of their total advertising and promotional budgets to multicultural communications. In that context I ask you to give us an assurance that this commitment is being met across all government departments and agencies each year of this government. Can you also give us an assurance that ethnic audience reports have been submitted by departments consistently across the period of this government?

Mr BRACKS — I thank you for your question. It is certainly something we keep reinforcing with every government department. We have a leadership role to play in multicultural affairs and in ensuring that the whole-of-government effort complies with this arrangement. The latest data compiled on media expenditure indicates that for the periods February to April in 2001 and 2002 the overall media spend has increased by 5.4 per cent, the ethnic media spend increased by 29.2 per cent — and that was to do with the significant efforts we took to make sure that there was — —

Mr DAVIS — What was that figure?

Mr BRACKS — The overall media spend increased by 5.4 per cent but the ethnic media spend increased by 29.2 per cent, so the proportion has been greater in ethnic media. As a result we will continue to ensure that there is compliance with those arrangements. It is important that the government's message gets out in our ethnic media as well as through the general media, and we will continue to pursue those aims.

Mr THEOPHANOUS — Welcome once again, Premier. I note a statement on page 7 of the *Growing Victoria Together* budget overview which I think is very important. It states:

The government recognises that the diverse cultural backgrounds, languages and abilities of Victorians are some of the state's greatest strengths.

The 2002–03 budget builds on the government's commitment to support and enhance the role of the Victorian Multicultural Commission through the continuation and expansion of the current community grants program.

I think this community grants program is a very important part of community building and maintaining the government's position of support for multiculturalism within the state. Could you outline to the committee how effective you believe the Victorian Multicultural Commission's community grants program is?

Mr BRACKS — I think it is extremely effective. While a lot of grants are small they are essential, and they are not available to a whole range of ethnic organisations in Victoria otherwise. They are about building cohesion and support within those communities, and about providing meeting places for that cohesion to occur.

The total budget allocation for the Victorian Multicultural Commission grants program in 2001–02 is \$1.25 million, which we allocated in a few categories. The first is an organisational support program. The second is the community building program, which is an important part of it. The third is the multicultural festivals events program, the community partnerships program and the ethnic schools programs. We received a total of 1417 grant applications, which was an increase of about 100 on the previous year when we received about 1319 applications. I will not go into all the grants but they have ranged over most ethnic organisations in the state. I believe it does make a difference. I believe the Victorian Multicultural Commission does a great job in ensuring that each community is participating in the grants program. It also provides assistance and support in the grant application process, which is also important. So it is not simply your ability to apply for a grant but the needs in your community which are assessed, and the VMC plays a great role in that capacity-building effort and does it very well.

Mr THEOPHANOUS — Those grants are very important, particularly as we have an ageing population. Many of the ethnic elderly age groups have their own organisations, and in my electorate I can assure you that those programs are very welcome support for those groups.

Mr BRACKS — Indeed. To reiterate, when we came to government the allocation for these grants programs was about \$750 000. With the measures we have taken in our first two budgets and now this budget the allocation has increased by \$1.35 million, so there has been a significant increase in the grants program. While that may not be a big figure when spread out across many organisations, it does make a difference.

Mr DAVIS — As a follow-up to the *Growing Victoria Together* statement to which Mr Theophanous referred a moment ago, I am informed that the distribution and production cost of that approached \$700 000. What proportion of that was spent on distribution of the document to multicultural groups?

The CHAIRMAN — That is actually a separate question rather than a follow-up, Mr Davis.

Mr BRACKS — I am happy to answer it. I probably do not have that particular detail broken down to particular groups, but it is something we can deal with in the broader part of the DPC, I am sure.

Ms DAVIES — What action have you as a government been able to take, or been prepared to take, to encourage the movement of particularly skilled migrants into rural areas, given that we have significant skill shortages?

Mr BRACKS — It is one of the biggest issues facing all state governments in Australia. I know it is one that both parties federally are addressing currently — the encouragement, incentives and support to encourage migration to occur to the state not only to the capital city but to the regions. Our principal effort is to make regions more accessible through significant investment in the links between our regional centres and the city such as the fast rail links — a significant investment for the Regional Infrastructure Development Fund. We do not have any direct or unique incentives over and above that which is applied federally, particularly for country regions, but we are happy to work with the federal government if it embarks on such an arrangement. We have the capacity to grow some of our regions, there is no doubt about that. Many of our regions have grown up because of previous immigration levels — the Sheppartons and the Milduras, for example, largely grew up on the back of significant overseas migration, and we have greater capacity to do that in the future. So we are happy to work with the federal government; it is not principally a responsibility of the state but nevertheless we would be happy to work with the federal government if it was embarking on particular arrangements and incentives in this area.

Ms DAVIES — Are you prepared to initiate programs?

Mr BRACKS — Indeed, that is really why we have embarked on our population policy effort and our population council in cooperation with other states to take leadership positions to present those policy propositions to the commonwealth for its consideration.

Mr RICH-PHILLIPS — Following up on the question asked by Mr Clark regarding the output groups for multicultural affairs — I note you say they have been realigned — the research done by the committee this year suggests this is the third realignment of output groups in the three years your government has produced budgets. I note your commitment in the Independents charter at the time of forming government where you said:

I commit a Bracks Labor government to the following:

Ensure that budget information is consistent with previous formats to allow for full and transparent comparison by including parallel information in both formats where a format change is deemed desirable ...

Can you point out to the committee where we can find the parallel reporting?

Mr BRACKS — The presentation of the budget papers is excellent and they are easy to read. We will also be providing feedback to this committee when we distribute the response to the budget presentation, so we will have a feedback arrangement as part of the budget process. I reiterate that the reason there has been some change in output groups is that we have a new framework for Victoria — a 10-year outlook, Growing Victoria Together. That framework will become a consistent application in the future. It is understandable therefore that we would align that new framework with new output measures, and that is exactly what we have done.

Mr RICH-PHILLIPS — I accept that, Premier, but you have committed to producing parallel reporting in writing and I am wondering where the committee can get hold of that parallel format from previous years.

Mr BRACKS — As I have indicated, I think it is very readable and very easily able to be understood. The department secretary also wants to comment on some of the output measures.

Mr MORAN — Just to add that the performance measures in 2001–02 and 2002–03 differ only with the addition of some measures. Basically the performance measures remain the same, and that is essential to achieving comparability of measures.

Mr RICH-PHILLIPS — Nonetheless there are changes.

Mr MORAN — Additions.

The CHAIRMAN — That completes the time allocated for multicultural affairs.

Witnesses withdrew.

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The CHAIRMAN — Premier, I will commence by asking you a question in relation to the recently released *Growing Victoria Together* document which sets out a 10-year plan of strategy for this state's social, environmental and economic goals and the methods by which they should be realised. Clearly in setting out a 10-year strategy plan one would expect that over that period a number of challenges will need to be overcome that may affect the implementation of the plan, so could you outline to the committee the challenges that are expected to arise for the Growing Victoria Together strategy, and has there been a consideration of how those challenges themselves may be met and overcome?

Mr BRACKS — I thank the Chair very much for the question. It may be useful for the committee to know that from the *Growing Victoria Together* framework document we have also developed a list of the 11 priority areas which I identified in the presentation, the priority actions which will be taken in relation to those and also the measures that will be taken to assess the progress of those priority actions.

To answer your question succinctly, the real challenge is to measure progress to ensure that the whole-of-government effort is aligned to achieving those outcomes by measuring progress to date of the government activity towards achieving those outcomes. That is why we have ensured that as part of Growing Victoria Together there will be a report back each 12 months to the Victorian public on the progress to date of achieving those priority actions and the progress of the measures that we have set. For example, in education one of the measures we have set for ourselves is to achieve 90 per cent completion to year 12 or equivalent by 2010. Clearly as part of the reporting-back arrangement, each year we will report on progress towards achieving that aim, by asking, 'Has there been a measurable improvement', and 'Given that it has been measured, how did that improvement occur?'. That is an important challenge. I believe the biggest challenges of the Growing Victoria Together framework are how we implement it, how we measure progress and how we report to the public on those measurement arrangements.

I am happy to provide that document to the committee. It is something that is used in the public sector, but it is something that will be useful to this committee to assess the performance of departments and to assess the progress made towards achieving those very goals.

The CHAIRMAN — Thank you.

Mr CLARK — I raise a question relating to the Metropolitan Ambulance Service (MAS) royal commission. As far as I can see, nowhere in this year's budget papers — budget paper 2 or budget paper 3 — are the costs of that commission accounted for, either for the current financial year or for 2002–03. Can you tell the committee where the costs of that royal commission can be found in the budget papers, not only of the commission itself but also of the costs being borne by the state for the various legal representations involved, for any of the indemnities involved, and also for the implementation of the recommendations of the royal commission? If those figures are not contained in the budget papers, can you tell the committee what those various costs are, have been or will be?

Mr BRACKS — Indeed. I am happy to provide those figures to the committee. One of our newspapers has sought the same information as well which we are providing to it. There is a direct cost of the commission itself which is \$30.26 million, and there is other spending on legal costs and indemnities which we are happy to provide to the Public Accounts and Estimates Committee.

Mr CLARK — Are they set out anywhere in the budget papers?

Mr BRACKS — As you know, I indicated very clearly right throughout the process of the MAS royal commission that there were direct gazetted costs. The legal costs, as you would know from your experience in government, have always been matters which departments have held as part of their contingencies, as part of their overall legal costs, so obtaining that means we have to disaggregate from each of the departments. As I have said, I am happy to provide that to the PAEC.

Mr HOLDING — Premier, Melburnians would be aware of a range of projects occurring particularly in the central business district and the environs of central Melbourne. Those major projects, which are not just government projects such as the Spencer Street redevelopment and the Collins Street overpass but also other projects like the redevelopment of Queen Victoria hospital site, the developments at Daimaru and others, are predicated on a good relationship existing between the state government and the Melbourne City Council. Can you outline to the committee the level of cooperation that exists between the state government and the Melbourne City Council and provide the committee with some information about the direction in which that relationship is going?

Mr BRACKS — Thank you very much for your question. I can report to the committee that the relationship between the state government and the Melbourne City Council is excellent, it is first-class and it is much improved on the previous administrative arrangements which were there before the reform of the Melbourne City Council was undertaken by the state government.

The electoral reforms which we pursued, including the direct election of a lord mayor, have proved successful. They have resulted in probably the most stability we have seen in the Melbourne City Council since its inception and that has been a great boon for city-centre governance and for cooperation on key planning and development issues between the state government and the Melbourne City Council.

An example of that will be announced today, in fact. I can indicate to the committee that there will be further developments on the north bank of the Yarra River. As you know, we have seen significant development on the south bank with the last remaining site between Crown Casino and Southbank itself now being developed in cooperation with the city council as the Queen Bridge square. That is a cooperative arrangement between the Melbourne City Council, the state government and the developer, Australand. That will be a new square precinct in addition to the campus-style accommodation and residential development on the old Australia Post site which has been an eyesore in that Southbank precinct.

I am very pleased to indicate to the committee that soon after the Public Accounts and Estimates Committee hearing I will be visiting the north bank of the Yarra to announce that the government in cooperation with the Melbourne City Council will soon be signing a memorandum of understanding to encourage the development of the north bank of the Yarra in a similar style to the south bank. You can imagine the north bank with commercial, retail and entertainment facilities developing off it, leading up to the Docklands precinct and leading up to the redevelopment of the Spencer Street station, which our government is undertaking under tender.

