

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2023–24 Budget Estimates

Melbourne – Monday 5 June 2023

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Paul Hamer

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O’Brien

Ellen Sandell

WITNESSES

Mr Danny Pearson MP, Assistant Treasurer,

Mr David Martine, Secretary,

Mr Jamie Driscoll, Deputy Secretary, Budget and Finance Division,

Mr Chris Barrett, Deputy Secretary, Economic Division, and

Mr Jason Loos, Deputy Secretary, Commercial Division, Department of Treasury and Finance;

Mr Andrew Davies, Chief Executive Officer, Victorian Managed Insurance Authority; and

Mr Andrew McKeegan, Executive Director, Transport Property Division, Department of Transport and Planning.

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

I ask that mobile telephones please be turned to silent.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting. We pay our respects to them, their elders past, present and emerging as well as elders from other communities who may be with us today.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2023–24 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside this hearing may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

As Chair I expect that committee members will be respectful towards witnesses, the Victorian community joining us via the hearing live stream and other committee members.

I welcome the Assistant Treasurer – welcome today, Minister – as well as officers from the Department of Treasury and Finance and other officials that are here with us today. Minister, I invite you to make an opening statement or presentation of 10 minutes. This will be followed by questions from the committee. Your 10 minutes starts now. Thank you.

Danny PEARSON: Thank you, Chair. Thank you, committee members, for the opportunity to appear before you today. To begin with I would like to acknowledge the traditional owners of the land on which we are meeting, the Wurundjeri people of the Kulin nation. I pay my respects to elders past and present. I would like to also extend that acknowledgement to any other Aboriginal people or First Nations people who will be with us today.

Visual presentation.

Danny PEARSON: As the committee may be aware, I am responsible and jointly responsible for a number of financial frameworks of the Victorian state government, and I just want to summarise these for the benefit of the committee. 'Departmental performance statements' – the first block on the left – as you are aware, chapter 2 of budget paper 3 contains the departmental performance statements, and these statements outline the outputs that each department is responsible for as well as their associated performance measures.

The framework update – as a government we need strong financial frameworks to underpin our financial operations and decision-making, and these frameworks support the delivery of vital services and infrastructure to Victorians. An important part of my role involves ensuring that our framework remains up to date and

supports good financial management. For example, a new section was added in 2022 to the resource management framework codifying arrangements for a government decision to implement the staged release of project risks and contingency funding for high-value, high-risk projects.

Framework reforms – I will turn to that now. As a government we are also looking to reform and improve our approach to financial management. Departments continue to review and refine performance measures in response to VAGO's audits on departmental service delivery, including its 2021 report on *Measuring and Reporting on Service Delivery* and its recent limited assurance review on *Fair Presentation of Service Delivery Performance 2022*. We are also continuing to look at other reform opportunities to improve transparency and accountability.

Another responsibility within the Assistant Treasurer portfolio is with the Victorian Managed Insurance Authority, or the VMIA. Committee members would probably know the VMIA is the state's insurer and risk adviser. The VMIA provides contemporary, fit-for-purpose insurance to protect the state, fair interpretations of policy to protect clients from significant loss and to help them move quickly to restore critical public service and infrastructure, as well as investment in harm prevention. The VMIA also provides DBI, which protects home owners if their builder dies, disappears or becomes insolvent or fails to comply with a VCAT order.

Colleagues might be aware of this. Builders are required to purchase DBI on behalf of home owners for all domestic building projects over \$16,000. Obviously if you have got something smaller – you know, a minor renovation – you do not need DBI, but obviously for those larger projects we want to make sure consumers are protected. And the DBI market is open – that is, the VMIA is just one provider of DBI in Victoria. It is also important to note that the VMIA is an insurer, it is not a regulator.

Turning now to Porter Davis Homes, earlier this year we saw the critical importance of DBI when Porter Davis Homes went into liquidation. Porter Davis represents the single biggest claim event in the history of the VMIA's DBI operations. Approximately 1300 home owners have non-completed homes, and we expect many more to have defects which will be covered by the VMIA. Sadly and regrettably, in the wake of the collapse of Porter Davis it was discovered that some customers were without DBI due to Porter Davis's business practices, which went against the ministerial order. In response to this the government announced compensation payments for Porter Davis customers who paid their deposits but where Porter Davis did not take out DBI, in breach of their obligations. The VMIA is assisting with the administration of this scheme, as you would appreciate. Authorities are investigating the actions of Porter Davis to establish what happened and to guide potential future reforms to protect consumers.

For the financial year ended 30 June 2022 the VMIA recorded an operating loss of \$249.2 million and a PFIO, which is a profit from insurance operations, that was a deficit of \$111.1 million. The reason for the operating loss was predominantly due to lower investment returns, a result of the impact on global markets of inflationary pressures as well as the war in Ukraine, and higher than expected claims across a range of portfolios. The difference between an operating result and the PFIO is that the PFIO is a measure that underlines insurance profitability, and it is calculated by removing the effects of external factors, such as variances between the actual and the expected long-term investment return, changes in the inflation and discount rates used in the net claims liabilities actuarial valuation, the impact of the net movement in the unexpired risks liability, and legislative changes and government-directed changes. In this particular case the PFIO deficit was primarily driven by claims experienced. Having said that, the VMIA maintained its solid financial position. If we look at total assets as of 30 June 2022, the VMIA had total assets of \$3.5 billion and the general growth in assets over time represents growth in the VMIA's business. The reduction in total assets in 2018–19 is due to a dividend payment of \$408 million. The VMIA's balance sheet remains strong and primarily liquid, as the \$2.89 billion investment portfolio exceeded the net claims liability of \$277 billion.

Now turning to net cash flow, as you can see in the net cash flow from operating activities, the VMIA has had a positive cash flow from core business activities in each of the last five years. The IFR looks at claims liabilities compared to adjusted net assets. It is calculated by discounting the insurance liabilities at VMIA's long-term expected investment rate, including a prudential risk margin. The VMIA's preferred IFR range, with the target at the midpoint, is between 100 and 145 per cent. So 100 basically means that your net assets are equivalent to your net liabilities – basically you can cover your liabilities. Anything north of 100 per cent means that you are in positive territory. As of 30 June last year the VMIA had an IFR of 110 per cent. So the benefit of the VMIA is the fact that it does take that long-term view of risk, which allows for unusual events to be absorbed while

remaining adequately funded. And having a dedicated focus on public sector operations puts us at a significant advantage compared to having an external provider provide these services. Look, this just gives some context, because year-to-year volatility in the PFIO and the operating result is to be expected. A case in point was the floods last year and the impact that will have on the book. It is important to note that large claims and investment portfolio movements can have a significant impact on the VMIA's IFR in a short period of time. The VMIA was established to protect the state from that level of financial volatility. The VMIA has been actively monitoring and considering its capital position in recent months and is developing plans to return the IFR to the midpoint of 100 to 145 per cent.

I am particularly proud of this year's state budget and the support it is providing to deliver more regulatory reforms that support Victorian businesses. The Andrews Labor government is going to develop a whole-of-Victorian-government reform program. It will work across state and local governments to identify and prioritise regulatory reforms that make it quicker and easier for Victorian businesses to obtain the regulatory approvals need. Mr O'Brien would well know my strong interest in the role that the 1991 Premiers Conference played in terms of driving a lot of those efficiencies and reforms that drove those competition benefits in the 90s and beyond. I think there is a really great opportunity for us to be working with local government to that effect. It is going to aim to lift Victoria's productivity by incentivising reforms that simplify approval processes and accelerate digitisation.

To support the reform project, the Andrews Labor government has provided \$30 million over four years for a new Regulation Reform Incentive Fund. The new BAF – Business Acceleration Fund – and the whole-of-government reform program will reduce unnecessary burden. Combined they will reduce the time, effort and cost for businesses when they are engaging with state and local governments by reforming policy and processes. We will deliver a more consistent experience for businesses that have multiple touchpoints with state and local government. We can enable more digital transactions through Service Victoria, which will allow Victorian businesses to apply for permits and licences online.

We are also going to be establishing a Victorian growth commissioner. The commissioner will provide the government with advice on opportunities to derive Victorian productivity growth, will examine a more dynamic and productive economy for the benefit of all Victorians and will be reducing regulatory complexity so Victorian businesses spend less time on complying with unnecessary administrative requirements.

In 2020 the government made a substantial commitment of \$74.8 million over four years to fund our regulatory reform agenda. We bolstered this in 2022–23 by creating the BAF. Some of the initiatives we have looked at were funded, and these programs have delivered benefits to businesses of around about \$300 million annually, but some of the initiatives that have been successfully delivered include heavy vehicle – and I will cover that later, Chair.

The CHAIR: Thank you, Minister. Mr O'Brien, I am going to hand over to you. You have the next 10 minutes, starting from now.

Danny O'BRIEN: Thank you, Chair. Good morning, Minister and officials. Can I start with some questions to Mr Davies of the VMIA, please, apropos some of the issues that the Assistant Treasurer has just raised with respect to domestic building insurance. Given the collapse of a number of builders this year, as the minister has indicated, how many DBI claims does the VMIA expect to receive this financial year compared to last year?

Andrew DAVIES: Thank you. In a typical year VMIA would receive anywhere between 1700 and 2000 DBI claims. That is the order of magnitude we would ordinarily see. This year will be particularly difficult, as you might imagine, with the Porter Davis Homes insolvency. For that insolvency alone we have currently had in excess of 1700 additional claims to what an ordinary year would be. We do expect to receive more claims because of Porter Davis as time goes on as we start to see more defect claims come through. We believe we have got most of the non-complete claims in at the moment.