We will be announcing today the removal of the Flinders Street overpass, which will be by itself a fundamental instrument in allowing significant commercial development onto the Yarra River and considerable access onto the Yarra River and the waterfront area. I believe this has been a significant encumbrance to development on that north bank area. That will be an important development and we will be seeking private sector interest for it. Obviously the private sector will gain considerable value out of the land. The land itself will increase in value once that overpass is removed, and that will help in the costs required for the removal of the overpass, which could on any estimate be around \$10 million, but we believe that would be able to be met significantly by the increased land value and the tenders sought from the private sector for development of that area. So that again is another example leading to your question of significant cooperation between the government and the Melbourne City Council. With Queens Bridge Square, on one side of the Yarra, and now with the Flinders Street overpass and access on to the north bank, we have had significant cooperative arrangements which are working very well.

I should add that I meet regularly with the Lord Mayor. The head of my department, Terry Moran, the chief executive of the City of Melbourne, Michael Malouf, the Lord Mayor and I meet on regular occasions on issues of concern to the city in the interface between the City of Melbourne and the state government. That has proved very useful and beneficial in dealing proactively on some issues. The Melbourne City Council does have a special and unique role in city centre governance and therefore requires some special attention as part of that.

Mrs MADDIGAN — You could call the new square the yellow peril square.

Mr BRACKS — I think people have started to like the Yellow Peril now in its new location. The opposition does not, but we do.

Mrs MADDIGAN — I like it.

Mr HALLAM — Premier, I would like some clarification in respect of the layout of the budget document itself. I take you to 'Public Sector Employment and Conduct Services' which appears at page 291.

Mr BRACKS — Is this budget paper 2?

Mr HALLAM — No. 3.

Mr BRACKS — What page?

Mr HALLAM — Pages 291 and 292. You have included as a performance measure 'Proportion of organisations complying with significant elements — —

Mr BRACKS — This is page 291, is it?

Mr HALLAM — Page 292, just over the page. The third heading under ‘Quality’, ‘Proportion of organisations complying with significant elements of executive remuneration policy’. I see for the first time you have included a target.

Mr BRACKS — Yes.

Mr HALLAM — I raise a couple of issues in respect of that, Premier. First of all, what do you include by way of significant elements of executive remuneration policy? What is a significant element of your executive remuneration policy?

Mr BRACKS — We have a compliance arrangement through the Commissioner of Public Employment, who reports to me directly who has the role of accessing across agencies, both inner government agencies and also statutory authorities, compliance with existing bans for senior executive remuneration salaries and policy.

Mr HALLAM — Can I get clarification? Does that policy apply to all senior executive positions, including those in government business enterprises (GBE)?

Mr BRACKS — In the GBEs — I might just take advice here.

Mr MORAN — Those bodies are expected to check with the commissioner and the Government Sector Executive Remuneration Panel (GSERP) process for which he is responsible. This is a relatively new arrangement. There is a transition period during which some of those bodies are outside the guidelines that have otherwise been established by the government because of decisions taken in the past. But, yes, Mr Salway is the point of contact on these things, and his role is to see that the government remuneration policy generally which goes to, as you know, Mr Hallam, total remuneration package, is taken up across government. That is on the basis that as you would be aware, roughly two-thirds of executives employed in the Victorian public sector, from memory — I could be a little wrong on this figure — are actually outside targets.

Mr BRACKS — Outside budget.

Mr HALLAM — I understand that. Is there any standard exception to the policy rule that GSERP be involved in the appointments? Does it apply, for instance, to Treasury Victoria? Does it apply to Rural Finance?

Mr MORAN — The Department of Treasury and Finance?

Mr HALLAM — Yes; Treasury Corp?

Mr MORAN — Treasury Corp, yes.

Mr HALLAM — Is that a new position?

Mr MORAN — As I said, it is a different position to that which applied previously. These bodies are supposed to be brought into GSERP’s operations, but some of them were in excess of general standards when they came in. I think that is the essence of it.

Mr BRACKS — That was the issue. I had a very early report from the Commissioner for Public Employment, who showed me that on some of the outer budget agencies when we came to government there were significant differences on some salaries. Of course, those contracts go on before we have the opportunity to seek an arrangement which is in keeping with the rest of the public sector. Is that the point you are making?

Mr HALLAM — No, it is a question, Premier. I am not trying to make a point at all. I am trying to clarify government policy.

Mr MORAN — I might be able to add further information. I am a little unsure where you are going — but that might help in respect of your question.

Mr HALLAM — I perceive that you are expecting that only 90 per cent of organisations will comply with the policy. That is what you are expecting. What you are explaining is that this is an historic position more than anything else and that you would expect 100 per cent once the existing contracts are rolled over?

Mr BRACKS — Over time. I will tell you why the 90 per cent is there — because of what we inherited. I am just telling you the reason, because of what we inherited — the special deals and arrangements and the contracts that you signed in government. That is why we have got an over-time arrangement.

Mr HALLAM — Let me be specific in my question, Premier: do you expect that figure to be 100 per cent as existing contracts are rolled over?

Mr BRACKS — We will have to examine that for the next period to see how long those contracts go. It may go to 95. It may go to 93. Over time that would be our aim and aspiration, yes.

Mr HALLAM — And as each contract is rolled over then, the GSERP policy should apply?

Mr BRACKS — That would be our aim, to apply that policy, yes.

Mr HALLAM — Can you explain why it was not applied in respect of the Urban and Regional Land Corporation?

Mr BRACKS — It was. It was within the current band.

Mr MORAN — Are you referring to the previous chief executive office (CEO) of the Urban and Regional Land Corporation — —

Mr HALLAM — Yes.

Mr MORAN — Who sought an increase in remuneration which was declined under these arrangements at the conclusion of his contract because what he wanted was inconsistent with this policy.

Mr HALLAM — I am not referring to that all. I am referring to — —

Mr BRACKS — You should be!

Mr HALLAM — I am referring to the appointment of Jim Reeves.

Mr BRACKS — That was in compliance.

Mr HALLAM — In compliance?

Mr BRACKS — Absolutely. The previous chief executive, my understanding was, sought an increase which was not approved.

Mr THEOPHANOUS — A massive increase.

Mr BRACKS — Which illustrates your point, bears out the very point you have made.

Mr HALLAM — Excepting that the appointment of Mr Reeves was not referred to GSERP.

Mr MORAN — My understanding of the arrangement was that it was consistent with the requirements of that process.

Mr BRACKS — That is right.

Mr MORAN — I think part of the difficulty might lie in two points. Firstly, as you know, there are three executive ranges, and for each range there is a fairly wide remuneration band. And the higher band, in which I am privileged and fortunate enough to be employed, goes well beyond my remuneration level, as I am sure you would appreciate — —

Mr HALLAM — Of course.

Mr MORAN — To quite impressive levels which are seldom used in the Victorian public sector; although in other jurisdictions, salaries at that level and above are paid, as I am also sure you are aware.

Mr HALLAM — There is a very important message there, Mr Moran.

Mr BRACKS — I think it's a message to me!

Mr MORAN — No, I didn't mean that.

The CHAIRMAN — It is not customary for the Public Accounts and Estimates Committee to have salary bids!

Mr MORAN — This is not the opening up of a remuneration negotiation on my part, or anybody else's.

Secondly, the commissioner has in fact done regular remuneration surveys across the Victorian public sector which have shown a number of things. We are below, in Victoria, even the modest standards that were accepted previously as reasonable for executive remuneration. We are behind remuneration for other jurisdictions, and that is causing difficulties in recruiting staff at executive levels and puts boards of GBEs and statutory authorities under a considerable amount of pressure when they are either seeking to recruit a new chief executive officer or senior executive or renegotiating a contract.

What I am noticing is that the commissioner is under constant siege from such boards and bodies regarding what he believes is consistent with government policy on executive remuneration. Nonetheless, as you know, he has been a commissioner for some time and is experienced, even stoic, on these matters, and persists to explain government policy to boards and other bodies, and to do his best in the circumstances.

Ms DAVIES — It is a clear department objective of the Department of Premier and Cabinet in leading government initiatives to ensure effective outcomes for all Victorians. If you have a look at the budget papers — in the submission I have the arts one, or you can look at the Community Support Fund — you can see a lot of performance criteria which measure the numbers of programs delivered in a whole range of areas.

Why are there no performance criteria measuring the location and the equitable distribution of program funds across Victoria, and if there are not — I do not believe there are — will you initiate them? To demonstrate that, I show you a map which I obtained last year as a result of these hearings on the distribution of arts funding across Victoria — this is program funding I am talking about — which clearly shows that there is no attempt by the arts funding to fund any programs at all in the south-west Gippsland area. I expect this year for the map which I have asked to be produced to show exactly the same thing. Why do you not have that sort of performance criteria, and would you make an effort to develop and produce these maps which very clearly demonstrate that for all program areas across government?

Mr BRACKS — The Chairman of the committee wrote to me recently on this matter, so I assume it has been something that has been the subject of discussion at the Public Accounts and Estimates Committee. I wrote back recently indicating that in the actuals, which will be available in October this year, we will be in a better position to plot actual expenditure on a geographical basis, both in the country regions and also the metropolitan area. In particular, on capital works and infrastructure spending we will have prepared by October a map for both country, regional and city expenditure by allocation. In the preparation of the budget it was not able to be done. It is an enormous task by every program area in the preparation of the budget, but when we come to the actuals in October we believe we will be able to do that certainly for capital and will examine each department, as that has happened in Arts Victoria with its capacity to do that by departmental area.

Ms DAVIES — Those actuals will be mainly concerned with capital funding, not program funding. My question related to your development of performance measures which actually, specifically and intentionally make an effort to measure the equitable spread of program funding. Will you develop those performance measures?

Mr BRACKS — I understand the question. I have indicated that we will be able to complete something on capital by October. In every program area that is an enormous task across government. I have indicated that we will talk to other departments about that. It cannot be completed by October, but it is something that is on our agenda for the future.

Ms DAVIES — It is a significant task, but I suggest that unless you measure where your money is going then you cannot meet your aim of saying that you are growing the whole of Victoria. If you do not have the capacity to measure where you are distributing funds, and if there are specific reasons why funds are not going into particular areas, then you cannot meet your objectives of growing the whole state.

Mr BRACKS — I do not agree with that. There is no doubt that by applying resources and effort to country and regional Victoria, for example, you will see significant outcomes. Having a prepared map on how that is going is another matter which will take some time. The map itself is not the instrument.

Ms DAVIES — The map itself is very revealing.

Mr BRACKS — It is useful, but it is not fundamental to the outcome. Nevertheless, I am indicating that it is something we will pursue, but it is a big task. You are talking about every program and every government activity in the state.

Ms DAVIES — I am talking about significant programs. Obviously not every \$2000 grant but, say, over every \$500 000 allocation is not impossible.

Mr BRACKS — I can guarantee that the committee will have actuals on capital expenditure and on programmatic areas. That is something I will report back to the committee to achieve that.

Mrs MADDIGAN — I want to come back to the area of employment and employment levels, because in previous years all of us have had people in our electorate offices desperate to find a job and unable to. I agree with the adage that everyone who wants to work should be able to work. I know that in particular the Treasurer and you, Premier, have expressed in some of the Grant Victoria documents and other documents your commitment to promoting more jobs and thriving innovative industries across Victoria. Will you give the committee information about how Victoria is going in relation to employment growth compared to the rest of Australia, and what we might expect to see in the future?

Mr BRACKS — Certainly if you look at the trend figures on employment we have consistently been under the national average on unemployment levels for all but about two months since October 1999. It is not simply a one-off figure which is showing an improvement. We have had a consistency in the figures. The gap between the national average unemployment rate and the Victorian unemployment rate has been consistently growing, and that is an important gap. That has been illustrated recently by the unemployment rate reported for April, which showed that Victoria had the lowest unemployment rate of any state in Australia, at 5.7 per cent. We have been consistently hovering around the second or third lowest. We have reached now the lowest in the state. That may change; of course unemployment bounces around a little, but nevertheless, the trend is more important than the current figure. The current figure is useful at 5.7 per cent, but the trend on which we have had a consistently better performing economy than the national economy is what is more instructive and useful.

In relation to employment growth, employment has risen since we came to office by about 124 000 persons, up about 5.6 per cent. That is high employment growth when you look at the federal and state budgets, which are aiming for employment growth of around 1.5 per cent or 2 per cent. There has been an increase in employment of about 5.6 per cent. It is very high. Clearly the budget is predicting that those levels will be maintained, but not at the same increased rate. We are predicting the 6 per cent to come down to 5 per cent in the future, which is not inconsistent with where the federal government has pitched its employment outlook.

I believe the tax incentives we have provided in the budget, particularly for business tax cuts, will assist and support that. The cost of doing business is one of the key ingredients for businesses locating — not the only one but one of the key ones. The other one which is important is having a skilled work force and educated work force, and the capacity and the ability to supply those skills. Those are the twin objectives for the government to achieve and to keep our momentum going.

It also illustrates the importance of a population growth to assist in that, which I mentioned earlier. There have been three major ingredients in the improved employment outcome in Victoria over the past two and a half years. One has been a population increase, which was increasing under the previous government for its last two years in office, but it has continued over the past two and a half years of this government. Exports of manufacturing goods with the lower Australian dollar has increased by about 20 per cent odd — 15 per cent and 20 per cent — over the past couple of years, and that has been enormously beneficial in employment growth.

And thirdly, there is building and construction. We represent about 25 per cent of the population but we have, in building approvals, 33 per cent of all the building activity in the country. So it is not simply about the incentives for the first home owners grant which are consistently applied around the country; our share is 33 per cent whereas our economy is 25 per cent. So we are seeing enormous building activity in the city and in the country regions that have shared in that, as well as the domestic building of which every stage is achieving on as well. So in building and construction, on export and population, they have been three important ingredients in fuelling that improved employment position in Victoria.

Mr DAVIS — Premier, I refer to a policy called ‘Developing DPC’, or a program inside your department, which I presume fits in the strategic policy advice and projects area, or perhaps it covers a number of output areas.

It refers to a program to develop staff at the Department of Premier and Cabinet (DPC) and consists, as I understand it, of a number of barbecues, love-ins — I understand — the placement of toasters and suchlike things on various floors, — and I understand, Premier, that you produced a series of mugs titled ‘Developing DPC’, ‘Leadership’ ‘Integrity’, ‘Collaboration’ and ‘Innovation’ is the arrangement here, Premier, for the ‘Developing DPC’ mugs.

Ms DAVIES — Gee, that’s pretty luxurious, isn’t it?

Ms MADDIGAN — I’ll say; they got a mug each! Outrageous!

Mr DAVIS — Premier, I am just wondering how the provision of expenditure on these sorts of things — and first of all what is the total expenditure on the ‘Developing DPC’ program?

Mr THEOPHANOUS — You’re a mug!

The CHAIRMAN — Order! Mr Davis is entitled to ask his question.

Mr DAVIS — I am just wondering what the total cost is and how you go about measuring the outputs of this particular program and whether you are getting good value for money on expenditure on the ‘Developing DPC’ program and whether you think it is great value for money for the extraordinary expenditure?

Mr BRACKS — I am happy to answer the question in broad terms and I will ask the secretary to answer some of the specifics which I am not aware of. I notice that you have got a card there as well, which is a very important instrument. If I can indicate one of the reasons that card occurred — this card is one which is carried by every departmental officer, by choice, in the Department of Premier and Cabinet, which lists the key objectives to be achieved across government and key performance measures to be achieved. It is not dissimilar to what is already applying in, for example, the ANZ Bank, and when I had discussions with the head of the ANZ Bank I found they have the same sort of corporate outlook to try and ensure that the objectives, the policies of their organisation, are being expressed in day-to-day activity, so we have that in our own department as well.

The Department of Premier and Cabinet is an excellent department — very highly skilled, very good policy advice. The efforts to build cohesion and support in the department are part of that improved policy advice that we have had over the past two and a half years. I am very proud of that. I think the advice I receive as Premier is second to none. The whole of government effort we have in scrutinising what has happened across the public sector is second to none and also the quality outcomes, including ‘Growing Victoria Together’, for example, which is a key deliverable outcome from the Department of Premier and Cabinet, driven by the Department of Premier and Cabinet — a 10-year outlook on the state — was driven by the department, which has considerably greater expertise, I believe, than it had when we came to office initially. So the very things you have highlighted are only one part of a wider effort to improve the capabilities, abilities and the corporate outcomes of the Department of Premier and Cabinet. I might ask the head of the department to comment on some of the specifics he has broached as well.

Mr DAVIS — Do the cabinet members get any benefit from these activities?

The CHAIRMAN — Just a moment, Mr Davis.

Mr MORAN — Thanks, Mr Chairman. I am delighted that Mr Davis has asked this question because it provides a terrific opportunity to talk about the development of DPC as an organisation, and I apologise for the fact that we didn’t bring mugs along for the members of the committee, but they will be provided later today. And should the members of the committee also like the card that the Premier explained, they too could be provided to all members of the committee later today.

Ms DAVIES — Do you want a gold Victoria badge?

Mr HALLAM — Can I have a stubby holder instead?

Mr MORAN — We didn’t have those, I’m sorry.

The CHAIRMAN — The previous government had them, did they?

Ms DAVIES — Are they cheaper than little gold Victoria badges?

The CHAIRMAN — Order! Mr Moran.

Mr MORAN — What the question relates to is developing DPC Week, which was a week in which we sought to involve all staff of the department in a better understanding of the developmental opportunities that were under way. The committee may remember at last year's hearings I made reference to a variety of development opportunities which were intended in the department and in effect DPC Week was explaining to the staff what progress had been made. There were a variety of seminars on issues such as professional development, new approaches to performance appraisal, knowledge management, the introduction of a new intranet, and there was one barbecue at the end where staff were thanked for their participation. All of it was a professional development activity, so it came out of the professional development budget, and in that week nearly 700 attendances at the various functions occurred. I am not sure of the exact cost, but it will probably be in the range of about \$10 000 to \$20 000, including the mugs.

Mr DAVIS — And the cards?

Mr MORAN — I am not sure whether the cards were included in that figure or not but they weren't hugely expensive. We formally evaluated the week, as one does with professional development activities, and I am delighted to inform the committee that the response from the staff who responded to that survey evaluation was highly positive. They not only appreciated the information given on the subjects that I have mentioned, and others as well, but were also delighted that it represented a departure in the department's approach to treating its staff, indicating that it valued them and was trying to make what is otherwise a fairly arduous life a little easier.

I think you referred to toasters. They were not part of DPC Week. They were in fact — the toasters, if there are toasters — an attempt to improve staff amenities within the department. The mug was part of DPC Week and, as I said, we will make one of those mugs available to each member of the committee later in the day. Could I stress that what the mug signifies — and you were almost looking at it a moment ago — were the values of DPC. What we did was conduct a very extensive bottom-up exercise within the department to seek agreement with the staff on what professional values for them signified working in the DPC. So you will see there is emphasis on integrity, on innovation, and these are important to emphasise because they help define the core characteristics of what work as a good public servant in the DPC context represents.

If you take integrity as an example, what lies behind that is a concerted effort to point out to people in the department that as public servants they are there to provide objective, well-thought-through advice to government and to act in an apolitical fashion, dealing fairly with people in the community as well as other people within government. Things like that have come through this process and, I think, have been quite important in defining more clearly what it is to be an employee within the Department of Premier and Cabinet. So I am glad that you have drawn attention to it and I look forward to having more such activities in DPC in the future.

The CHAIRMAN — Thank you.

Mr THEOPHANOUS — We might need some mugs for the shadow cabinet!

Ms DAVIES — It's already got mugs in it.

The CHAIRMAN — Order! I think we have punned just about far enough.

Mr THEOPHANOUS — Premier, I would like to ask you a question about sustainable development. I want to make some comment about this in the following round. I am aware of the government's commitment to triple bottom-line reporting and I don't think it is common knowledge just how much has been done in the environment area by the government, particularly in relation to this notion of sustainable development. I am sure that you are aware that the committee has produced two reports on environmental accounting, emphasising the need for triple bottom-line reporting and also supporting actions such as the establishment of a Commissioner for the Environment as the government has done. The government has taken a number of actions, including the most recent one regarding marine parks and other parks in Victoria. Mr Premier, your presentation acknowledged this — that sustainable development is a strategic priority. Will you inform the committee of actions taken by the Department of Premier and Cabinet to promote the principles of sustainable development in Victoria?

Mr BRACKS — Thank you very much for your question. You are right that the triple bottom line objective in Growing Victoria Together is just that — it is environmental, economic and social sustainability. Environmental sustainability is a key ingredient in that. Separately, through our department, we have commissioned the Infrastructure Planning Council to undertake work to prepare for an increased population based

on environmental sustainability. The interim report has already been received with a final report to be received later on. In addition, we have made particular efforts to engage industry in a dialogue around environmental sustainability. I have chaired several of those forums myself with industry, including hosting the national forum on sustainability at Parliament House in February this year. We provided \$50 000 sponsorship for that forum, which brought together industry leaders and government representatives to discuss how there can be a partnership on environmental sustainability to realise the government's objectives. There was a lot of support for those arrangements.

I also launched the Premier's Business Sustainability Award, which is something that will have a permanent and enduring record of businesses that achieve environmental sustainability. It will be presented on 22 May and will recognise Victorian companies that have excelled in the areas of innovation and sustainable developments. It will also be an important instrument for the company in marketing itself to its shareholders and others about its performance. In addition, if you look at the other measures taken in the budget on environmental sustainability there is the significant funding and support for environmental flows for rivers. It is one of the proudest things I believe in the budget. Out of this budget effectively four major rivers in Victoria will have greater environmental flows because of the measures taken in it. They include the Snowy River and the funding for the contribution for the 28 per cent environmental flow; a new bilateral arrangement that we have entered into with the South Australian government to increase the flow of the Murray River, the Glenelg River and the Wimmera River as a result of the Wimmera–Mallee pipeline and the \$77 million that this government has contributed which will assist — —

Mr DAVIS — Which was Liberal Party policy.