Danny O'BRIEN: Do you have an estimate of how many in total you might receive for the year?

Andrew DAVIES: It is hard to tell in terms of what the quality of the build is and the defects would be. In our review of Porter Davis we typically would estimate 50 per cent of our claims coming from non-complete and 50 per cent coming from defect-related claims, which is within a six-year defect period. So with 1300 incomplete homes we are anticipating anywhere up to 2500 total claims.

Danny O'BRIEN: Just from Porter Davis?

Andrew DAVIES: Just from Porter Davis.

Danny O'BRIEN: And any idea overall?

Andrew DAVIES: Overall sorry?

Danny O'BRIEN: As in the entire claims market, so not just Porter Davis. Have you got an idea?

Andrew DAVIES: Across the year?

Danny O'BRIEN: Yes.

Andrew DAVIES: So across the year, again if we put Porter Davis on top of an ordinary year, it could be upwards of 4000.

Danny O'BRIEN: Right.

Danny PEARSON: Chair, if it might help Mr O'Brien, I think Mr Barrett might be able to supplement Mr Davies's response just in terms of market trends in terms of what we could expect to see across the financial year.

Danny O'BRIEN: Only if you have got a figure, Mr Barrett, that could give us an estimate.

Chris BARRETT: No, not for that.

Danny O'BRIEN: Thank you. Mr Davies, has the VMIA estimated the likely payout for this year's financial year claims?

Andrew DAVIES: We do. We estimate and make reserves on all of our claims liabilities, yes.

Danny O'BRIEN: Can you tell me what it is?

Andrew DAVIES: I cannot at the moment, no.

Danny O'BRIEN: As in you do not know or are not willing to or –

Andrew DAVIES: We would not want to prejudice the claims as we are progressing in terms of what we have as reserves on those. It will be declared within our annual report as we look at the reserves and we go through the valuation at end of year. We will have our external actuaries do the valuation at the end of year. They will make an assessment of what they think the claims' values are, and that will be the declared value as opposed to what we have internally.

Danny O'BRIEN: Okay. I am not sure how a quantum would jeopardise any individual claims.

Andrew DAVIES: I think it is about where VMIA currently is. In terms of our claims, we have not announced that.

Danny O'BRIEN: Okay. I think the Assistant Treasurer indicated \$77.1 million in DBI claims for 2021–22. Are you expecting it is going to be substantially more than that?

Andrew DAVIES: We have substantially more claims, so yes.

Danny O'BRIEN: It is in the order of more than double in terms of claims, so it would likely be more than double in terms of dollars?

Andrew DAVIES: That is fair to assume.

Danny O'BRIEN: Okay. As the Assistant Treasurer just indicated, you had a deficit of \$249.2 million in 2021–22. Are you expecting a significant deficit again this year, in 2022–23?

Andrew DAVIES: 2021–22 was a very difficult year for investment returns, which drove that; 2022–23 not so difficult a year in terms of investment returns, but claims have been quite challenging. We have had two very large events: the October floods and indeed the Porter Davis activity. They will have a material impact on our result. That result will be announced in our annual report.

Danny O'BRIEN: Okay. But in terms of how you are tracking at the moment, is it likely to be significant? I mean, the Assistant Treasurer said with respect to the PFIO that it is predominantly claims experienced. Clearly the claims experience is going to go up again.

Andrew DAVIES: Yes, it will, and it will be material, but at the moment we are tracking with an IFR still above 100 per cent.

Danny O'BRIEN: Okay. Is the current DBI premium adequate?

Andrew DAVIES: We have been reviewing the domestic building insurance premium, and we do every year. We believe that we need to put more risk margin into that premium given the current environment, so we are looking at that premium as we speak.

Danny O'BRIEN: So you would expect that premiums will be rising in the next financial year?

Andrew DAVIES: The unfortunate thing about insurance, with a lot of claims the premiums will rise. So, yes, we are expecting the premiums to rise.

Danny O'BRIEN: Can you give the committee an estimate of how high?

Andrew DAVIES: No. We are still going through the process of assessing what that claim impact is and what we anticipate the premium should be. That process will work through our capital and risk committees, our board and others in the short course.

Danny O'BRIEN: It is going to go up. Do you expect it is going to be dramatically different?

Andrew DAVIES: We would anticipate that the risk environment at the moment is greater than what we had previously. For these liabilities we do anticipate that we will have to put up the premium – some material increase in that premium – to make it an adequate premium. But if we think about where it is today, it is a very low premium today, and if you think about where Victoria is relative to other jurisdictions, it is a very low premium compared with other jurisdictions.

Danny PEARSON: It is also a very low percentage in terms of the total build, so I think the average premium is around about \$1200, \$1300.

Andrew DAVIES: Correct.

Danny PEARSON: So if you are looking to build at \$300,000, \$350,000, it is a vitally important premium to take out, but it is a relatively small percentage of your total build.

Danny O'BRIEN: What did you say the average was – \$1200 to \$1300?

Andrew DAVIES: It is about average at the moment for an A-grade builder.

Danny O'BRIEN: And I would note, Assistant Treasurer, that is true, it is a very small proportion. But if we keep putting taxes and things on – they are all a very small proportion – then they all add up. So I wonder, Secretary or Mr Barrett, I am not sure whether Treasury has done any modelling on the impact of premium increases on the building market.

David MARTINE: I would need to probably take that on notice. I do not think we have done anything specific, but we have obviously been informing the economic forecast in the budget; we have obviously been having a close look at the building industry. But it is very hard when you do modelling to pick a very granular change. It might be your average \$1200, \$1300. Even if it went up 10 per cent, that impact on the broader economy is so negligible it does not really come out in economic modelling.

Danny O'BRIEN: Sure. Mr Davies, I just want to talk about targets in terms of performance at VMIA. Do you have a target claim processing time for DBI?

Andrew DAVIES: We break the process time down into a few different stages. So the most important processing time for us and indeed for our consumers, first of all, is first contact – how do we make claims very effectively, make first contact to help people through that process. But then it goes into the decision on liability. We have 90 days between a claim being lodged and the decision on liability being made. We typically will do it much faster than 90 days, and as you appreciate, with a doubling of your claims volume the team has been quite frenetic at trying to get those done. At the point of 90 days we will be deemed to be liable. So if we are unable to make a decision within the 90-day-window, we are deemed liable for those claims –

Danny O'BRIEN: Irrespective of –

Andrew DAVIES: and indemnified irrespective of any investigation activity that is taken.

Danny O'BRIEN: Okay. So how are you tracking against your target – you might want to take this on notice, but to just get into the weeds for a second – the time from when a claim is made to when an independent building consultant is appointed to inspect the site? Do you break it down to this level of detail?

Andrew DAVIES: We do not break that down in terms of a target per se, but we do need an inspection onsite before we can make an indemnity decision. So it is falling within that 90-day window.

Danny O'BRIEN: Right. So the time from when an independent building consultant is appointed to when they actually attend the site, again –

Andrew DAVIES: Again we would not break that down at a target level.

Danny O'BRIEN: There is basically 90 days from the time a claim is lodged to when you make a decision as to whether you are liable or not.

Andrew DAVIES: That is the requirement under the order, to make that decision within 90 days, otherwise we are deemed liable for that. Indeed we do our best to process those claims as quickly as possible. We understand the situation that those home owners are in and empathise with them quite a lot. That is the reason we have had a team working seven days a week supporting home owners with these claims.

Danny O'BRIEN: And for 2023 are you meeting those performance measures?

Andrew DAVIES: Yes.

Danny O'BRIEN: To 100 per cent or what figure?

Andrew DAVIES: We are, and I should say I am not aware of any claims where we have been deemed liable because we have failed to meet the 90-day time line for liability.

Danny O'BRIEN: Okay. Can you provide the average processing time for a claim?

Andrew DAVIES: Average times for these claims are very, very difficult, as you can imagine. They can extend to the total completion date of the home. We will first of all assess the claim, then we will find a builder to support that claim. We will then work with the home owner and the builder for the completion activities, and we will constantly pay the builder through those completion activities. If a claim goes into a situation where it is disputed, it will have a very long time line. Many will complete, though, in a fairly short time frame. If you like, deposit claims – (*Time expired*)

The CHAIR: I will stop you there, Mr Davies. Thank you, Mr O'Brien; your time has expired. I am going to hand to Mr Galea.

Michael GALEA: Thank you, Chair. Good morning, Assistant Treasurer. Good morning, officials. It is good to see some of you back here again. Assistant Treasurer, I refer to your presentation, picking up from Mr O'Brien's comments as well, in relation to the Victorian managed insurance agency. I am wondering,

Assistant Treasurer, if you could just elaborate further to the committee on some of its functions and how it benefits Victorians.

Danny PEARSON: Yes. Thank you, Mr Galea. The Victorian Managed Insurance Authority is an authority which was established under the *Victorian Managed Insurance Authority Act 1996*, and as I indicated in my presentation, it is the whole government sector's insurer and risk adviser. What the VMIA seeks to do is to really work with the government to have the benefit of smoothing the budgetary impact of year-to-year fluctuations in insurance claims, and having a dedicated insurer who can really understand government's business I think is a significant advantage. The vast majority of government agencies are considered 'prescribed bodies', which means that they must obtain their insurance from the VMIA. The VMIA also provides risk advice to public bodies in support of their obligations under the Victorian government's risk management framework.