Mr BRACKS — Mr Chairman, I know that we should not respond to interjections, and I will not, but I notice that the federal Liberal Treasurer did not announce any funding in the federal budget for the Wimmera–Mallee pipeline. If the Liberal Party had any semblance of influence with its federal counterparts it would have had some funding in the budget. There is not even funding for feasibility studies — they funded separately the northern Mallee pipeline — but not a cracker for it, there is nothing for it. Nevertheless, the project will go ahead whether or not the federal government funds it. Importantly, as well as the economic importance of getting population back to the west of the state through having a more reliable water resource applied and conserved and therefore available for agriculture, there will be a contribution back to the environmental flows of the Glenelg and Wimmera rivers — effectively four rivers — after two and a half years, which will have much more sustainability in their environmental flows in the future. I reiterate we see that as an important and enduring effort of our government to ensure that in everything we do environmental sustainability is a key ingredient to the decision we make in cabinet and across government itself.

Mr THEOPHANOUS — There were also those difficult decisions in relation to forests that were important decisions in terms of sustainability.

Mr BRACKS — They were very important. Those decisions will result in 30 per cent more of our forest areas being available for preservation and in reserves. It was fixing up past wrongs from successive governments that had overestimated the sustainable yield. It was not able to be economically provided and we had to take the action, but it will have a significant and profound impact on the environment as well.

Mr RICH-PHILLIPS — I take you to the issue of population. Last December you made some comments about asylum seekers and you were quoted as saying:

It was an opportunity for more processing centres to be set up in Victoria.

You also said:

My offer to the federal government is we will take a greater share in Victoria than our population share currently of 25 per cent. We have the infrastructure; we have the support mechanisms in place.

What proportion do you believe Victoria should take and in terms of processing centres and settlement, where should these people be settled?

Mr BRACKS — In fact, I have also — I am happy to provide to the committee — made submissions on two occasions to the federal immigration minister on this matter, in a written application, indicating to the federal immigration minister, that we will take in Victoria, if he has a difficulty in his immigration intake overall in business, skilled, family and asylum seekers, in applying that to other states, we will take a greater share than our 25 per cent share that we currently have. I indicated that would be something we would be happy to enter into

dialogue with the federal minister on. We have not set a particular figure over and above the 25 per cent share we currently have, but I said we were keen as a government to engage with him on dialogue and discussion on how we could have a greater immigration intake into this country.

In relation to the processing centres for asylum seekers, we are not pursuing that matter because the federal government no longer has a requirement for that as I understand it. They are pursuing Christmas Island as part of their budget as a permanent centre for asylum seekers in this country, as they are with some changes in Western Australia and South Australia, so we will not have a proposal before the federal government on that matter.

Mr RICH-PHILLIPS — Did you have a view at the time you made those comments on where — —

Mr BRACKS — No, not at all. I was simply indicating to the federal minister that we were prepared to look at increased immigration overall. We do not have any firm proposal on that matter at all.

Mr RICH-PHILLIPS — In terms of the percentage above the 25 per cent, do you have a figure — —

Mr BRACKS — No, as I have indicated I am happy to enter into engagement with the federal minister on that matter to assess what capacity over and above the 25 per cent he would allow to happen in Victoria. We would allow increased immigration; we will take a bigger share.

Mr RICH-PHILLIPS — You do not have a back-of-the-envelope figure or a figure in your mind?

Mr BRACKS — No, we do not. We will enter into dialogue on that.

The CHAIRMAN — Premier, can I take you to budget paper 3, page 288, the Community Support Fund?

Mr BRACKS — Yes, sure.

The CHAIRMAN — The table of expected outcomes and targets against the actuals for the previous years shows a significant increase over the last couple of years in applications to the Community Support Fund, and also a significant increase in the number of applications that have been approved through that time, where there has been about a 10 per cent jump in the number of applications received and an even greater percentage increase in the number of applications approved. Can I ask you, within that — and in some ways it is similar to Ms Davies question earlier — what steps has the government taken to improve the access for rural communities into this fund and also for rural communities to get into projects that meet the government's building objectives?

Mr BRACKS — Thank you for that. The first thing to be said about the Community Support Fund is that this government implemented the recommendations which the previous Auditor-General made about the Community Support Fund, which I know was considered in previous meetings of the Public Accounts and Estimates Committee — that is, the fund is now one which has been assessed by an independent advisory council which reports to a ministerial committee. That advisory council recommends on distribution of the funds on a set of guidelines which have now been explicitly and clearly determined. So the first point to be made is that all the applications are now assessed independently and appropriately for recommendations to the ministerial committee on the basis of guidelines and compliance with those guidelines.

I think that has been a much better system really, because we have been able to do new objectives such as community building and looking proactively at communities and regions which need support because they are hard hit by gaming, and to work with those communities in identifying, not just in response to applications, projects which could be undertaken, and encourage them to apply for support those because of their very socioeconomic disadvantage, which has been reported on. The new guidelines were introduced in February 2002, this year, to better assist applicants in the funds. Funding rounds have also been introduced for broader community benefit projects.

In terms of the funds distributed, which goes to the very question you asked on the division between metropolitan and country, both on the increase and the overall funds applied, in terms of the funds distributed to the community, of the projects which have a specific geographic location — and some have a statewide location, as you know — 42 per cent of the funds have gone to rural and regional areas outside Melbourne and 58 per cent have gone to the metropolitan area.

As I mentioned, the funds also support implementation of our government's community building initiative: \$6.8 million has been committed to the demonstration projects and \$18.6 million to other community-building projects more broadly across Victoria as well. If I can just give you a couple of examples of some of the projects in

both the metropolitan and country areas, just briefly. Recent examples to tackle some of these issues in communities hard hit by gaming, for example, have included Reach for the Clouds, \$860 000, a project to link residents of the Atherton Gardens estate electronically, creating training and local employment opportunities and reinforce the connectiveness of those communities; projects in Ballarat, Mornington Peninsula and Bendigo to engage local communities in tackling youth-related issues, about \$2.7 million; community resource services and staff in Ballan, Ararat, Mount Evelyn, Laverton and Aspendale to provide focus for community activity to change their local situations and improve that; and we have also approved funding for statewide initiatives that will benefit all of the community, about \$24 million, and of course problem gaming is part of that as well. But on your specific point, due to the change in the guidelines and the recommendations which were received from the CSF advisory committee, over 40 per cent of those are now in regional centres, and I am very proud of that.

The CHAIRMAN — Thank you.

Mr CLARK — Can I refer you also to page 288 of budget paper 3, and to the government information services and support's output group. Government information, of course, can be a very important function, but it can also end up being the home of political advertising and spin doctors. I want to refer you to the comparable figure provided in terms of funding for that section of the department under the last budget of the previous government in 1999–2000. There will have been some portfolio program rearrangement since then, but the unit seems to be basically the same.

In the 1999–2000 budget there was \$7.3 million provided for the government information and communications output. This year you've got \$22.3 million provided, almost a threefold increase. I also refer you to the government's advertising program in Melbourne's suburban newspapers which are ostensibly for business facilitation and business attraction, which seems rather strange — to be trying to attract business through suburban advertising.

Mr BRACKS — Not at all. I will come to that.

Mr CLARK — What I would like to ask you is: how do you justify this three-fold increase in the funding for this unit and the advertising in suburban newspapers for business attraction, particularly in line with your government's policy which referred to the fact that government information material should not promote or have the effect of promoting its interests above those of other political parties or attempting to secure political support for a political party?

Mr BRACKS — Okay, I welcome very much that question. This goes back some way to the -previous Auditor-General, who recommended that there be some guidelines developed for advertising for government information and advertising in Victoria which was ignored by the previous government.

I can report to the Public Accounts and Estimates Committee that my understanding is that the Auditor-General in Victoria will soon be producing guidelines for consideration by the government on that very matter which will be welcomed wholeheartedly by our government, and I am sure the Public Accounts and Estimates Committee will want to scrutinise and examine those recommendations on government advertising.

Already, as you know, federally there have been some guidelines developed on government advertising which I understand the federal government is now complying with. Again, we have been working with the Auditor-General, we have been working on the guidelines, but principally we will be waiting on the advice from the Auditor-General who soon, I understand, will be reporting on that matter. I think that will be very important because it will establish once and for all what is appropriate and not appropriate, what we should comply with and what should not be complied with.

Now I should say to Mr Clark: because we did not have the opportunity to scrutinise the Premier in the previous Public Accounts and Estimates Committee, I can remember sitting across a table and asking the previous head of the Department of Premier and Cabinet about this very matter. The answer given by the previous government was, 'No, we wouldn't develop guidelines. No, we wouldn't change. We don't care what the Auditor-General said previously. We wouldn't do it'. I can say to you that this government will. This government will comply with guidelines and we are looking forward very much to the Auditor-General — —

Mr DAVIS — Is that a change?

Mr BRACKS — Well, you know, you have got a very sorry and poor record on this matter. I am surprised you have asked it because of that record you have had.

Mr CLARK — You said you were going to do things differently.

Mr BRACKS — You have got a very, very sad record on this matter. If I could reiterate: we are awaiting with great anticipation for those guidelines. We look forward to them because it will conclude a matter which was raised by the previous Auditor-General. Now, there were several other matters you raised in your question. You raised a matter about promotion, of why people should invest in Victoria — —

Mr CLARK — In suburban newspapers.

Mr BRACKS — And you said why should there be advertisements in suburban newspapers. If you understand the research, it is not only about seeking interstate or overseas investment in our state. It is also about expansion. It is also about existing businesses investing because they know that the economic climate is right for reinvestment for expansion and for undertaking that work in the knowledge that we have the second-lowest Workcover premiums, on average, of any state in Australia; in the knowledge that we have the second-lowest payroll tax of any state in Australia; in the knowledge that we will have over the life of this government \$1 billion in tax cuts. That is a pretty good story and if you want to expand in this state and you are in a region — let's say you are in the south-east where there is a lot of manufacturing industry, or in your region, or in the west of Victoria — it is a good message to get out there. What is it about? It is about more investment, more jobs, encouraging expansion of existing industry.

The same goes for the campaign we are waging across other states, interstate, and also internationally for the very same reason, so I would defend that absolutely. In fact, there is good economic advice which says that you should pay significant attention to existing businesses in job-growth activity because they have a great potential to expand, to look at export markets, to look broadly at competition on the international stage; and to encourage and assist them is one of the roles and functions we have in Victoria. I cannot remember the rest of your question but I think — —

Mr CLARK — The three-fold increase in the government information services unit.

Mr BRACKS — That is consolidation. If you look at advertising overall — and I know that Mr Hallam would understand this from his previous role — 40 per cent of all the advertising undertaken in Victoria is in the statutory responsibilities we have in Workcover, in the Transport Accident Commission, in Tourism Victoria — that is 40 per cent of all the advertising in the state.

In relation to the activity in the Department of Premier and Cabinet we have sought to better control advertising expenditure by having much more controls in the Department of Premier and Cabinet therefore the resources transferred from other departments into our department. That is an important function. I have just been given a note here. It includes — —

Mr MORAN — It includes non-advertising expenses as well.

Mr BRACKS — It is administration, not just communication — —

Mr BLACHER — And the bookshop.

Mr BRACKS — And the bookshop as well, which was not there previously. The reality is we are looking forward to the guidelines. The advertising that is undertaken by the government is principally about our statutory responsibility and where it is not it is closely targeted and marketed to our policy development in growing the state and achieving on the policy outcomes we want.

Ms DAVIES — Mr Chairman, can I just ask a quick follow-up to that?

There was a mention of advertising in suburban newspapers. Can I ask if you measured whether you advertised in all rural newspapers as well?

Mr BRACKS — Yes, we have. This particular one that Mr Clark referred to was business investment — we have also pursued that through our regional centres as well.

Ms DAVIES — When you say 'regional centres', do you mean the main cities or are you talking rural?

Mr BRACKS — I will check that for you. I think it is principally the major regional papers but I understand there is an issue about how far you go in this area. Obviously, we take advice on what is best reaching

industry sectors. That is really the key. Where industry is located; where it is best and most propitious to put your campaign to encourage further investment — that is really the key issue here. It is the audience we are trying to reach: investors, manufacturers and people who want to expand as well as those interstate. I will examine whether it was in some of the areas you are referring to.

Ms DAVIES — So we have a chicken-and-egg problem. If it is not already there you are not going to advertise to encourage it to develop more.

Mr BRACKS — You can rest assured that this government has done more than any other government in Australia — and certainly more than the previous government — encouraging industries to locate in regional centres and to look at our own business activities in government to relocate as well. For example, the Rural Finance Corporation is moving to Bendigo under our government. The State Revenue Office, one of our business operations, is moving 40 per cent of its activities to Ballarat. We are proposing in the new arrangements for Natural Resources and Environment for a new area, the business unit of that department, the resources area, to move out also to our regional centres. In industries that are seeking to invest in Victoria I can tell you for the Treasurer and myself it is one of the first questions we ask: can this go to a regional or country area? That is one of the first questions we ever ask.

Ms DAVIES — Don't just say 'regional'. Say 'country' too.

Mr BRACKS — Regional or country areas.

Mr HOLDING — I would like to ask you about an issue which has had a very public affect on my electorate in Springvale and which also tragically affects, I am sure, not only all parts of Melbourne but now increasingly all parts of Victoria — that is, the issue of illicit drug use. All members would recall that we had a joint sitting of the Parliament where we were addressed by various experts in the drug field. Arising out of that you established the drug prevention council and I wonder if you can provide the committee with the objectives of the council and what has been achieved to date.

Mr BRACKS — Indeed, as committee members would know we have a four-pronged strategy in our drugs policy here in Victoria. One is prevention; second is treatment and rehabilitation; third is saving lives; and the fourth is law enforcement. Our view was that we could do much more on prevention. It is really the one area we wanted to maximise our resources and efforts into having a much more comprehensive effort across our education system, in preventing drug use in our community, in community organisations and youth organisations around the state.

As you know, in November 2000 we announced a \$77 million strategy to tackle drug use and abuse overall and we have redoubled our effort through the Premier's Drug Prevention Council. The Premier's Drug Prevention Council will oversee \$20 million of prevention activities over the next two years and has a further \$4.8 million to develop new programs and initiatives. It also will breathe life into the theme we have for the drug problem in Victoria which is: It is our drug problem, let's fight it together. It is a community problem; it is a problem we all share and face — the state government, local government, and the community more broadly. And we need to fight it together. Until we acknowledge and accept that we will not make a significant difference and that is the key theme.

I am very pleased with the work to date of the Premier's Drug Prevention Council. As you mentioned, it comes out of the unique sitting of Parliament to hear expert evidence from the previous Chief Commissioner of Police and others who gave evidence on what would make a difference. That has now been translated into a peak council with funding and a capacity to mount those programs around Victoria and I believe as a consequence we are leading the country.

Mr HALLAM — In its response to our questionnaire, the department listed as major water initiatives in 2001–02 the corporatisation of the Snowy Mountains Hydro-Electric Authority and the establishment of the joint government enterprise in relation to water savings for both the Snowy and Murray rivers. I ask what specific initiatives are planned for the budget period we are looking at now? What level of funding has been allocated to the two specific initiatives you have mentioned and where does that appear in the budget papers? I also look for some indication of what investment has been made to date? I would also like to know what key performance indicators you have adopted to measure performance. Can you point to any additional flows in the Snowy achieved to this point and if there has been any shift in the policy in respect of additional flows to the Snowy River?

Mr BRACKS — That is a pretty sensitive question and I will do my best to answer all those matters. If parts are left out, I am happy to provide information back to the committee.

Mr HALLAM — Thank you. I am happy for you to take it on notice, but I would make the point that this time last year we recommended that you develop a management framework to govern the activities of the joint enterprise relating to the Snowy — —

Mr BRACKS — No, actually I want the opportunity to address this very matter. I think it is — —

Mr HALLAM — I am happy for you to take it on notice.

Mr BRACKS — No, it is a very important matter. Let me give a progress report to the committee on what has happened. We now have signatures from the premiers of Victoria, South Australia and New South Wales on the corporatisation of the Snowy scheme and the agreements for the extra flow on the Snowy. Those documents are now with the Prime Minister and I fully expect and anticipate that the Prime Minister will sign them.

We have had two major interruptions to the signing of those documents, and therefore the full corporatisation and the establishment of the joint government enterprise could not be established until we had those instruments in place. Let me detail what they were. The first was a matter of the federal election which occurred in the intervening period. Of course, while the federal election was on and during the caretaker period of the election itself there was no capacity to have decisions from the federal government about signatures on these matters.

The second was South Australia. Not only was there an election in South Australia and a change of government, there was a period when it was not known what the government would be. There was no authority for the signing of those documents by the caretaker administration at that time. That has now been secured because of the efforts of this government. I had the arrangement with the previous premier, Premier Olsen, and they were about to be signed when the election occurred. I secured that with the current premier, Premier Rann and I am happy to say that they have been signed off.

There are about 30 different intergovernmental contracts and deeds which also need to be signed as part of this arrangement. All these now have the agreement of three jurisdictions — New South Wales, Victoria and South Australia. All we are waiting on is the commonwealth and I am not saying that as an excuse. I believe the commonwealth will sign them. The commonwealth has provided in its budgets funds for this to occur for the Murray flow part of the operation. I fully expect this to go ahead. Some works have been undertaken already on the Snowy River in the widening of the river, and some work has been done in the bed of the river to encourage the retention of the water and seepage not to occur. I am happy to get the details of that. In terms of budget paper 2, page 89 indicates the description of the area and the progress to date. You asked me to refer you to which areas, and budget page 2, page 89 — —

Mr HALLAM — I look for something more than appears in budget paper 2, Premier.

Mr BRACKS — The state government of Victoria is committing \$150 million to this project, New South Wales is committing \$150 million, the commonwealth government is committing about \$70 million which will go to the Murray part of the flow. We have already got some allocations for the works that are being undertaken on the mouth of the Snowy. I am happy to get you details on that, but I am pleased to report that we now have every jurisdiction supporting it. I fully expect that very soon the commonwealth will also support it.

Mr HALLAM — In your report back to the committee, Premier, can I ask specifically that you identify the investment to this point?

Mr BRACKS — Sure, I am happy to do that.

Mr HALLAM — And what the practical effect in terms — —

Mr BRACKS — Indeed. In fact, on this very matter I had the Snowy River Alliance in my office recently about works we were undertaking. Some members of that committee were questioning whether the works we were undertaking were the ones that they would like to see undertaken. There is an issue with some of the land-holders, of course. As you have increased environmental flows in the Snowy, it expands the Snowy itself: it is a wider river. That wider river means that the grazing capacity and the ability of landowners is reduced. So there is an issue there for some people who would like to see the works done to narrow the river but have it deep, and others who would like to see it done as it used to be, which is the government's objective and it is undertaking works on that area.

Mr HALLAM — All I can do is refer you to our recommendation of last year, Mr Premier, where we ask for a more specific reporting outline.

Mr BRACKS — Just as a progress report — and I will get some more detail later — the government has allocated \$90 million for the Snowy initiative in the 2002–03 budget, \$15 million for a contribution to the joint government enterprise and \$4 million for the environmental works in northern Victoria for the restoration of the Snowy River in East Gippsland. But I will get you more details on that.

Mr HALLAM — Again that is allocation. I am looking for investment to this point. They are commitments: I am looking for investment.

Mr BRACKS — Part of that is actually works which are going on now.

Mr HALLAM — Okay. I am pleased we understand each other.

Ms DAVIES — Just following up from the earlier question, a major problem in rural areas with program funding has been the problem that most funding is application-based and dollar for dollar. If you are rich enough to have the original dollar, you get more dollars. If you are really good at applications and have the skills, then you also get more dollars. One of the advantages of developing some performance measures to register the location of allocation of funds would give you the opportunity to find the gaps and I ask: will the Department of Premier and Cabinet take those steps to develop some performance measures to measure location of funding and review possible inequities arising from that current philosophy and find some ways of offering skills and expertise and some innovative ways to redress those inequities?

Mr BRACKS — Thank you for your question. From the outset I would indicate that if you look at the majority of expenditure in this current budget which the state government has spent on regional centres and country areas, it does not require a matching contribution — if I can make that overall point.

Ms DAVIES — Most program funding does.

Mr BRACKS — No, that is not true either. The majority do not require matching funding. So schools, hospitals and the program funding of those — the responsibilities we have for state funding — do not require a matching contribution. Discretionary expenditure on grants such as the Regional Infrastructure Development Fund and the Community Support Fund do require and oblige a contribution from the community. Often that is in a cash contribution, sometimes it is kind, and we do have the discretion and ability to look at in-kind contribution. Most of those funds are designed that way because we want to know that there is a commitment from the community for the outcomes, and one of the best commitments that can be demonstrated is if there is a contribution either in kind or by cash.

I agree with you that there are some smaller regional and community areas that may not have the capacity and ability to raise those very funds and we understand and appreciate that and are happy to have a second look at that. Some of the programs we have developed out of the Community Support Fund, for example the community building project, have really been designed for that very purpose. We have taken it away from an application-based funding and said on an objective analysis, here are the 11 areas around Victoria which have a significantly greater disadvantage on socioeconomic indicators, and also the impact of gaming on their communities. Therefore we want to offer to them a community building initiative that is not generated as a submission but developed in cooperation with the Community Support Fund and those communities. That has really been designed for that purpose.

In fact, if I can just go through some of those, and I think they are groundbreaking in lots of ways, one of them is dedicated for our indigenous communities; the other 10 are geographically based. They include projects in Maribyrnong, Darebin, Bass Coast, Warrnambool, Shepparton, Central Goldfields and East Gippsland, amongst others. And again, we will be looking not just at a matching cash contribution, we will be looking at other support — in kind support, volunteer support — as well as the cash contribution. I understand the point you are making and it is a very, very good point. That is why we have designed this much more open and flexible capacity to deal with local problems. I think that is behind the issue.

Ms DAVIES — I hope you measured the outcome from those community buildings.

Mr BRACKS — Indeed!

Mrs MADDIGAN — Thank you, Chair. I want to turn our attention to East Timor if I can, please, Mr Premier. There is a budget line in the budget relating to a gift to East Timor. I think probably we are all very pleased, and you will be too, that East Timor is getting its first independent government this weekend. I believe, according to a radio broadcast I heard this morning, it is the first time for five centuries. I notice in the budget there

is a gift of money to East Timor, and I know in fact about an association one of my primary schools, North Essendon Primary School, has with the region and East Timor, and how much devastation there was to the country after the withdrawal of the Indonesians. I wonder if you could explain to us the nature of the gift we are giving to East Timor and what you see as our role in relation to East Timor?