The insurance business can be divided into two broad categories. The first is insurance for damage caused to property. An example would be the floods last year up at Rochester. A school was impacted by those floods, so clearly the school would need to trigger a claim or make a claim to the VMIA for the damage to the classrooms. The second is insurance for injury or financial loss caused to the public. An example might be obstetrics in public hospitals. That would be another separate category. As I have indicated, in relation to the former you would also be looking at some of the major infrastructure projects and damage to state assets from extreme weather events and natural disasters. I note with the storm event of 2021, I was up at Emerald and a tree came down and destroyed one of the SES trucks, so that would be a case where the SES would make a claim to have that vehicle replaced. For the latter, some examples, again, include public health sector workers, such as obstetricians, or public schools or Victoria Police. The VMIA also works with Victorian government agencies to reduce exposures through risk-mitigation strategies, working collaboratively to reduce that risk across government.

In addition to its role as a government insurer, the VMIA may be directed to provide insurance to the community and the private sector in circumstances where the commercial insurance industry is unable or unwilling to provide insurance and cover is in the public interest. If you look at the DBI products that the VMIA provide, they were a consequence of market failure going back 15 or 20 years. The provision of that mandatory DBI to registered builders and owner-builders really became necessary when those commercial insurers withdrew from the market. It really plays an important role in providing the ability to protect the state's assets and to ensure the operations of the state are appropriately insured while also being able to step in where there is market failure.

Michael GALEA: Thank you, Assistant Treasurer. I note that insurance is getting more expensive across Australia. How does the VMIA price risk to government and non-government organisations?

Danny PEARSON: Look, the VMIA does take that long-term view of risk, which I think is important when you are looking at trying to manage an asset over the course of, say, 40 years, for example. And that allows for large-claim events like fires and floods to be absorbed in the VMIA's balance sheet.

As per my presentation, the balance sheet is very strong and robust for the VMIA. Over the course of the next financial year, the VMIA is projected to make a modest surplus, but the changing climate and natural disasters, which by their nature are unpredictable, may lead to unpredictable shocks to the VMIA's balance sheet. So for example, the Victorian floods late last year had a negative impact on the VMIA's finances. This was because claims for government agencies in the regions rose significantly so they could get on with delivering services to regional Victorians as quickly as possible.

In addition to this, we are seeing more instability worldwide in relation to the economy. I think that none of us two years ago thought that Russia would invade Ukraine, and obviously that has had a consequential flow-on effect in relation to supply chain stresses and pressures and the cost of fuel going up. This level of volatility can cause some degree of volatility in relation to the returns of the VMIA's investment pools. We have also seen banks in America and other nations take significant hits, and in the case of some of the smaller regional banks in America, we have actually seen them collapse. So this level of uncertainty results in reducing potentially the investment returns across the whole government sector, and the VMIA is not immune to that.

The VMIA has maintained a positive cash flow for its core businesses over the last five years. But as you would expect when you have got this level of global volatility, you would expect to see some of that reflected in the operating results. The VMIA's returns are determined by a number of factors, including the premiums the agency can charge government and non-government clients – and we talked a bit about that earlier with Mr O'Brien's contribution – the national and global economic and market conditions and, again, unpredictable factors such as floods, fires and other natural disasters. As I mentioned, large claims and investment portfolio movements can have a significant impact on the VMIA in a short period of time, but it is important for the committee to note and appreciate the agency does play the long game on these questions.

Michael GALEA: Thank you, Assistant Treasurer, and I might just take you up on some of the broader economic issues that you briefly touched upon, such as Russia's invasion of Ukraine and the issues in the US banking sector. I might ask a bit more, if you could expand, please, on how those economic headwinds have affected the VMIA in recent times.

Danny PEARSON: Yes, I think that there has been a range of factors at play here, and it has had an impact in terms of the supply chain. I mean, I think if you look at timber for a moment – timber used to be a significant export earner for the United States of America as well as Canada. Now, obviously when we had the pandemic, nations around the world responded with a very proactive, Keynesian response in terms of providing a level of pump priming to the economy to stabilise the global economy at a time of high levels of volatility and uncertainty. Bear in mind that when the pandemic hit, it was the greatest economic crisis that the global economy had experienced since the Great Depression. So Biden sought to stimulate the American economy by building and by investing, and so America and Canada went from being net exporters of timber to not exporting it very much at all and becoming potentially net importers. That was a factor, and that led to obviously some challenges. That is compounded by the war in Ukraine. Ukraine is one of the key suppliers of softwood timber worldwide, and that has exacerbated that as well. Similarly, I think if you look at some of the sanctions that have been imposed on Russia and the impact that has had on fuel supplies, that has been a factor as well. Australia does not have a softwood timber market to cover the demand of the whole industry, so importation is key to having a stable and robust construction industry. The market is slowly adjusting to these conditions, and with China opening up significantly after the COVID response we expect that we will start to see a return to trend, and I think that as you start to see that return to trend it would be reasonable to expect that you will start to see an increase in terms of investment returns for the money that the VMIA collects through premiums that is parked with the VFMC and that is then invested.

As previously noted, the VMIA has provided mandatory DBI, or domestic building insurance, to registered builders and owner-builders since 2010, and that was again as a result of commercial insurance withdrawing from the market. Since then the VMIA has issued over 630,000 certificates of insurance for domestic buildings, which help consumers rectify defects or finish incomplete work when a builder dies, disappears or becomes insolvent. The VMIA provides around about 80 per cent of those certificates of insurance in Victoria, so from time to time the VMIA will suffer losses from a large level of DBI claims, which is what Mr O'Brien was referring to earlier. We have recently seen builders engaging in potentially unconscionable conduct and not obtaining the necessary DBI for their customers, and that is why we have announced a package of reforms to ensure that this does not happen again.

The CHAIR: Thank you, Minister. Mr McGowan, you have the next 10 minutes.

Nicholas McGOWAN: Mr Davies, in respect to the DBI claims, you were asked about by Mr O'Brien before, if you respond to an application for further information, does that reset the clock on the 90 days?

Andrew DAVIES: If we do not have all the information to support a claim as we request, yes, it will.

Nicholas McGOWAN: And what percentage of claims have their clock reset essentially?

Andrew DAVIES: I would have to take that question on notice.

Nicholas McGOWAN: Could you take that on notice? Okay. What percentage of the claims that are received are refused?

Andrew DAVIES: Very low. I would have to take that on notice. We have very low decline rates of all claims across our books.

Nicholas McGOWAN: Okay. Please take that on notice. Bev.

Bev McARTHUR: Minister, I am so interested to hear that part of the problem of the housing industry collapse is due to the fact that we are short of softwood supply and that you are busy shutting down the hardwood industry and the war in Ukraine is affecting our imported supply of timber. It is only going to get worse, Minister, isn't it, because we are not going to have hardwood and now you are telling us that there is not enough softwood, so we are in for a rough trot. But anyway, have you received advice as to how many residential builders have failed to take out DBI at the time a contract is signed or a deposit paid?

Danny PEARSON: Thanks, Ms McArthur. While I think you and I and Mr O'Brien could get together and talk about the differences between softwood and hardwood and the application of the different products for different buildings –

Bev McARTHUR: We've obviously got neither.

Danny PEARSON: Sorry?

Bev McARTHUR: We're short of both.

Danny PEARSON: Well, you cannot use really hardwood for domestic building construction, but –

Bev McARTHUR: Well, of course we do.

Nicholas McGOWAN: Perhaps bamboo.

Danny PEARSON: Generally not. But, look, I think in terms of –

Bev McARTHUR: We will just denude the forests.

Danny PEARSON: Sorry, Ms McArthur?

Bev McARTHUR: We will just denude the forests where there are no regulations.

Danny PEARSON: Well, again, I think with hardwood, you cannot really use hardwood for the construction of softwood timber homes is my understanding. Mr O'Brien is probably better placed to answer some of these questions.

Danny O'BRIEN: Not for framing, but for everything else. Anyway, that is not what we are here for.

Danny PEARSON: In terms of your question, the overwhelming majority of builders do the right thing. The overwhelming majority of builders take out domestic building insurance at the time they receive a deposit. We have seen obviously this particular instance with Porter Davis, and that needs to be fully and thoroughly investigated. There was an instance last year with Snowdon homes – Snowdon homes went into administration and then receivership I believe, or liquidation sorry. Now in relation to Snowdon homes, there was a small number of homes they had under construction. The issue was at that particular point in time Hamilton Property Group were the sales agent. Hamilton Property Group took the deposits from the customers. Those moneys were not passed on to Snowdon. Snowdon went into liquidation. That was a peculiar case in the sense that Snowdon had not received the money so were not obliged to take out DBI – the money was with Hamilton. Overwhelmingly the majority of the builders do do the right thing. We saw that instance last year in Snowdon and obviously we saw Porter Davis go into liquidation earlier this year, but these would appear to be isolated instances. But I have got to say, you know, to the customers who have been impacted by this I offer my deep regrets, because just think how long it takes you to save \$20,000, \$30,000, \$40,000. You think you are covered and are being told that you are not. I can only imagine it has been an incredibly distressful event for all parties concerned.

Nicholas McGOWAN: Minister, with respect though, the question is simply: having had this occur, have you asked your department or anyone else to give you an assessment in respect to whether others might fall into this category?

Danny PEARSON: When this was first brought to my attention, we inquired into it, and the advice at the time was that these were isolated incidents, and it is my expectation that these remain isolated incidents. Having said that, I do think we have got to have a look at this in a bit more detail. I think that when you have –

Nicholas McGOWAN: But it has been quite some time, Minister, already. I mean, it is hard for me to fathom as minister that you are sitting there, you have had a massive event occur and you are actually not, as we stand today, certain that there are actually more cases like this out there.