Mr BRACKS — Indeed. Well, I think we do have a significant role to play. It is not widely known, but Victoria has the largest number of East Timorese of any state or territory in Australia — more than the Northern Territory, which would be a surprise to most people. Most people who have settled in Australia from East Timor have actually settled in Victoria. We have a unique and special responsibility therefore, I believe, to the East Timorese population and the government, and the move to independence and self-government which is happening and being celebrated in about three weeks time, and we will be represented by the Deputy Premier at that celebration. I recently met with Xanana — no, sorry, I did not meet with Xanana Gusmao this year, but I recently met with Jose Ramos Horta, who was seeking from each state in Australia a contribution to the independence celebrations, as he was from the commonwealth. We identified, in cooperation with the East Timorese government, a project which is \$100 000 provided from the Department of Premier and Cabinet budget for the people of East Timor.

The grant will be used to fund sporting equipment and uniforms for the East Timorese and for the East Timorese teams that are participating in the games associated with the independence celebrations on 20 May. That was a particular request that was made by Jose Ramos Horta, something he thought would make a significant difference to the independence celebrations. We are also providing some funding for the East Timorese government to support the development of soccer in East Timor. It is a very big thing in East Timor; but when I visited East Timor, I think it was last year, or was it earlier this year?

Mr MORAN — Last year.

Mr BRACKS — Last year. The years move on! When I visited East Timor last year one of the surprising and shocking things was that when you visited a school, for example, let alone the state of the school — often no walls, open classrooms, dirt floors — but they had no sporting equipment at all and no capacity or ability to have funding or support for that sporting equipment. The very simple things that we provided were greeted with, sort of, unique delight. For a country that is so obsessed with soccer we are very pleased to promote that development, including a coach for the national team so that they can be accredited with FIFA and participate in overseas tournaments. I think that would be a great addition. That comes on top of other things I announced when I visited East Timor as well. That includes \$250 000 that the Victorian government provided to the Royal College of Surgeons to provide specialist services to Dili hospital. They are contributing as well, and they are contributing their expertise and their specialist ability to that and we are contributing some funds to it. I think it is a great initiative.

We also provided some free advice and support from the Building Commission on a building code that is being developed for East Timor, in the reconstruction of Dili in particular but also East Timor more broadly. There is currently no uniform building code in East Timor and it is very important to get it right in the reconstruction phase. That work is almost complete now and will become adopted as part of their building code.

We also have a whole program in place which, I think, will be replicated in other states in Australia as well — that is, a cooperative venture we have undertaken with Australian Volunteers International to support Victorian public servants in East Timor who have volunteered to assist the East Timorese government with capacity building. In fact, we had an information session for that about nine months ago and I think there were about 20 places available or thereabouts for public servants in Victoria to take leave without pay to have their entitlements protected when they come back but to not be paid but take leave without pay while they work in East Timor. For those 20 positions we had about 200 inquiries, and 200 people came along to an information session. So there is enormous willingness to help and support the reconstruction of the country. I was very proud that the public sector responded so strongly to it. I have had progress reports from the people who have been there that they are finding it extremely valuable, and I have had reports from Jose Ramos Horta as well that he deems that to be extremely important as well.

One of the key issues they have, as well as the infrastructure and capital works required, is the capacity building: the capacity to run a public sector organisation, the capacity to run an education system — that sort of expertise, which we can provide as assistance in the very, very important redevelopment of the country. So, thank you for your question.

Mr DAVIS — Premier, I want to refer, as the honourable Louise Asher did last year, to the additional funding your government provides to the three Independents in the Legislative Assembly. You will be aware that last year we requested that information be provided, and I would like to request that that information be provided again. But before I do that I am just interested to see where — —

Ms DAVIES — I'll tell you, David. I'll tell you how much comes in.

Mr DAVIS — I am asking the Premier, Susan. I would like to see if possible in the budget some indication of the money that is allocated to the Independent members of the Legislative Assembly, the additional money over and above the normal elementary allowance that is available to backbenchers.

Mr BRACKS — Let me answer this. I welcome this question.

Mr THEOPHANOUS — It is David's strategy to get them on side.

Mrs MADDIGAN — They probably get free mugs!

The CHAIRMAN — Order! The Premier, answering the question.

Mr BRACKS — There are two principal things we provide to the Independent members of Parliament, and they are in keeping with and in accord with what happens with the Independents in the national Parliament as well. One is that we provide an extra electorate officer in the offices of Independent members of Parliament. That is consistent with the federal Parliament, which provides a fourth member of staff for those federal members of Parliament who are Independents. We provide a third member of staff. It is in recognition of the fact that there is no party support or backing for Independents, and it is in order that they do their job effectively and well, and I think it is appropriate. It is something we will continue in this state as the government, whether or not the Independents hold the balance of power, because I think it is fair, appropriate and reasonable that that occurs. It recognises the different origination of Independents: they do not come from a party background, they don't have a party supporting them.

Secondly, we provide an adviser to the Independents — each of them — because they have a unique responsibility in Victoria because they hold the balance of power and therefore have to scrutinise every piece of legislation that is coming before the house in detail, and deal with every group and organisation that wants to lobby or push for its own special interests on that piece of legislation. That takes a lot of time and a lot of effort, and needs proper and appropriate advice to achieve that. I must say that those two matters were, I understand, replicated in the offer that was made to the Independents by the then caretaker Premier, Jeff Kennett, at the time — because they are fair and because they are sensible.

In addition, a maximum amount of \$6000 is set aside each financial year to meet the operational costs associated with the employment of those advisers. That is the simple operating costs of it. If is not used, it is not used, but it is available for proper and appropriate expenses like computers and other expenses required. Let me contrast that — you led with your chin on this — with the opposition budget, which in the last financial year blew out by 40 per cent. The projections are that the opposition budget will blow out again this year. If you cannot control your own costs, don't ask questions in this committee.

Ms DAVIES — We spent \$2000 out of our office budgets.

The CHAIRMAN — Order, thank you.

Mr DAVIS — I want to understand a little further about the Premier's spending on this.

The CHAIRMAN — Is it the same question?

Mr DAVIS — No, it is an ancillary question.

The CHAIRMAN — A supplementary question must be to the same question.

Mr DAVIS — Yes. The expenditure that you pay in terms of those additional costs that you have just outlined is paid directly out of your department and not from parliamentary services, is that correct?

Mr BRACKS — Yes. Similarly the opposition budget is paid out of the Department of Premier and Cabinet also; the budget which you enjoy is paid out of the same department.

Mr DAVIS — You will provide the full breakdown?

Mr BRACKS — I just did, I don't need to.

Mr THEOPHANOUS — It is interesting following you, David, all the time.

I want to ask about an important matter relating to the Constitution Commission of Victoria. As a member of the upper house obviously I have a great deal of interest in the outcome of this inquiry. I hasten to say that that is because I would like to see the democratisation of the upper house. I would like to see it be much more representative than it currently is, where notwithstanding the fact that the two major parties get similar levels of vote on a two-party preferred basis we have a situation where there are 30 members of the Liberal and National parties, only 14 from the government side and no representation from minor parties. I think it is totally unrepresentative. Could you outline to the committee the status of the inquiry being undertaken by the constitution commission, what level of funding has been allocated in 2002–03 for the operation of the commission, and the key targets? When will the commission make its recommendations on potential reforms to the upper house? What will be the process after the report is presented to the government?

Mr BRACKS — Thank you very much for the question. I know it is of profound interest to members of Parliament and the wider community. The Constitution Commission of Victoria was established by the government following the failure of the upper house to pass the reforms outlined in the policy this government had in place for the 1999 election. We said we would reform the upper house; we said we would pursue proportional change and a change in the arrangements in the upper house. That was rejected by the upper house when it was put into legislation. We then moved on a proposal to have a constitution commission, which has now been formed, make inquiries and take submissions from around Victoria, which it has done.

As I understand it, the consultation program has been completed and the commission has received more than 190 submissions from members of the public. The discussion and consultation papers have been prepared and launched; members have probably received them. The commission is presently considering the submissions and comments made to it during the consultation process together with other inputs from academic and other sources, other jurisdictions and other countries. The commission is due to report on the results of its inquiry and make recommendations by no later than 30 June this year, so it is imminent. As I understand it, the commission is on track to meet that time frame.

The Constitution Commission of Victoria was allocated a total of \$2 million in the 2001–02 state budget for the 2001–02 and 2002–03 financial years. I am pleased to report to the Public Accounts and Estimates Committee that the commission is on budget and on time. In fact, the expectation is it will come in slightly under budget by about \$49 000. The commission is on time to report. We are looking forward very much to that report. Given the submissions that have been received and the appropriate process we have undertaken as a government in forming the constitution commission, I believe the results of the commission's work will receive significant support from the Victorian public. I would have thought that that would be an important consideration in the upper house in Victoria in taking seriously the views of all Victorians about the need for reform in the Legislative Council in this state.

Mr THEOPHANOUS — Just to follow up, I noted that the members of that commission have been attacked by the opposition on a number of occasions. I give you the opportunity to put on record that you have confidence in the members of that commission which I think is a very balanced commission. It is unfortunate that the opposition has attacked the members.

The CHAIRMAN — As I did with Mr Davis just before, a supplementary question should be related to the primary question.

Mr THEOPHANOUS — I am asking about the members of the commission and whether the Premier wants to make some comment about that. In answering you did not indicate what the process is going to be when the report is presented, which is one of the questions I asked.

Mr BRACKS — Could I express to the committee the full confidence of our government in the members of that commission: George Hampel, QC, who is the chair; Ian Macphree, AO; and Alan Hunt, AM, a former President of the upper house in Victoria. They are eminent, able Victorians who have the full and absolute confidence of the government of Victoria, and I believe the people of Victoria, for the work they are undertaking. In relation to the outcome of the report, it will be received by our government. We will obviously table it in both houses of Parliament. We will examine the recommendations of that report and make our government response to

it as quickly and promptly as we can. Obviously we will seek to implement the outcome of that report, which will require legislation and adoption by both houses of Parliament.

Mr RICH-PHILLIPS — I would like to take you to pages 291 and 292 of budget paper 3 relating to the public sector employment and conduct services output group Mr Hallam raised earlier. There are a number of output measures listed, all of which are shown as new measures. You spoke earlier about the change in the format of the output groups. Comparing these measures in this year's budget with those in last year's budget a number of them have been carried forward, are exactly the same and are not new measures. Can you explain to the committee why they have been recorded as new measures this year when in fact they are not?

Mr BRACKS — We have had a change of operational responsibilities within the Department of Premier and Cabinet in that a new unit has been established and some of the functions have changed significantly. That requires the output measures to be presented in a different format. I might ask the secretary to report on those changes.

Mr MORAN — It has been decided by the government to establish a new work force strategy unit, which is in the course of being established within the Department of Premier and Cabinet. That will work with all secretaries and agency heads on some strategic issues in the public sector work force. It will pick up some of the operational activities of the commissioner's office such as graduate recruitment and some aspects of our statistical collection and reporting. That has had an impact on the performance measures for the commissioner's area of responsibility and some other consequences elsewhere in the department. The funding for the new unit is reflected in the budget. It comes from a variety of sources, including from elsewhere within DPC, the Department of Innovation, Industry and Regional Development, the commissioner's office itself, and on behalf of all other departments a small contribution has been made to the funding of this new unit.

Mr RICH-PHILLIPS — Be that as it may, Premier, the outputs are the same this year as they were last year, yet they are recorded on pages 291 and 292 as new measures. The comparative data from previous years has been removed, when in fact they are the same measures, worded exactly the same, yet recorded as new measures without the comparative data provided.

Mr BRACKS — I will examine that in some detail.

Mr RICH-PHILLIPS — For example, under the timeliness measure it states, 'Parliamentary reporting date met', then under unit of measure, 'per cent', yet it is shown as a new measure, as is 'Report and publication dates met' shown as a new measure, yet if you compare last year's budget papers, exactly the same measures are recorded with historical data. You have brought them forward, told us they are new measures when they are not, and removed the historical data. Can you explain that?

Mr BRACKS — I think the comparison is pretty easy. The reality is that 100 per cent is being met; it is a pretty good outcome.

Mr RICH-PHILLIPS — It is not a new measure or are you suggesting it is a new measure?

Mr BRACKS — I will examine that and get back to you.

Mr RICH-PHILLIPS — If it is a new measure can you tell us the difference? How is it different to the one you had last year, which was worded exactly the same?

Mr BRACKS — I will examine the exact wording of those two reports and get back to the committee on that matter.

The CHAIRMAN — Premier, I take you to page 300 of budget paper 3. Under the heading 'Statement of financial performance', about halfway down the page the second dot point refers to:

the development of the Australian Graduate School of Government —

with an allocation of \$2.5 million in the current budget for that purpose. The Australian Graduate School of Government is also referred to at page 283 under 'Providing strategic policy leadership', where it says:

Implementation of the Australian Graduate School of Government to strengthen the capacity of employees within the public sector to provide high quality and efficient services;

Can you give the committee some further detail about the Australian Graduate School of Government, the government's involvement in it, and what it is hoping to achieve out of the investment in the Australian Graduate School of Government?

Mr BRACKS — This is principally an initiative from Victoria, although support has been received from the New South Wales, Queensland and commonwealth governments. If I could go into some of the detail, of course it relies on other governments' budgets to be applied to this and negotiations with universities for some of its finality. The Victorian, New South Wales, Queensland and commonwealth governments are working with Australian universities to establish the school of government. It will be based in Melbourne and it will deliver its core offerings in major centres across Australia.

The vision for the Australian Graduate School of Government is the educational equivalent of leading international schools of government and Australia's best business schools. That will be the benchmarking for it in Australia. A business plan for the school has been prepared by the Boston Consulting Group (BCG). Research undertaken by the group to inform the business model reported a widely perceived gap in the current development programs for public sector managements. In fact, there is no equivalent anywhere in Australia and it is really only international experience that you can gain from this area.

Of course, increasing job mobility, contracting out and the dramatic downsizing of the Victorian public service during the 1990s has increased the need for a properly resourced school of government. The BCG reported strong support and market demand for a national graduate school of government. It concluded that the business plan was viable if start-up contingency funds were made available by governments. The Victorian government, as you know, is committed in this budget to providing start-up and contingency funding of \$3.8 million, I think, over four years. We understand and expect that other governments will follow as their budgets are delivered. I have not examined the commonwealth budget on this matter. I will check with the departmental secretary whether it has applied that in its budget.

Mr MORAN — The commonwealth government has not made provision this year but we have every expectation that it will make provision in the future. The viability of the school is, according to the BCG business model, not dependent on commonwealth buy in but there is strong support from commonwealth departmental heads.

The CHAIRMAN — I understand this is primarily focused on the professional development of the Victorian and Australian public sector. Is there also an education export potential?

Mr BRACKS — Yes, indeed there is. The departmental secretary has more information.

Mr MORAN — The work done by the BCG did not extend to examining the export potential because that would have greatly extended the body of work it had to do, but all involved believe there is substantial export potential. There have been some preliminary discussions between the Victorian government and some people with overseas interests about exploring those possibilities.

The interim board has considered this issue and has formed two views: firstly, that the financial viability of the school should not be dependent on overseas students, but if they come they are welcome; and secondly, if they do come, they should be students at the same high standard as would be the Australian students enrolled in the two initial programs which the school has to offer — they being the Master of Public Administration and the Executive Fellows program.

Mr BRACKS — The other great benefit is the retention of skills in Australia. Some of those skills are lost to Australia and Victoria, but this will help in the retention of those skills in Victoria which will be important for the future.

Mr CLARK — I refer to pages 282 and 283 of budget paper 3 in relation to the Infrastructure Planning Council. Its interim report is mentioned in the review of 2001–02 under the strategic policy leadership heading. It is not mentioned under the corresponding heading in the 2002–03 outlook. When is the final report of the Infrastructure Planning Council now expected to be complete? If it is not due until next year is there a reason why the Infrastructure Planning Council has not been mentioned in the 2002–03 outlook? Regardless of when the report will be finalised, what performance measures has the government set for judging how effective the council will have been — perhaps you could provide that detail to the committee — and how does the government intend to

judge, once the report has been provided, whether or not it has met the performance measures and objectives that were set for it?

Mr BRACKS — The Infrastructure Planning Council was a new initiative of our government in order to have a forward look on the infrastructure requirements in Victoria over and above the electoral cycle. It was a commitment we made at the last election and is a commitment we have kept. The council is chaired by Mike Fitzpatrick. It has been commissioned with the task of examining particular infrastructure requirements for the state over the next 20 years, to 2020 and beyond to some extent, particularly in water, energy, transport and communications infrastructure, which are some of the key drivers of the economy and also of environmental sustainability.

I released with Mike Fitzpatrick an interim report on 18 October 2001. In response to your question, ‘When will the final report be submitted?’, the final report will be submitted by mid-2002 — we expect it this year. I understand the work is on schedule and on line to be achieved by about that date, the middle of this year. That is the interim report in October, and the interim report was used for further consultation and input for the final report. We reserve the right to examine the recommendations and accept or reject any of those recommendations made, as you would for any council you establish or set up. That is the case here. It will be an important instrument in guiding infrastructure development in this state past the electoral cycle into the future, and the planning and preparation for that. Again, once we receive the recommendations we reserve the right to accept or reject them. We will have a government response to that as soon as we can after the middle of this year.

Mr CLARK — Are you be able to provide to the committee what indicators you have set up in advance to judge how effective the infrastructure council’s work has proved to be?

Mr BRACKS — I am happy to do that. The work is very publicly accountable, of course; it will be in its final produced report, so it is immediate accountability. However, I am happy to provide the details — the terms of reference and how those terms of reference will be met through this arrangement.

Mr HOLDING — I want to ask about the Victorian Economic, Environmental and Social Advisory Council, known as VEESAC. Can you take the committee through the major objectives of VEESAC and identify some of the key areas VEESAC has considered over the 2001–02 period?

Mr BRACKS — I can show the committee a key product of the Victorian Economic, Environmental and Social Advisory Council, which is part of the Growing Victoria Together framework. VEESAC arose out of the Growing Victoria Together summit which we held in Parliament House. Many recommendations were made from that summit. One was that an ongoing body be developed to consult directly with government on the implementation of the framework for the future, which has produced, if you like, the Growing Victoria Together framework that is a key outcome of that particular work and that particular summit, and the work of VEESAC itself. I also compliment my department which did an extraordinary amount of policy work on this document; it is an indication of the key quality we have in the Department of Premier and Cabinet.

The composition of VEESAC is 11 representatives of business, employer organisations, unions, community groups and local government. It meets regularly with the Treasurer and the Premier. Of course, it meets to give input into the budget, as with other key groups that submit and have consultations with the Treasurer, me or other ministers about budgets. It also looks at longer-term issues apart from the budget. It is there to provide advice on the development of economic, social and environmental policy in Victoria within our triple bottom line framework, as enunciated within Growing Victoria Together, and to develop partnerships between representatives of business, employer organisations, unions, community groups, and local and state governments. I believe it is playing a valuable role in that partnership required to get stakeholders to support the concerted effort to grow the economy and to distribute the benefits of that growth fairly around the state while ensuring we have second-to-none services in that development. That is the task of VEESAC — to work with government on that very role. I believe it is doing it well. We are keen to have its input on what has been a very successful strategy to date.

Mr HALLAM — Premier, I take you to page 291 of budget paper 3, particularly to the major output listed as public sector employment and conduct services, and to the comment:

Promotion of the principles of public sector employment and conduct ...

Can you advise the committee what those principles say in a policy sense in respect of the advertising of senior public sector vacancies?

Mr BRACKS — The principles are derived from the existing act. The act is something we committed to while in government to review over time and at some point we will be reviewing the Public Sector Management Act and the other act involved. But the principles are derived from that act and are in keeping with that act of Parliament.

Mr HALLAM — What is government policy on the question of whether senior public sector vacancies be advertised?

Mr BRACKS — That is in accord with the act.

Mr HALLAM — What does that say?

Mr BRACKS — The act is freely available. It is in accordance with the act and the principles are derived from the act.

Mr MORAN — There is no statutory requirement, as I understand it, to advertise executive positions. It is usually the case that they are advertised but as with the previous government, for example in the case of the Secretary of the Department of Premier and Cabinet, appointments are made and have been made for some time without advertisement. There is no mandatory requirement for advertising and there are sometimes circumstances in which that does not occur. From memory, Mr Hallam, in a recent case when we spent some time considering the process — that is, the Urban and Regional Land Corporation — —

Mr HALLAM — That was my next question.

Mr MORAN — Although a search firm was engaged, the board of the URLC did not advertise that position and as you would recall from at least my evidence before another committee there was an extensive discussion about the general quality of the process followed by the URLC board, which went well beyond the question of whether the position was advertised or not.

Mr HALLAM — Which is precisely why I asked the Premier about government policy. I understand very well the stipulation about the statutory position. That is precisely why I asked about government policy.

Mr BRACKS — I can answer that. The government policy is consistent with the previous government. It has not changed; the act has not changed; the principles have not changed.

Mr HALLAM — I am not asking about the policy of the previous government, I am asking about the policy of the existing government — your government.

Mr BRACKS — Exactly the same as the previous government which is based on the act, which is unchanged.

Mr HALLAM — Which means not in respect of advertising senior positions?

Mr BRACKS — We have had a description from the secretary of the department which I think was an accurate description.

Mr HALLAM — I am not sure why you are so sensitive about it, Premier.

Mr BRACKS — I am not sensitive about it, I am answering the question.

Mrs MADDIGAN — I turn to the question of reconciliation, a matter on which you, Premier, place a high priority. I know the government has taken a number of initiatives in the area, such as Koori courts and so on, but could you tell the committee more not only about fund allocations but about the activities the government has been taking in this area?

Mr BRACKS — One of the key instruments in place now as a new policy of the government is the Premier's Aboriginal Advisory Council, which I chair, and on which the Aboriginal affairs minister, Keith Hamilton, sits. Representatives of the indigenous community meet regularly with the Premier and the Aboriginal affairs minister on issues that will advance reconciliation and which need to be resolved in a pragmatic way as well.