Danny PEARSON: I think if I can put it to you in these terms, Deputy Chair: one of the challenges we have got is that we do not have a relationship with these customers. Where you have got a customer of a builder and the builder does not take out the insurance as they are required to do, we do not have any visibility of that. We are not sitting there over the top of every single builder monitoring this every single day in terms of what they are putting in in relation to their applications versus their requirements for taking out insurance. What we found is that this was an isolated set of events involving a very small number of builders.

Nicholas McGOWAN: But Minister, how can you be certain of that if you actually have not had an assessment in that respect?

Danny PEARSON: I am happy for the department to add to my comment, but I think what we found is that there was an incident –

Nicholas McGOWAN: Minister, surely as minister you are aware of whether this is the case. I mean, Victorians are relying on you to oversee the entire system in terms of regulation, and you are sitting here today, months after this event, and still cannot tell us how many other instances there may be.

Danny PEARSON: If someone is doing the wrong thing and they do not tell us, it is difficult for us to know with certainty –

Nicholas McGOWAN: Of course they are not going to tell you, Minister. You are the minister.

Lauren KATHAGE: Chair, on a point of order, I wanted to hear the Assistant Treasurer's answer, and I think it is appropriate we allow him to complete his answer and speak without interruption.

The CHAIR: Thank you. On the point of order, please allow the minister to answer your question, Mr McGowan. We would all like to hear the answer.

Danny PEARSON: My primary focus in recent times has been to deal with the 540-odd customers of Porter Davis who are deeply distressed because they are fearful that they have lost, you know, their deposit. So my focus to date has been we have got to make sure we establish who these people are. They say who they are. We have to establish that the deposit has been paid, and we now have to try and work our way through making sure that money gets paid to them. The website to make those applications went live on Monday of last week. There have been over 400 applications received to date, and we are processing them. So for me, my focus has been really about trying to provide that level of support for the greatest number who have put the greatest amount of money in and who are at the greatest level of risk of losing that money, so that –

Nicholas McGOWAN: Minister, how do you know they are the greatest number if you do not know what else exists?

Danny PEARSON: Because we know for a fact that there are 500 people who paid a deposit to Porter Davis and Porter Davis did not take out an insurance policy. They basically run the risk of becoming an unsecured creditor through that liquidation process, so we know that is the case. We know Porter Davis has gone into liquidation, and we know those quantum and we know that they should have taken out an insurance policy and they have not done so. And we focused very much on that cohort.

As I have indicated in relation to some of the more recent builders that have gone into administration or liquidation, it has been shown that they have taken out DBI. I believe there was a smaller builder that went into liquidation last week; I think they had sort of six or eight homes. They had done the right thing. They had taken out DBI, and that DBI has been triggered.

What I would say is that when you have an incident like we have seen, it does give us an opportunity to think about ‘Well, is this the right regulatory framework that we have in place?’ The *Domestic Building Contracts Act 1995* – we have indicated that we are going to review that, because it is an Act that is nearly 30 years old and it was premised upon the experience of the 1980s. So we will do that work to try and get it right. But I would just come back to this: it is difficult when people do the wrong thing and you do not have a relationship with the customers themselves to crosscheck that. It makes it very difficult to determine what has actually occurred.

Bev McARTHUR: Okay. I am going to Mr Davies. Has the VMIA conducted any audits on the compliance of residential construction builders taking out DBI policies when required?

Andrew DAVIES: Thank you for the question. I think, as the Assistant Treasurer mentioned in his presentation, the VMIA is not the regulator, but the insurer, and we do not take an audit path to understand compliance with the ministerial order around domestic building insurance. We are purely issuing domestic building insurance as a builder will buy it.

Bev McARTHUR: So how many residential construction companies have been found to be in breach of their DBI requirement?

Andrew DAVIES: Again, we are not the regulator as VMIA. We would not look for compliance with domestic building insurance.

Bev McARTHUR: Minister, why are Porter Davis customers entitled to more support than other home builders in the exact same situation?

Danny PEARSON: Well, I think it comes back to my earlier comments, Mrs McArthur. It is the greatest number who have paid the greatest amount. I mean, we are looking at 500-odd customers – 540, I think – who have paid tens of thousands of dollars. That has been our primary focus and response, but –

The CHAIR: Apologies, Assistant Treasurer. I will stop you there. The time has expired. We will go on to Ms Kathage. The next 10 minutes are yours.

Lauren KATHAGE: Thank you, Assistant Treasurer and officials. Assistant Treasurer, budget paper 3, on pages 108 and 109, details some funding provided for regulatory reform in Victoria. It is under ‘Making Victoria an easy place to do business’. Can you expand on this initiative?

Danny PEARSON: Yes. Thanks, Ms Kathage. Look, reg reform – love it. I totally heart reg reform. The Victorian government does have a proud history in this space, and we are continuing to do that work. Our goal that we are aiming for is a high-performing state and local regulatory system that supports increased productivity to make it easier to do business in Victoria and protect consumers, community health and safety and the environment. Since the 2020–21 budget the Victorian government has provided \$85 million to go towards reforming regulation right across the state and to save small businesses and Victorians time and money.

And if you think about this for a moment – what I love about this is we are at the dawn of this great age. If you think about economic history at a global level, India and China were the largest economies globally before the industrial revolution, and they were big because of their size and the people they had. Now, with the technology and innovation that occurred in an industrial sense, that is where you start to see Western liberal democracies in particular outstrip them from an economic perspective – from a growth perspective. If you are looking at a time now where we are finding that technology is ubiquitous, then essentially what is going to happen is that the great advantages that Western liberal democracies have seen will start to be eroded because it comes back to technology being ubiquitous and then it comes down to a numbers game. But before we get to that point, we have got to try and find a way of how we can try and improve our efficiency and our effectiveness, how we can be better, and how we can try and harness those processes. I am particularly attracted to – if you look at regulatory reform in its broadest sense, there is precious little to be gained by digitising an inefficient analog process. You will make some efficiencies and gains, but effectively if the process is inefficient to begin with, the gains that you are going to achieve will be marginal. But if you can do that process redesign and then you can digitise that process, that is where you start to make the significant benefits. So this is about trying to

overcome some of those slow, cumbersome approvals processes that create that level of uncertainty for business, that impose time and monetary cost and undermine investments.

You know, we have got to start thinking about how we can do things better, how we can be better, how we can improve our performance – that is constant improvement. Complex and overlapping rules that make understanding and meeting compliance requirements difficult and time consuming for businesses are increasing risks of non-compliance as well as pressures on the cost and efficiency of the regulatory system while ensuring appropriate and effective management of harm. Just think about this for a moment. If we can get a digital solution right, then we have a consistent level of service and performance; right? If you do not have that level of consistent service, you run the risk that you will have subpar performance or better performance if it is through an analog process. You know, if you write a form, you fill out a form and you post it, but you have not ticked the box appropriately or you have ticked the wrong box, think about what that means for a process point of view. It is about trying to harness digital technology in a way to improve the quality and the standard of performance, because I think if we want to drive for excellence in public administration in the state we have got to try and find that we can harness that level of digital technology to improve the experience – the customer experience or the citizen experience. Why should they be putting up with a subpar performance? Why can't we be better?

The good thing with these sorts of investments is that they do yield significant dividends in terms of the initial outlay versus what you get. Prior investment is yielding over \$325 million in ongoing annual benefits to the Victorian economy, and we think that from a labour perspective that is saving in the order of 287,000 days in paperwork each year for Victorian businesses. We have provided another \$45 million to continue to drive that agenda. We are going to cut red tape and make it easier for businesses to get on with the business of doing business. You can think about it for a moment: if you are running a good business, to be burdened by complex, antiquated, analog processes is less than ideal. We want to try and find ways where we can do better and be better. Certainly from my perspective I have really enjoyed engaging with the chamber of commerce and industry. I have done a number of round tables with businesses to find out what frictions in regulation there are and what reforms would best benefit them. Again, I think, coming back to my earlier comments about the high point of the 1991 Premiers conference, finding ways where we can work with local government to find ways –

Danny O'Brien interjected.

Danny PEARSON: Well, it was Hawkes's last Premiers conference and I would argue his best.

Danny O'BRIEN: Who was there?

Danny PEARSON: I wish I could have been there. That dialogue and engagement underpinned all the great economic growth that you saw throughout the 90s. It was extraordinary – moments in time, Mr O'Brien, moments in time.

Danny O'BRIEN: If only we had more time to go through it, Mr Pearson.

Danny PEARSON: I have always got time for you, Mr O'Brien. We can spend more time on it afterwards if you wish.

The program will also consult, again, with local governments to find ways where we can make regulations smoother. Look, it is not just necessarily about the big reforms, important though they are. Sometimes it is those smaller rats-and-mice frictions that can be hard to pinpoint. But if you get some of those smaller transactions digitised and have their process redesigned in an appropriate way, that is where you can start to get significant benefits. Regulatory reform is important. It enhances productivity, and it is making more jobs, better jobs and a better Victoria. It is also about making sure that we can do these things without reducing the strong protections embedded in those regulations.

I am a firm adherer to kaizen, which is the Japanese philosophy which has underpinned Toyota's growth and success over many decades, which is about continuous improvement. You know, it is about: how do we improve maximum quality, how do we eliminate waste, how can we improve efficiencies, how can we leave this place better than we found it, how can we try and drive those levels of reforms of improvement? The Nobel prize winning economist Paul Krugman once said, 'Productivity isn't everything, but in the long run it's almost everything.' I think that process redesign, adaptation of digital technology, trying to drive and do better and be

better and constantly trying to improve our performance is where we will get better and is where we will improve, and that is where we will really be able to unleash the benefits of a broad and wideranging productivity reform agenda.