I am particularly pleased that many of the government's key reconciliation and indigenous affairs issues have been strengthened through this process of the Premier's Aboriginal Advisory Council. One of the PAAC's most important achievements has been its role in developing the indigenous employment strategy for the Victorian

public service. The strategy that I will be launching in about June this year is designed to increase indigenous employment in the public sector by about 230 extra employees over the next three years. It will also assist in improving the career paths of Koori public servants across all departments, and some already exist.

Another crucial reconciliation issue that PAAC has been addressing is the *Bringing them home* report — that is, the outcomes of the report into the inquiry into the stolen generation. We will be launching a comprehensive response to the report later this month. A key element is the establishment of a stolen generation organisation at a cost of \$2.1 million over three years. It will provide counselling, networking and support to Victorian members of the stolen generation.

We are also assisting in the development of an indigenous family violence strategy. Late last year the government established an indigenous task force to advise on the nature and form that strategy should take. The task force has been provided with \$600 000 from the Department of Human Services to finance the work until July 2001, after which the budget commitment of \$1.9 million will come into play for the ongoing development of the strategy. The tackling of indigenous family violence is one of the biggest issues for our indigenous communities in Victoria. It is an issue that was reported to me very early in my period as Premier of Victoria, and I know most state jurisdictions have similar programs or issues they are undertaking.

We are also continuing to work with PAAC and indigenous communities across the state to develop community incapacity building projects. In the recent budget the government has committed \$2 million over the next two years for a range of proposals to strengthen indigenous communities in their service delivery. We have also identified, as I said earlier, from the Community Support Fund new community building initiatives. We have identified one of those specifically for our indigenous community and we are currently working with the indigenous community on developing that project. We are serious about our attempts to develop appropriate reconciliation outcomes and to make a real difference for our indigenous community here in Victoria.

Ms DAVIES — Premier, when I was talking earlier about the disadvantage in rural areas of the preponderance of application-based funding you mentioned the community building funding not being application based, rather geographically based. I have had some correspondence with you, Premier, on this issue and the issue of the closeness of the community building efforts to try to build up the capacity of local government was an issue. Has the government established a framework to monitor the success of the community building strategy, and will one of those measures be an increase in successful applications perhaps for government funding for different programs?

Mr BRACKS — Thank you for your question. We have identified Bass Coast shire as an area which will receive money under the community building program.

Ms DAVIES — Operating at the moment?

Mr BRACKS — Yes. It amounts to \$800 000 or \$900 000 or thereabouts. I will check on that, but it is around that. It is one of the 11 that is shared in the state because of the work that was done. But that was not applied because of an application; it was applied because we wanted to work with the community and develop a project to achieve significant community building activities in that area.

In relation to monitoring, one of the requirements of the community building strategy is that an evaluation framework has to be in place, and all departments are currently preparing implementation plans for that. It will be reported on through the Growing Victoria Together reporting process, and we will consider other reporting mechanisms as the community building initiative continues to develop. Do you have a specific issue around the current one in the Bass Coast?

Ms DAVIES — No, I am just asking you. There do not seem to be very many performance measures at the moment. I am just asking how you will measure the success of those projects.

Mr BRACKS — Once concluded those performance measures will form an integral part of the program. It is to be expected that when the program is not a submission-based one — this particular one — but a mandated one for certain regions, clearly the monitoring and reporting is part of the agreement we have with the region on that funding. I am happy to report back to you on that further.

Mr RICH-PHILLIPS — Earlier Mr Moran referred to the Urban and Regional Land Corporation appointment where Jim Reeves was given the \$220 000 job. Premier, given your earlier commitment to accountability and accessibility, why have you refused to appear before the inquiry when last year —

The CHAIRMAN — Hang on, this is clearly not a question for this committee — —

Mr RICH-PHILLIPS — It is a question for this committee — —

The CHAIRMAN — Mr Rich-Phillips, if I can complete? This is clearly not a question for this committee. The role of this committee is to examine the estimates in the current budget papers, et cetera. The previous questions that have been asked that related to this matter were specifically asked out of line items in the budget. This is not an opportunity to canvas matters that are before another parliamentary committee, or matters that would be asked on questions without notice in the house. It is, and always has been, the role of this committee to look at and respond to the estimates. Clearly the track you are taking that question down is actually in the province of another parliamentary committee and is, as I understand it, being dealt with by an another parliamentary committee that has not yet reported, so I suggest there may even be a privilege issue in the way you are proceeding on this question. I would ask you to think about the question you are asking and to respect the rights and traditions of this committee and other members of this committee.

Mr RICH-PHILLIPS — Mr Chairman, this question goes to the issue of accountability and accessibility, which the Premier spoke on in his opening comments. If the Premier has nothing to hide on this issue he does not need to hide behind the Chairman.

The CHAIRMAN — The Premier has not responded to this issue, I have; and I have responded according to the traditions, customs and practice of this committee and the way in which this Parliament operates. The question you have asked is relevant to the considerations of a different committee.

Mr RICH-PHILLIPS — It is also a — —

The CHAIRMAN — It is not relevant to the considerations of this committee. As I pointed out to you previously, there have been two earlier questions asked that impinge on that matter. Those questions were asked because they came directly from line items in the budget. The question you are asking does not come out of that and refers specifically to an issue that is being canvassed elsewhere — that is, the legal position between the two houses and appearances of ministers from the lower house at an upper house committee. That is not relevant to the considerations of the estimates.

Mr RICH-PHILLIPS — With respect to the executive remuneration tribunal and appointments which have been discussed by Mr Moran and by Mr Hallam, this URLC appointment is relevant to that, and given the Premier's — —

The CHAIRMAN — The URLC appointment is actually in the province of another minister. Have you a different question, or shall we move on?

Mr RICH-PHILLIPS — It is considered — —

The CHAIRMAN — I am going to ask you, Mr Rich-Phillips, do you have a question on the estimates or do I call the next question?

Mr RICH-PHILLIPS — I make the point, Mr Chairman, that the question is relevant to the Government Sector Executive Remuneration Panel, for which the Premier has responsibility.

The CHAIRMAN — I do not believe the question you are asking in the manner you are asking it has relevance to the estimates process. Do you have a question related to the estimates process?

Mr RICH-PHILLIPS — I believe it is relevant. But if that is your ruling — —

The CHAIRMAN — No, I have already asked you.

Mr RICH-PHILLIPS — Then I will move on.

The CHAIRMAN — Thank you.

Mr THEOPHANOUS — I was involved in, and am very pleased to have seen, the government's business statement. It obviously relates also to investment in infrastructure — there are two sides to the business statement — but I want to ask you about infrastructure investment because it provides that boost to allow further business investment as well. You set up the Infrastructure Planning Council, which was to identify the future

infrastructure needs of Victoria. Can you inform the committee as to what this budget delivers by way of infrastructure investment in 2002-03 and also — perhaps even more importantly — what you see to be the key infrastructure needs of the state over the next 10 years, because I think it is about future planning which I know you are very interested in?

Mr BRACKS — Thank you for that question. Could I answer the core of your question by saying in this budget there is a record allocation to infrastructure spending. The highest amount ever in Victoria's history — \$3 billion — has been applied to infrastructure spending. This builds on the consistent strategy we have had over three budgets now which culminated in this third budget.

We had a choice when we came to government of applying the surplus to debt, to unfunded superannuation liabilities and/or to infrastructure, and we chose to have a combination of all three; to retire debt, to eat into the payback period for unfunded superannuation liabilities which have now reduced by some two years, and also to put aside out of the growth of the Victorian economy — out of the good fiscal position which has developed in this state — a portion for infrastructure and capital spending into a Growing Victoria reserve, and we have done just that. That has meant that infrastructure levels have boosted and lifted enormously to the level of \$3 billion which is the highest ever in Victoria's history, and that is a great achievement. We need to do this because it is central and crucial to the government's strategy. It is central to the government's strategy in growing the whole state. We said we wanted to grow the whole state; you cannot grow the whole state unless you have good transport links and good water systems and unless you are investing in schools and hospitals and things which can take the growth in population of people moving out and also the growth in jobs. So to grow the whole state you need world-class infrastructure spread across the whole state, and it is central to our economic strategy and central to our strategy in government.

This budget, as I mentioned, commits a \$3 billion boost to infrastructure assets, the highest amount of which is the \$445 million contribution towards the Scoresby freeway, which has been matched by the commonwealth government as well. I congratulate the commonwealth government on matching the state for that important project. We have also approved a \$4 million addition to the Growing Victoria infrastructure reserve, which will be used over this financial year and also the next financial year, bringing that reserve, which is topping up infrastructure spending, to more than \$1.5 billion, so that instrumental load is added on. The infrastructure spending announced in this budget includes about \$1.3 billion for transport, and that is important and crucial to our plan to grow the whole state; \$271 million for health and community services; \$216 million for education; \$187 million for innovation; \$81 million for justice and public safety; and \$77 million for the environment.

Over the outlook period in the estimates from 2002–03 to 2005–06, annual expenditure on fixed assets will average around \$2.2 billion. Additionally, the key individual projects that have been announced in this budget include the Scoresby freeway, which I mentioned; the Wimmera–Mallee pipeline, which is important again in achieving the government's objective of growing the whole state, and which once completed will lead to an arresting of the population decline by providing a secure water resource for the agricultural industry and other industries in that region; the upgrade of the Royal Agricultural Society's showgrounds; the synchrotron project, which will drive some of our scientific and medical research industries in Victoria and which is an important and symbolic effort to make sure that that research is undertaken here in Victoria and not exported overseas; and \$62.4 million for key outer suburban arterial roads.

As I have mentioned, infrastructure is a core to our economic strategy. We are not satisfied that the economy is growing if it is growing simply in the centre of the city or in some parts of the city. If we do not have growth in our regions and if we do not have better links — transport links, rail links and road links — and better support through the Regional Infrastructure Development Fund for important things that will grow regions, then we are not being successful in our strategy.

We now have the lowest regional unemployment we have had for some 10 years. The regional unemployment statistics that came out recently showed that the metropolitan area unemployment rate was about 5.6 per cent but that in the country areas it was down to about 6.2 or 6.3 per cent, which is the lowest we have had in Victoria for about 10 years. That shows that the growth in employment is occurring not only in the centre of the city but outside the city as well.

Building activity — which is also a key indicator of growth — in the regions is proportionally as strong as it is in the city. That is because a lot of our effort and a lot of our projects — the regional fast rail project and the Regional Infrastructure Development Fund projects — have been designed for the country as well to ensure that that growth happens.

Mr DAVIS — My question, Premier, goes to the strategic policy advice and projects unit, which is listed as providing high-quality policy advice to the Premier and government, and it concerns the provision of legal advice to the Premier in relation to the Reeves inquiry and the Reeves matter. Could you explain to us the amount of expenditure expended by your department on legal advice concerning the Reeves appointment and advice to you on the matters of Jim Reeves and his appointment to the Urban and Regional Land Corporation?

Mr BRACKS — I do not have that information. It is not disaggregated in the budget. I will make every attempt to provide that to the committee.

The CHAIRMAN — Premier, that brings us to the conclusion of the time allocated for consideration of the estimates under output groups for which you are responsible. I thank you again for your attendance here today and for your support of the estimates process. I note that again this year you have set a high standard: according to my score card, some 32 questions plus numerous supplementaries were answered in this session.

Committee adjourned.