Lauren KATHAGE: Thank you.

Danny PEARSON: I am very excited. I love this stuff.

Lauren KATHAGE: Yes. I note that.

Danny O'BRIEN: Don't ask him about data, please.

Danny PEARSON: We will save that for government services, Mr O'Brien.

Lauren KATHAGE: Assistant Treasurer, some of those ideas and initiatives are great. I am wondering about how they will deliver benefits for businesses and communities in regional Victoria.

Danny PEARSON: Yes. Again, I think this is the wonderful thing with technology. Where we can get this right and where the state has got the capacity to try and lean in and support regional and rural councils, we can have a significant uplift in terms of their performance. We are consulting with not just those metro businesses and councils but going out to the regions and hearing about what regulatory problems they are facing. We want to make sure that regional local governments are a cornerstone for our reform agenda. So some of the things that we have done over the last four years: we funded the digitisation of planning documents in the shire of Mansfield and provided a new digital lodgement portal, which again cuts down the time it takes to get a planning application approved. We have also provided new smart forms for local businesses in Murrindindi that will cut down the time it takes for businesses and customers to fill out applications. In addition to this, we are also funding a range of other projects in Moira, Mount Alexander, Queenscliff, Geelong, Ballarat and more. Again, as we start to knock over some of these transactions and we start to digitise more and more and we are onboarding more of these transactions onto the Service Victoria platform, it is about continuing to engage with regional communities and businesses to make sure that we can continue to understand what are the things that are concerning them and what are the things that would be of interest to them to try and improve our performance. So it is an exciting time, and I think there is an ability to really get out there and engage closely with these businesses to find how we can improve, how we can be better, how we can lean in and support them. Because technology is such an incredible enabler, and making sure that we have got the ability to really get out there and work closely with regional communities and rural communities I think is going to be really important.

Lauren KATHAGE: Thank you, Assistant Treasurer. You are obviously passionate about the regulatory reform, and you have spoken a bit about the benefits you see coming from this initiative. Do you have any specific examples of a successful implementation of reform?

Danny PEARSON: Yes. So, I mean, if you look to date, some of the things that we have done have been to

The CHAIR: Apologies, Assistant Treasurer. I will stop you there.

Danny PEARSON: I will have to come back to that.

The CHAIR: The next 10 minutes belongs to Mr McGowan.

Nicholas McGOWAN: Thank you. Secretary, on 11 July 2022 your department provided a brief entitled 'Insolvencies in the residential construction sector and options to de-risk consumers.' What were the risks referred to in this brief, Secretary?

David MARTINE: Thanks for the question. Given I do not have the brief in front of me it is a bit hard to comment exactly on its content.

Nicholas McGOWAN: That is okay. Can you provide a copy of that brief to the committee?

David MARTINE: I am happy to take your question on notice.

Nicholas McGOWAN: Please do. Thank you. Were specific residential construction companies identified in the brief, to your recollection?

David MARTINE: I would need to take that on notice.

Nicholas McGOWAN: Okay. Thank you. What were the options to de-risk consumers canvassed, do you recall?

David MARTINE: Likewise, without the brief I will take that on notice.

Nicholas McGOWAN: Thank you very much. What action did the minister ask the department to take in response to the risks and options identified in the brief, do you recall, if any?

David MARTINE: I would need to take that on notice, but I will say that at various times through the course of last year the Assistant Treasurer certainly asked us to follow up on certain issues, which we did and gave a supplementary briefing towards the end of last calendar year and also into this year. Some of that advice was also based on input from VMIA in what they were seeing in the building market as well.

Nicholas McGOWAN: Thank you. So if you can just take that on notice in terms of the other options to de-risk.

David MARTINE: Yes – happy to take that on notice.

Nicholas McGOWAN: Further on from your answer, though – thank you for the answer – has the department provided any other advice to government in relation to these issues?

David MARTINE: Most of our advice obviously is to the Assistant Treasurer. I probably need to take on notice whether there was any other advice, including to the Treasurer. Obviously given the announcements government has made there have been decisions that the relevant cabinet subcommittees have made, so in the course of that process we would have prepared appropriate advice to the cabinet subcommittee and also to our two ministers in that context.

Nicholas McGOWAN: Okay. If you could take that on notice, thank you, and just provide a name or list of those briefs for the advice. Has the department been instructed to conduct any preparatory work on potential legislative reform to present to the Parliament in order to de-risk communities or consumers specifically?

David MARTINE: I think the Treasurer actually made a comment about this on Friday. The government has indicated that it has got some more things to say about housing and the housing market in the coming period.

Nicholas McGOWAN: Have you conducted any preparatory work in respect to legislative reform?

David MARTINE: It is a bit hard to pre-empt what the government consideration and decisions and announcements might be.

The CHAIR: I will stop you there, Mr Martine.

Mathew HILAKARI: On a point of order, Chair, is there an opportunity maybe to draw us back to the budget if possible? Maybe if you could –

The CHAIR: On the point of order of Mr Hilakari, Mr McGowan, please refer back to the budget with this question.

Nicholas McGOWAN: Sure. Budget paper 3, page 336.

The CHAIR: Thank you.

Nicholas McGOWAN: Secretary, on 19 September 2022 your department provided a brief to the government entitled ‘Domestic building insurance abandonment cover’. Secretary, what is domestic building insurance abandonment cover as outlined in this brief?

David MARTINE: Once again, without the brief in front of me, I would need to take on notice exactly what we said in that particular brief. But I am happy to take that on notice.

Nicholas McGOWAN: Thank you. If you could please do that, and also could you take on notice the options canvassed in that brief?

David MARTINE: Happy to take that on notice.

Nicholas McGOWAN: Okay. What actions did the minister ask the department to take in response to the advice on that brief? Could you take that on notice as well?

David MARTINE: I am happy to take that on notice.

Lauren KATHAGE: On a point of order, Chair.

The CHAIR: On a point of order, Ms Kathage.

Lauren KATHAGE: I just wonder about the appropriateness of asking questions that would be clearly impossible to answer on the spot with continual questions on notice, considering this is a hearing rather than –

Nicholas McGOWAN: I have moved on from the question.

The CHAIR: Thank you, Mr McGowan.

Nicholas McGOWAN: Thank you. Secretary, your department provided seven different briefs over the period 1 July 2020 to 30 September 2021 to the Assistant Treasurer in relation to banking and financial services – the state purchasing contract. At any point during the period did the minister advise you or the department of his significant shareholdings in the Commonwealth Bank?

Mathew HILAKARI: Chair, on a point of order again, I am not sure how briefings the department provided are relevant to the budget papers in front of us.

The CHAIR: Mr McGowan, on the point of order, could you please point to a relevant page or budget paper?

Nicholas McGOWAN: Sure. Budget paper 3, page 336.

Mathew HILAKARI: Well, if you could maybe just enlighten me a little bit further as to how that is relevant.

Nicholas McGOWAN: As much as I would like to enlighten you, that is not the purpose of being here. The purpose is to actually ask questions against it.

The CHAIR: Mr McGowan, how is your question relevant to the budget paper before us?

Nicholas McGOWAN: It is relevant to the –

Danny O'BRIEN: On the point of order, Chair.

The CHAIR: Mr O'Brien, on the point of order.

Danny O'BRIEN: The objectives include:

The Committee's budget estimates inquiry aims to benefit the Parliament and the community by:

- promoting the accountability, transparency and integrity of the executive and the public sector ...

That is the very first dot point in the objectives of this committee's inquiry. I do not think there is any issue with it whatsoever.

Mathew HILAKARI: If I could respond to the point of order.

The CHAIR: Mr Hilakari, on the point of order.

Nicholas McGOWAN: No. All this is doing is shutting our questions down.

The CHAIR: Mr McGowan.

Mathew HILAKARI: Clearly your questions go to particular briefings that are provided which are not related to the budget –

Danny O'BRIEN: Sorry; you do not get two goes on a point of order.

Nicholas McGOWAN: No, that is right.

Mathew HILAKARI: Okay. That is fair enough.

Nicholas McGOWAN: There is no point of order. As Mr O'Brien has pointed out, the objective of this committee is to promote the accountability, transparency and integrity of the executive and the public sector.

The CHAIR: Mr McGowan, the terms of reference for this committee are quite broad overall.

Nicholas McGOWAN: I agree with that.

The CHAIR: In relation to this inquiry, can you please keep your questions relevant to the budget estimates at hand. That is the point of this inquiry.

Nicholas McGOWAN: So, Secretary, your answer.

David MARTINE: I think, as the Assistant Treasurer has said a number of times publicly, at the point of receiving these briefs, he had not advised us about his shareholding in shares that he held with the Commonwealth Bank. And I think he has stated that publicly various times, including in Parliament.

Nicholas McGOWAN: What probity arrangements were then put in place to manage the minister's potential conflict of interest?

David MARTINE: Sorry?

Nicholas McGOWAN: What probity arrangements were then put in place to manage the minister's potential conflict of interest?

David MARTINE: Perhaps I will make a couple of points on that. The Assistant Treasurer's ongoing responsibilities are effectively approving the opening of bank accounts. They are requested by agencies, we assess them and we brief the Assistant Treasurer. That is a requirement under the *Financial Management Act*. So the minister has to, under the *Financial Management Act*, approve any opening of bank accounts. There was a series of briefs through that period that related to the opening of bank accounts. I have had a thorough look at those. There were requests for the opening of 14 bank accounts. Only three of those were Commonwealth Bank. The other 11 related to Westpac and National Australia Bank accounts. So I have had a look at all of the briefs. The minister followed our advice in each of those 14 briefs – or 10 briefs with 14 bank accounts. So I am satisfied that appropriate process was followed. And as –

Nicholas McGOWAN: But had you known the minister had shareholdings in that bank, would you have given those briefs to him?

David MARTINE: The issue is under the *Financial Management Act* –

Nicholas McGOWAN: It is a simple question, Secretary.

David MARTINE: No, but under the *Financial Management Act* –

Nicholas McGOWAN: Would you have given those briefs to him had you known he had shareholdings in that bank?

David MARTINE: Well, we would have had a discussion –

Nicholas McGOWAN: That is a no, correct?

The CHAIR: Mr McGowan.

David MARTINE: I would have had a discussion with the minister. It is a requirement under the *Financial Management Act* for the minister – and it is defined as the Assistant Treasurer – to approve the opening of bank accounts.

Nicholas McGOWAN: Right. But I am saying in the circumstance where the minister himself owns shares in that bank, would you have still, had you known, provided that brief to the minister?

David MARTINE: In a way that is a bit of a hypothetical question because the Assistant Treasurer –

Nicholas McGOWAN: We know it is not hypothetical because it actually happened.

The CHAIR: Mr McGowan. Mr Martine. Mr Galea, on a point of order.

Michael GALEA: I cannot hear the minister's answer over the interjections.

Members interjecting.

The CHAIR: Thank you.

David MARTINE: As soon as the issue became known, the Assistant Treasurer immediately changed arrangements for those shareholdings. So your question in that sense is a bit hypothetical because it assumes that it would have become known to us but the minister would have continued with the same holdings. But in more probability it would have been exactly the same situation as what has happened since, which is a change in the holding arrangements. Therefore it would not have changed in that regard any arrangements we had in place for the approval under the *Financial Management Act*.

Nicholas McGOWAN: Okay. Thank you. In March of this year the Department of Treasury and Finance Buying for Victoria website stated all department accounts will be transitioned to the new state purchasing contract under the umbrella purchase order contract approved by the Assistant Treasurer. This page on the Buying for Victoria website no longer exists. Why has this been removed?

David MARTINE: That function has now moved across to the Department of Government Services. All of the state purchasing contracts now sit within the Department of Government Services. That was part of the machinery-of-government changes that took effect from 1 January this calendar year.

Nicholas McGOWAN: Thank you.

The CHAIR: Thank you, Mr McGowan. Next up we will go to Mr Hilakari; you have 10 minutes from now.

Mathew HILAKARI: Thank you, Minister and officials, for your attendance today. I refer to budget paper 3, pages 108 and 109, and I hope, Minister, you are as excited about this topic as you were regulatory reform. I would like to talk a little bit about the Business Acceleration Fund. It has received funding again for the next four years. Could you outline what it is, and how it improves the experience for Victorians and businesses?

Danny PEARSON: I am just as excited.

Bev McARTHUR: Oh, just get us all excited, Minister.

Danny PEARSON: I am always happy to give you a bit of a rev up, Ms McArthur. Like whoo! This is so much fun.

Bev McARTHUR: Let us get excited over the Dorothy Dixers.

Danny PEARSON: No, no, no. This is a conversation about good public policy, Ms McArthur. I think that when you look at investment in terms of the Business Acceleration Fund, this is about making sure that

businesses can achieve their potential, that we can try and find ways where we can improve the way in which regulators operate in this state and that we can try and find ways where we can improve our performance.

The BAF builds on the success of the RRIF – the Business Acceleration Fund builds on the success of the Regulation Reform Incentive Fund. The fund has provided a combined \$50 million in funding and is tipped to grow the economy by over \$300 million per year. The Business Acceleration Fund alone provided \$10 million in 2022–23 and is expected to yield an economic benefit probably a bit under \$100 million. If we want to be conservative and we say it is probably closer to \$90 million than \$100 million, that is an investment return of nine to one. Or in another words, for every dollar in funds that you invest through these processes the Victorian economy is grown by \$9.

We ran the BAF in two rounds per year, and we are expecting to follow a similar pattern this year. Many of these things are those smaller transactions or smaller processes that we can start to benefit. For the committee's benefit, I will just explain what each round focused on last year. In round one \$5.6 million in funding was allocated across 11 reform initiatives including improving Victoria's supply chains, improving regulation through digitisation – I have got to say, reg tech has got a huge future; when you think about the way in which we can harness digital technology to improve regulatory performance, it is going to be massive – and improving business licensing and again streamlining approvals processes.

In round two we supported Maroondah City Council to pilot Service Victoria's business permit system. We have onboarded councils to Service Victoria's automatic approvals. We have developed model provisions for common council business grants. We have upgraded councils' digital capabilities to speed up approvals and support future integration with Service Victoria. You can get a sense of the kinds of projects that make a difference: it is about digitisation, streamlining approvals, improving experience.

There is a big focus too about 'tell us once', so how we can try and again make sure that business only has to tell us once and then we can act on that. I think this comes through – that constructive, collaborative and iterative process between government, local government and business to hear some of the issues in relation to regulation. Again, I was really pleased to get up and about last year, facilitating a series of round tables in conjunction with the Victorian Chamber of Commerce and Industry to hear about opportunities to go further, and we did that both at a metro level and a regional level. Through that that enables us to start having a conversation with local government and regulators to come forward with their submissions. In one sense, Mr Hilakari, you want to be in a position where you want to understand what you think is going to shift the dial the most, how you can try and work more effectively with businesses to give them what they want. Really what we want to try and do is to get departments and councils to bring forward their best ideas and seek funding in areas that are priorities for them and that will, again, give us the biggest bang for our buck. I am really excited about working with the Minister for Small Business, the Minister for Local Government and the Minister for Industry and Innovation to make the process robust, to really make sure that the BAF becomes the engine room for our regulatory reform agenda.

Mathew HILAKARI: Could you just expand a little bit on how it will actually make it easier for businesses to operate in Victoria?

Danny PEARSON: Regulators in local government often in their day-to-day jobs they are just flat out administering what they have got. They do not necessarily have the capacity or the resources to try and think about how they can do process redesign or digitise what they have got. The projects that we will be looking at will continue the work that has already been done to date, like streamlining those regulatory processes, including licences and registrations, that businesses have to go through in order to get approval. If you look at it to date, we have sped up over 292,000 approvals and we have saved Victorian businesses a collective 287,000 days in avoided paperwork. Again, that means that they can redirect those resources, getting back to their core business of growing their business. It means they can spend time on hiring new staff or investing in new capital and, critically, providing Victorians with the essential goods and services that they need.

But our goal is to make those numbers bigger. We want to reduce the barriers to business growth by making it quicker and easier to get permits, licences and registrations, and indeed many businesses will find it quicker and easier to get permits and registrations to open that new store or to move to a bigger location. We want to make it easier for businesses to either enter the market or grow in size. Again, these benefits are going to be

particularly felt by those small businesses, and if we can help businesses to start up or grow bigger, that will create more jobs and help strengthen our already dynamic and resilient economy.

Interestingly, I recently was having a chat with John Brumby, and he was comparing and contrasting Melbourne as a city compared to Boston and the conversion rate that Boston has in terms of startup incubators to commercial success versus us. A lot of it comes down to the raw numbers, that Boston is bigger than Melbourne. We want to really try and encourage that entrepreneurial spirit. We want to try and encourage more people to go into business to try and do things differently, understanding that there will always be instances where there is failure. I think as a nation we have to get over that fear of failure or that shame of failure. Fast failure is often a really good thing to go through because you say, 'Well, that didn't work; let's move on to something else.' So again, making it easier for businesses to start up, to get cracking, to get going – that is something I am really excited about, what the BAF will be able to do.

Mathew HILAKARI: I am really glad to hear about the hundreds of thousands of hours that you have been able to save through these projects. Could you outline some of the specific projects that have been funded so far?

Danny PEARSON: Yes, sure can. We are delivering on a wide range of benefits, and again it is working with those local government processes, onboarding more of these services, more of these transactions, onto the Service Victoria app. It does not matter whether it is hospitality, agriculture, construction or property – they are some of the businesses that are benefiting.

To give you an example so far, we have done an expansion of the network of preapproved routes for oversize vehicles that will reduce delays in approvals and save the construction industry money. We are implementing a digitisation of the assessment and rating process for early childhood services, including reporting and submitting a quality improvement plan, which will save more than 13,000 days of staff time across the sector each year. We are providing funding to local governments to deliver automatic approvals on the Service Victoria platform for footpath trading, outdoor fitness and placing skip bins, which again will speed up the time it takes businesses to get approvals – sometimes it is up to 10 days. It is kind of extraordinary when you sort of think about footpath trading. This is something that came out of the pandemic. Through necessity we were trying to encourage people to sit outside where they are in an open environment, but you still need to have a permit, so how can we try and find a way where we can digitise that and make it quicker and easier for businesses to do these things?

Similarly with outdoor fitness, there were instances where if you were a personal trainer in the City of Casey and you wanted to start running classes in some of the parks, you needed a permit from council. To some extent you kind of understand that intuitively – it is a council asset and they probably want to know who is running a business on the council assets. But the idea that you have got to get your dot matrix printer out and you print up a form, you get out a pen and you fill out a form and you wander down to the council offices and you lodge it and you wait for them to read it, sign it, approve it and send it back and you pay your money – I loved the 1980s, but seriously we have got to get better at this stuff. We have got to do better and try and improve our performance.

We have also made improvements to the housing register to make it quicker and easier for community housing providers to complete their registration, which will save providers at least four weeks in the process and reduce the administrative burden for these not-for-profit organisations, as well as digitising the national police check process with VicPol, which will enable Victorians to work and volunteer up to two weeks earlier. It is an exciting time. Get on board. It is great.

The CHAIR: Thank you, Assistant Treasurer. Ms Sandell, you have 10 minutes from now.

Ellen SANDELL: Thank you, Chair. Good morning, Minister. This may be for yourself or for the Secretary. Across the public service, do you know how much was spent on contracts with PwC in the last financial year?

Danny PEARSON: I do not. That would be disclosed through the normal annual reports of the departments and agencies would be my sense. We would disclose it in the normal way, but I do not have an aggregated sum before me.

Ellen SANDELL: Secretary, do you have anything on that?

David MARTINE: The state purchasing contract on professional services, of which PwC are a capital [inaudible] member, is now administered by the Department of Government Services, so I do not have any visibility of that any longer.

Ellen SANDELL: No worries. Thank you. Minister, the Premier yesterday ruled out pausing or freezing contracts with PwC. He cited not wanting to open the state up to legal challenge. I can understand why the government might make a decision not to cancel existing contracts, but what is stopping you from adopting a policy not to enter into any new contracts with PwC given the recent tax scandal?

Danny PEARSON: Like you, I am appalled by what has occurred, and it has been a breach of trust that has occurred in Canberra. I understand that there are a number of investigations underway that the Commonwealth are currently conducting, and I think that we await the findings of those hearings.

Ellen SANDELL: Sorry, with respect, Minister, federal government agencies and other organisations such as Australian Super have not let that be a barrier to them. They are pausing contracts – existing contracts – or not entering into new contracts. They are not waiting for those outcomes, so what is stopping the Victorian government doing the same?

Danny PEARSON: I just think for fairness and due process there are investigations underway, including an investigation with the AFP, and I think it is appropriate those investigations take their time and run their course.

Ellen SANDELL: I think it is pretty clear what has happened here. We do not need an investigation to know that there was a breach here and also an inherent conflict of interest.

Danny PEARSON: I think there are reports that have surfaced, and again I am appalled by the allegations that have been made. But these matters have been referred on to the authorities for an investigation, and I think it is appropriate that those investigations run their course.

Ellen SANDELL: But other federal agencies are not waiting for those investigations. They are pausing new contracts while they await those investigations.

Danny PEARSON: Well, Australian Super is not a public sector entity. I know the RBA has indicated they have hit pause. I could be mistaken and others may have done so, but I think that it is appropriate that the work be undertaken and the investigation be conducted and we await the outcomes of those investigations.

Ellen SANDELL: There are other federal agencies, it is my understanding, who are freezing contracts while they await those investigations given how serious those allegations are. So has the Victorian government chosen not to do that?

Danny PEARSON: Well, I think we are awaiting the outcome of those hearings, but I am happy for the Secretary to supplement my answer.

David MARTINE: Just to add to what the Assistant Treasurer talked about, there are essentially two bits to this. There is what guidance might be provided and what decisions might be made at a whole-of-government level in relation to the state purchasing contract, but that does not mean individual departments and agencies are not doing things themselves. For example, we are no longer responsible for the state purchasing contract, but for DTF we currently have four smallish current consultancies in place with PwC. They are not our internal auditor. We have obviously approached them and asked them for assurances that none of the material they have had access to through the consultancies has been disclosed to anyone else, and they have provided that assurance. And also we have received assurances that none of the partners under investigation are involved in the current four. So I can speak on behalf of the DTF, and I suspect most other departments and agencies have probably been doing similar things, which is similar to what a number of the Commonwealth departments and agencies have been doing. They been seeking those assurances. As the minister said, there is a lot still to play out in terms of the investigation, particularly through the Senate up in Canberra.

Ellen SANDELL: I guess the question would be: can we trust assurances given what has occurred federally? Do we trust just assurances from the company that –

Danny PEARSON: Well, I think the process is, Ms Sandell, as the Secretary has indicated, that those assurances have been sought and given. What I am saying to you is that there are a number of investigations underway and we are awaiting the outcome of those investigations. I just think it is important that we step our way through this carefully and that the investigations be conducted. And if there is found to be wrongdoing and if we are looking at a systemic pattern of poor behaviour by PwC, then the government will respond appropriately. That would be my expectation.

Ellen SANDELL: Okay. But I think that it is pretty clear that there has been wrongdoing here.

Danny PEARSON: Look, there are allegations of wrongdoing, but there are investigations underway, and I think those investigations need to run their course and conclude.

Ellen SANDELL: But wouldn't it be prudent for the state to pause new contracts with PwC while those investigations play out, to ensure that there is no risk to the state here?

Danny PEARSON: Well, assurances have been sought, and as I understand in this particular case, as per the Secretary's answer, assurances have been provided. Again, Ms de Morton, as the Secretary of the inaugural Department of Government Services, will be along shortly, and the Department of Government Services oversees this contract. I am sure she can add to the answer that has been provided by the Secretary today.

Ellen SANDELL: Thank you. I will move on to another topic. How many vehicles are currently in the government fleet?

Danny PEARSON: There are about a bit over 13,400. Again, this now sits with the Department of Government Services through the machinery-of-government changes, but I am happy to say that we have got a bit over 13,400 or thereabouts, Ms Sandell.

Ellen SANDELL: I can ask this through government services if you prefer, but how many are zero-emissions vehicles?

Danny PEARSON: The government had a commitment that we would purchase 400 ZEVs. We are on track to exceed that target by a very small amount. The challenges we have had to date have been in relation to supply chains in getting some of those landed. Obviously there has been an incredible level of disruption through COVID to supply chains, which is making it difficult to secure these vehicles. We said we were going to have 400 in the fleet; we are on target to exceed that. I think we have installed around about 360 charging stations in government buildings. Again, that sits with the government services portfolio, but I am happy to provide a further answer to you in that session.

Ellen SANDELL: No worries. I might ask about land sales then. These questions might be questions that you would like to take on notice. I am interested in the overall land sales target for 2023–24 and what the targets are for each government agency. Is that something you might want to take on notice?

Danny PEARSON: I think the aggregates are disclosed in the budget papers, and I am happy to ask Andrew McKeegan, who is representing the land sales division, to provide a further answer to you. Those targets are in the budget papers across the forward estimates. In terms of process, I think you will probably want to seek some comfort and assurances around that, but departments and agencies sitting on land – we require them to determine whether they actually need that land or not. We do not want departments hoovering up great swathes of land, sitting on them for decades and not putting them to use. Once it is declared surplus we then run a first-right-of-refusal process with other state government departments or the federal government or local government to purchase land at fair value and then to try and work out whether it is best for that land to be held by the state through another division of the state government or passed on to another tier of government. But I think what we are trying to do here is make sure that government is not just sitting on hectares of land in Melbourne that is not being put to use.

Ellen SANDELL: I understand that. I just have some questions around the targets, but given I have limited time maybe they can be taken on notice, just the targets for each –

The CHAIR: Ms Sandell, if I can just interrupt and remind members this is a public inquiry. If you are asking questions that you are assuming the minister and officials will be taking on notice, can you please refrain

from doing that. We have had previous sessions where a number of questions have been asked assuming that the officials would be taking them on notice.

Ellen SANDELL: Okay. Will the funds from Homes Victoria land sales now go into the future fund instead of being used to reinvest in public housing?

Danny PEARSON: Sorry, say again. Would the –

Ellen SANDELL: Will the funds from Homes Victoria land sales go into the future fund?

Danny PEARSON: Well, I think that would be a question best directed to the Minister for Housing because he would have policy responsibility for those issues. In relation to your other questions around disaggregation, I am not sure if we would be able to provide that to you, but I am happy to see if I can provide additional information to you about land sales. If I can provide additional information to you, Ms Sandell, I am happy to do so.

Ellen SANDELL: Okay. Thank you.

The CHAIR: Okay. We are going to go to Mr Hamer for the last session of questions. Your 10 minutes start from now.

Paul HAMER: Thank you. Thank you, Minister. Thank you, Secretary and officials. Your presentation talked about the economic growth commissioner identified as a new position in the budget papers – 108, 109. Could you just explain in a bit more detail what that position is and what that role is?

Danny PEARSON: Yes. The growth commissioner is a new initiative that we are funding in the budget, and we know that increasing economic growth is vitally important to improving the prosperity of the state. Economic growth is really driven by three key areas, and they are called the three Ps: population, participation and productivity. Participation – a good example of that is the fact that so much of the wealth we have experienced as a nation has been by increasing the level of female participation in the workforce. That has been a really key driver, and certainly in Victoria we are very fortunate to have a growing and burgeoning population that is really driving a lot of this. Productivity as well is going to be really important to achieve that long-term objective.

Worldwide there has been a productivity stagnation, and again, my earlier comments in relation to the 91 Premiers Conference are apposite because there was a case where the Commonwealth at that time said to the states, ‘Well, look, if you can reform inefficient state taxes, we’ll start investing in you,’ and that led to the Hilmer report and a lot of those competition reforms that drove a lot of that prosperity throughout the 90s. So in order to tackle head-on the lull in productivity growth we need to make sure that we have got the right policy and regulatory settings in place in order to harness that growth. So some of the reforms that were announced in this budget include transitioning commercial industrial properties to a more efficient annual land tax, helping businesses expand and create new jobs, as well as the abolition of insurance duties, which will cut the cost of running a business.

But look, there is always more to do, and that is why we are creating the economic growth commissioner. The role of the commissioner will be to undertake inquiries commissioned by the government into impediments to economic growth. It will provide advice and recommendations to government on how to supercharge growth and boost productivity in Victoria. What the government will then do is consider those recommendations and respond appropriately.

More productivity means higher wages, more innovation, lower prices and generally, it follows, an increase in the standard of living. It is going to be a really exciting opportunity to really drive the economic agenda and the reform agenda here in Victoria. I am very much looking forward to working with the commissioner.

Paul HAMER: Thank you, Assistant Treasurer. What do you see as the benefits of having an economic growth commissioner in the state?

Danny PEARSON: I mean, growing the economy is the best way to lift every Victorian’s standard of living. By growing the economy and increasing productivity, we think we could increase our future incomes by up to 40 per cent and work at least 5 per cent less, but to get there we need to think big and we need to find

those areas of reform that will make Victoria a better place to live and work. That is why I think the commissioner is going to play a vitally important role. It is about trying to provide and develop that practical advice on how we can improve those standards of living, and it is about having that long-form reform consideration over months or even years but trying to make sure it is brought back to that practical application. We want to make sure that the commissioner is working and thinking about these issues: 'How do we implement? How do we make this a practical, tangible contribution that will drive that level of growth and investment?' We want to really investigate issues. We want to weigh up the relative costs and benefits of different policy interventions and make recommendations to the government, and then the government can take on board and consider that advice and take appropriate actions and work to implement sustainable economic reforms. You know, it is a really exciting time to think about where we will be able to go with this.

Paul HAMER: Thank you. What is the sort of subject matter that the commissioner could look at?

Danny PEARSON: I think some of the areas that we want to look at are to have the growth commissioner undertake inquiries commissioned by the government into impediments to productivity growth and to make recommendations to the government to address these impediments. The growth commissioner will also be required to assist government in implementing productivity-enhancing measures, where requested, as well as reviewing regulatory impact statements and handling competitive neutrality complaints. The growth commissioner will also therefore expand the current functions of Better Regulation Victoria.

While we have just made this announcement and we are in the process of setting up the commissioner, I cannot comment specifically on what reform opportunities could be considered, but I think if you look at the commissioner for better regulation and the work that that commissioner has done to date, that would probably give you a bit of a sense in terms of what we can expect to see with the growth commissioner. If you look at some of the things that the better regulation commissioner has looked at, they have looked at residential construction costs and provided that level of independent advice on regulatory issues, provided advice on the effectiveness of programs and services delivered or funded by government and improved public understanding about regulation, economic development and productivity. Just like other jurisdictions, I have similar commissioners and agencies, and I expect they will be able to provide considered and timely advice in that way.

Look, I think it is a really exciting time to think about lies before us. I think there is that opportunity for us to really drive that level of growth and investment. For me, I think it is just really exciting to think about what we will be able to do. In trying to have somebody who can then lead a lot of that work and provide a lot of that guidance and direction, you want to make sure that they have got the ability to understand not just what we should do or why we are doing it but the how, and that is the key thing. It is about getting the mechanics right. You can have great ideas, but if they are impossible to implement, they are just never going to happen and they are a waste of time. It is really thinking about how we can try and drive those efficiencies and reforms, how we can try and be better and how we can try and really embark upon something far more significant and worthy that is going to have a practical implication and is really going to drive the economy.

Again, I come back to my earlier comments about comparing Boston with Melbourne. We have got to try and find ways where we can encourage more entrepreneurs to back themselves, to have a go, understanding that invariably the more people you encourage into this line of work the more will fail in terms of the number overall, but if we get more people participating, we will have more opportunities, more levels of growth in investment and more opportunities to expand, and from that you will start to see some of those smaller businesses will become bigger businesses and more successful.

Paul HAMER: Thank you, Assistant Treasurer. In your presentation you talked about acceleration of digitisation, and I was just wondering if you could just expand on how the government's digital agenda intersects with the regulatory reform program that is outlined in the budget.

Danny PEARSON: Yes. We will touch on this in the gov services piece. I think there is a great opportunity for Service Victoria to be seen as driving a lot of those efficiencies and improvements. So you think about the fact that if you have got – well, now you can have a working with children check on your phone. But the idea of conceptually thinking about having your licences, your registrations, everything that has been issued by government on the one app, on the one platform, that could be updated is something I think that is really exciting, to think about the opportunities there.

We know that by having a digital approach to these questions you are going to have a more consistent citizen experience, and it is also then you can start to improve the operational efficiency of government as well. You are providing a better quality of service to a better standard at a more efficient price. DTF have been working closely with Service Victoria over the last two years, and digitisation again is one of the most cost effective and impactful ways we can reduce that regulatory burden and increase productivity while safeguarding key protections in place. For me I think that again trying to find a way where we can get regulatory technology, or reg tech, as a priority of that reform agenda is going to be really important.

If you can think of DTF as a policy powerhouse, they will spend the time considering regulatory reform opportunities across the entire government sector, talking with other departments, consulting with business stakeholders and providing that advice to me and to the government more broadly. The department is finalising a review on business licensing, and that will help explore the policy settings needed to make licences and registrations. Service Victoria will then take those policy positions and consider options and then start to build those innovative, centralised solutions. To date most of these solutions have been to licences and registrations, but it is an exciting time.

The CHAIR: Thank you, Assistant Treasurer. That is it for questions from the committee today.

Danny O'BRIEN: Can I just ask a point of order?

The CHAIR: Sure.

Danny O'BRIEN: Chair, I just want to seek your clarification on the ruling you just made for Ms Sandell about not asking questions on notice. We are given time to ask questions. We ask a lot of questions. Sometimes the witnesses have answers, sometimes they do not. I also circulated a motion to the committee prior to these hearings that actually specifically suggested that we be allowed to put questions on notice at the end of the hearings, and that was rejected by the government. What is the ruling you are giving about asking questions that might need to be taken on notice? We do not know whether witnesses are coming to us with data and information or not, and ultimately, if we want to use 10 minutes putting a whole lot of questions on notice, isn't that our call?

The CHAIR: Mr O'Brien, it is a public inquiry. If you wish to ask a minister or officials to take a question on notice, they may respond that they are happy to do so if there is further information. However, shooting off question after question after question to take on notice once you have already had a witness such as Mr Martine say he did not have a document with him, full well knowing that there will be a series of questions to then follow up on notice, to me appears not to be the intent of having public inquiry. One or two questions to take on notice seems to be fairly reasonable, but when you are shooting off question after question full well knowing that the witness or minister will have to take them on notice, I would say that does not go to the intent of this inquiry.

Danny O'BRIEN: Equally, there are times or issues where we might have one single question but there is a lot of data to be provided in the answer to that question and we do not want to waste our time – time that is limited by the government under these rules – in having a witness spend 5 minutes reading out the answers when the data could be provided to us afterwards. I do not see what the issue is.

Mathew HILAKARI: Chair, if I could –

The CHAIR: Mr Hilakari, on the point of order.

Mathew HILAKARI: I guess there is an opportunity for each member of this committee to ask the questions, and there is an opportunity for the witnesses to answer them in whichever way they see fit. So it is not for us to define whether they should take a question on notice or not. It is really up to the witness appearing before us whether they take it on notice or they want to answer it.

Nicholas McGOWAN: So you are speaking against the Chair's –

Mathew HILAKARI: No, no, no. The Chair's ruling, I thought, was rather fair –

Nicholas McGOWAN: Seems like we are in furious agreement here.

Mathew HILAKARI: which is that witnesses are given the opportunity to take the question on notice or not, rather than their questioner suggesting 'Here's a bunch of questions on notice.'

Ellen SANDELL: On the point of order, if I may, I do not think that it was question after question after question that was asked. It was one or two questions that were asked that related to the breakdown of data that is in the budget. I would consider that estimates is the appropriate place to ask for breakdown of data that is not provided in the budget. The overall figure or the overall data might be provided but the breakdown is not, and I would consider that a pretty appropriate use of budget estimates. I suggested that they be taken on notice understanding that the officials here might not have that exact breakdown.

The CHAIR: And the minister and officials said they would be happy to take that on notice if they had the information, Ms Sandell, but this is just to prevent further lines of questioning that are full well knowing that ministers and officials will not have those answers and the intent is to take them on notice. This is a public inquiry, and I would like questions to be put to ministers and officials and for them have the full opportunity to be able to answer them here.

Bev McARTHUR: On the point of order, Chair, we give the witnesses an opportunity to answer the questions or take them on notice if they do not have the information at hand. We did not say, 'Take it on notice' – Ms Sandell did not say that – 'If you do not have the answer, we are happy to receive it on notice.' It was not in any way demanding that they take the question on notice from the outset, it was giving them the opportunity. But also we could rightly say you have pointed to the fact that this is a public inquiry. We could ask, with the Dorothy Dix questions, just give the printout to us and save everybody's time.

Danny O'BRIEN: Especially seeing the government promised to outlaw Dorothy Dixers back in 2014.

The CHAIR: Ms Sandell, the questions that you put to the witnesses they have agreed to take on notice. If members are going to continue to ask question after question after question to take on notice –

Bev McARTHUR: Stop running a protection racket, Chair, please.

Danny PEARSON: You sound like David Morris now.

Bev McARTHUR: Please.

The CHAIR: I have ruled on the point of order. I am conscious that we have a break coming up.

Minister and officials, thank you very much for appearing here before us today. The committee will follow-up on any questions taken on notice in writing, and responses are required within five working days of the committee's report. The committee will now take a very short break and come back at 10:15 to begin consideration of the WorkSafe and TAC portfolio. I declare this hearing adjourned.

Witnesses withdrew.